avanti helium

(formerly Avanti Energy Inc.)

Unaudited Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company is disclosing that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the periods ended March 31, 2024 and 2023.

Avanti Helium Corp.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2024 and December 31, 2023
(Canadian dollars)
(Unaudited)

	Notes	March 31, 2024	December 31, 2023
Assets			
Current			
Cash and cash equivalents		$ 86,729	$ 1,407,804
Receivables		61,554	57,949
Deposits		18,977	18,977
Prepaid expenses		125,909	39,500
		293,169	**1,524,230**
Non-current assets			
Exploration and evaluation assets	3	22,799,474	22,418,109
Reclamation bonds		62,547	62,547
Property, plant and equipment	4	5,099,862	4,623,087
		$ 28,255,052	**$ 28,627,973**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 2,376,970	$ 2,354,211
Current portion of lease liability		15,232	14,842
		2,392,202	**2,369,053**
Non-current liabilities			
Decommissioning obligation		210,592	200,664
Lease liability		246,708	236,196
		$ 2,849,502	**$ 2,805,913**
SHAREHOLDERS' EQUITY			
Share capital	5 (b)	58,326,062	58,326,062
Equity reserves	5 (e)	12,301,904	12,260,866
Accumulated other comprehensive income		820,422	331,387
Deficit		(46,042,838)	(45,096,255)
		25,405,550	25,822,060
		$ 28,255,052	**$ 28,627,973**

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

Going Concern	2 (b)
Share Capital - subsequent event	5 (b)
Financial Instruments	7

(Canadian dollars)

	Notes	March 31, 2023	March 31, 2022
Expenses			
General and administration		$ 791,629	$ 923,170
Exploration		75,137	192,229
Share-based compensation	5 (d)	41,038	155,976
Depreciation, and accretion	3,4	19,484	7,466
Public company		7,918	37,033
Marketing		4,441	18,355
OPERATING LOSS		**(939,647)**	**(1,334,229)**
OTHER INCOME (EXPENSES)			
Interest income		-	4,413
Interest expense		(7,520)	(132)
Foreign exchange gain (loss)		584	(8,745)
NET LOSS		**(946,583)**	**(1,338,693)**
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequent to net loss			
Foreign currency translation adjustment		489,035	(207,886)
NET LOSS AND COMPREHENSIVE LOSS		**$ (457,548)**	**$ (1,546,579)**
WEIGHTED AVERAGE NUMBER OF SHARES			
Basic and diluted	6	90,522,155	73,472,356
LOSS PER COMMON SHARE			
Basic and diluted		**$ (0.01)**	**$ (0.02)**

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

(Canadian dollars)

	Notes	Share capital	Equity reserves	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2022		**$ 48,072,148**	**$ 10,269,431**	**$ 819,737**	**$ (33,451,603)**	**$ 25,709,713**
Share issuance: offerings - placements	5 (b)	11,114,590	(96,092)	-	-	11,018,498
Reclassification of warrant issuance expense		(243,575)	243,575			-
Unit warrants issued	5 (b), (c)	(722,834)	722,834	-	-	-
Broker warrants issued	5 (b), (c)	(270,576)	270,576	-	-	-
Warrants exercised	5 (b), (c)	376,309	(44,309)	-	-	332,000
Share-based compensation	5 (d)	-	894,851	-	-	894,851
Translation gain (loss) on foreign operations		-	-	(488,350)	-	(488,350)
Net loss		-	-	-	(11,644,652)	(11,644,652)
Balance, December 30, 2023		**$ 58,326,062**	**$ 12,260,866**	**$ 331,387**	**$ (45,096,255)**	**$ 25,822,060**
Share issuance: offerings - placements	5 (b)	-	-	-	-	-
Share-based compensation	5 (d)	-	41,038	-	-	41,038
Translation gain (loss) on foreign operations		-	-	489,035	-	489,035
Net loss		-	-	-	(946,583)	(946,583)
Balance, March 31, 2024		**$ 58,326,062**	**$ 12,301,904**	**$ 820,422**	**$ (46,042,838)**	**$ 25,405,550**

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

(Canadian dollars)

	Notes	March 31, 2024	March 31, 2023
OPERATING ACTIVITIES			
Net loss for period		$ (946,583)	$ (1,338,693)
Items not affecting cash:			
Share-based compensation	5 (d)	41,038	155,976
Depreciation and accretion	3, 4	19,484	7,466
Interest		6,413	132
Foreign exchange gain		(32,337)	(195,195)
Changes in non-cash working capital items:			
Changes in receivables		(3,605)	57,160
Changes in prepaid expenses		(86,409)	(37,449)
Changes in accounts payable and accrued liabilities		22,759	(3,681,494)
Cash used in operating activities		**(979,240)**	**(5,032,097)**
FINANCING ACTIVITIES			
Net proceeds from private placements	5 (b)	-	5,754,325
Lease payments		-	(500)
Cash provided by financing activities		**-**	**5,753,825**
INVESTING ACTIVITIES			
Exploration and evaluation asset expenditures	3	(9,896)	(1,766,710)
Proceeds on disposal of exploration and evaluation assets	3	42,039	-
Property, plant and equipment expenditures	4	(377,198)	-
Cash used in investing activities		**(345,055)**	**(1,766,710)**
Effect of foreign exchange on cashflows		3,220	13
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,321,075)	(1,044,969)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		1,407,804	2,831,293
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 86,729**	**$ 1,786,324**

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Avanti Helium Corp. (formerly Avanti Energy Inc.) (the "Company" or “AVN”) is a focused exploration and development company of helium resources across Western Canada and the United States.

The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 7, 2011, and on August 17, 2022 changed its name from Avanti Energy Inc. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "AVN" and are listed for trading on the OTC, a United States ("U.S.") based securities trading system, under the symbol "ARGYF".

The Company’s office is located at 1810, 840 – 7th Avenue Street SW, Calgary, AB, T2P 3G2, with its registered office address is 704, 595 Howe Street, Vancouver, BC, T2P 2T5.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Basis of Preparation

These unaudited condensed consolidated interim financial statements (“Financial Statements”) have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). These Financial Statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Company’s December 31, 2023 annual consolidated financial statements.

The accounting policies applied when preparing the Company’s Financial Statements are consistent with those followed when preparing the annual consolidated financial statements for the year ended December 31, 2023, except as noted.

The preparation of these Financial Statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The significant judgments made by management when applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s December 31, 2023 annual consolidated financial statements.

Unless otherwise stated, all dollar amounts are in Canadian dollars. The notation “US $” or “USD” represents United States dollars.

These Financial Statements were authorized for issuance by the Company’s Board of Directors on May 24, 2024.

b) Going concern

These Financial Statements were prepared on a going concern basis. The going concern basis of accounting assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitment in the normal course of business.

At March 31, 2024, the Company had yet to achieve profitable operations, had an accumulated deficit of $46,042,838 (December 31, 2023 - $45,096,255), and for the three months ended March 31, 2024 had a net loss of $946,583 (March 31, 2023 – $1,338,693) with cash used in operating activities of $979,240 (March 31, 2023 - $5,032,097). It is unclear whether and when the Company can obtain profitability and positive cash flows from operations. These events and conditions form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern.

The Company currently has a working capital deficit of $2,099,033 (December 31, 2023 – working capital deficit of $844,823).

The Company is currently classified as a helium exploration company. Although the Company has entered into a helium processing plant agreement to produce for the eventual sale of the Company's helium, till production occurs its cash inflows are limited. As such, the Company's ability to continue as a going concern is dependent on obtaining additional capital investment or financing(s). Note 7 provides a more detailed description of the liquidity risk.

These Financial Statements do not reflect the adjustments that might be necessary to the carrying amount of the reported assets, liabilities, expenses, and statement of financial position classifications used if the Company was unable to continue operation in accordance with this assumption. Such adjustments may be material.

c) Principles of consolidation

These Financial Statements incorporate the financial statements of the Company and the entity controlled by the Company, its wholly owned subsidiary, Avanti Helium US, Inc. Control is achieved when the Company has the power to, directly or indirectly, 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 presently exercisable or convertible are taken into account.

The financial statements of the subsidiary are included in the Financial Statements from the date that control commences until the date that control ceases.

All subsidiary companies are wholly owned and inter-company transactions, balances, revenues and expenses, and unrealized gains and losses have been eliminated on consolidation.

(Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

		Canadian Projects	United States Projects	Total
Year ended December 31, 2023				
Balance December 31, 2022	$	525,642	$ 25,438,892	$ 25,964,534
Additions		20,732	1,810,685	1,831,417
Changes in decommissioning obligation		-	56,584	56,584
Exploration and evaluation impairment		-	(5,669,731)	(5,669,731)
Transfers to property, plant and equipment		(4,946)	-	(4,946)
Foreign exchange impacts		-	(338,470)	(338,470)
Balance, December 31, 2023	**$**	**541,428**	**$ 21,297,960**	**$ 21,839,388**

		Canadian Projects	United States Projects	Total
Period ended March 31, 2024				
Balance December 31, 2023	$	541,428	$ 21,297,960	$ 21,839,388
Additions		5,296	4,600	9,896
Foreign exchange impacts		-	398,281	398,281
Balance, March 31, 2024	**$**	**546,724**	**$ 21,700,840**	**$ 22,247,565**

In addition to the noted exploration and evaluation assets, as at March 31, 2024, the Company has long-lead drilling and completion materials with a recorded balance of $551,909 (December 31, 2023 - $578,721) within the consolidated statement of financial position that have not been allocated to an asset segment.

During the first quarter ended March 31, 2024, the Company sold some of the previously impaired long-lead drilling and completions materials for net proceeds of $42,039 (March 31, 2023 - $nil). No loss (March 31, 2023 - $nil) was recorded on the disposition of the drilling and completions materials as they were written down to net realizable value in the prior period.

The balance of these long-lead materials will be consumed in the current and near future helium well drilling and completion programs.

(Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 2023	Helium recovery facilities and equipment	Vehicles and trailer	Right-of-use asset	Leasehold improvements	Office equipment and fixtures	Total
Cost						
Balance at December 31, 2022	$ -	$ -	$ 7,298	$ -	$ 19,859	$ 27,157
Additions	3,688,735	440,887	324,556	123,662	50,560	4,628,400
Balance at December 31, 2023	3,688,735	440,887	331,854	123,662	70,419	4,655,557
Accumulated depreciation						
Balance at December 31, 2022	-	-	4,963	-	7,574	12,537
Additions	-	-	10,658	105	9,309	20,072
Foreign exchange impact	-	-	(139)	-	-	(139)
Balance at December 31, 2023	-	-	15,482	105	16,883	32,470
Net book value						
Balance at December 31, 2023	**$ 3,688,735**	**$ 440,887**	**$ 316,372**	**$ 123,557**	**$ 53,536**	**$ 4,623,087**

Period ended March 31, 2024	Helium recovery facilities and equipment	Vehicles and trailer	Right-of-use asset	Leasehold improvements	Office equipment and fixtures	Total
Cost						
Balance at December 31, 2023	$ 3,688,735	$ 440,887	$ 331,854	$ 123,662	$ 70,419	$ 4,655,557
Additions	371,202	-	-	5,948	49	377,198
Foreign exchange impact	97,058	11,600	5,976	-	-	114,635
Balance at March 31, 2024	4,156,995	452,487	337,830	129,610	70,468	5,147,390
Accumulated depreciation						
Balance at December 31, 2023	-	-	15,482	105	16,883	32,470
Additions	-	-	6,484	5,317	3,064	14,865
Foreign exchange impact	-	-	193	-	-	193
Balance at March 31, 2024	-	-	22,159	5,422	19,947	47,528
Net book value						
Balance at March 31, 2024	**$ 4,156,995**	**$ 452,487**	**$ 315,671**	**$ 124,188**	**$ 50,520**	**$ 5,099,862**

The Company recorded an amortization expense of $14,865 for the quarter ended March 31, 2024 (March 31, 2023 - $2,508).

For the quarter ended March 31, 2024, $4,173,963 related to the helium recovery facilities and equipment (or multi-well processing plant) and $452,487 related to vehicles and trailers are currently not being depreciated as they are classified as not available for use.

The Company is also contractually committed to $5,203,367 (US $3,883,333) to complete the acquisition of gaseous helium trailers in the vehicles and trailers segment, and $333,905 (US $245,988) to complete acquisition of a transformer for the helium recovery facilities and equipment (or multi-well processing plant) segment. Computer equipment is now being grouped with office equipment and fixtures.

(Canadian dollars)

5. SHARE CAPITAL

The Company's authorized and issued share capital is as follows:

a) Authorized share capital

Unlimited common shares without par value.

b) Issued common shares

The Company's issued share capital is as follows:

The changes in the Company's outstanding common shares were as follows:

	March 31, 2024		December 31, 2023	
	Number	Stated capital	Number	Stated capital
Balance, beginning of year	90,522,155	$ 58,326,062	68,050,957	$ 48,072,148
Private placements	-	-	22,056,198	10,121,180
Exercise of warrants	-	-	415,000	376,309
Reclassification of issuance cost	-	-	-	(243,575)
Balance, end of year	**90,522,155**	**$ 58,326,062**	**90,522,155**	**$ 58,326,062**

During the quarter ended March 31, 2023, the Company had no share capital transactions.

Subsequent to the reporting period ended March 31, 2023, the Company closed a public offering of 2,692,269 units of the Company ("Offering Unit") in two tranches at a price of $0.40 for aggregate gross proceeds of $1,076,908. Each Offering Unit consisted of one share purchase warrant ("Unit Warrant"). The first tranche of 1,692,269 Offering Units for gross proceeds of $676,908 closed on April 9, 2024, and the second tranche of 1,000,000 Offering Units for gross proceeds of $400,000 closed on April 16, 2024. Each Unit Warrant entitles the holder to purchase one common share, at a price of $0.60. Of the Unit Warrants, 2,692,269 Unit Warrants expire April 9, 2025, and 1,000,000 Unit Warrants expire April 16, 2025. A director and officer of the Company subscribed for a total of 750,000 Offering Units of the public offering for aggregate gross proceeds of $300,000.

In connection with the Offering, the Company issued an aggregate of 93,450 Broker Warrants options. Each Broker Warrant entitles the holder to purchase one common share at a price of $0.60. Of the Broker Warrants, 78,450 Broker Warrants expire April 9, 2025, and 15,000 Broker Warrants expire April 16, 2025.

During the fiscal year ended December 31, 2023, the Company had the following share transactions:

i) Effective February 6, 2023, the Company closed a prospectus offering of 9,035,665 units of the Company ("Offering Unit") at a price of $0.70 for aggregate gross proceeds of $6,324,966. Each Unit consisted of one common share and one half of one transferable share purchase warrant ("Unit Warrants"). Each whole Unit Warrant entitles the holder to purchase one common share, at a price of $1.00 until February 6, 2025. The Company allocated $5,705,738 to share capital and $451,783 to warrants. The Company incurred share issuance costs of $563,530, of which $507,637 was allocated to common shares and $55,893 to warrants. Directors and officers of the Company subscribed for a total of 734,000 Offering Units of the public offering for aggregate gross proceeds of $513,800.

ii) In connection with the Offering, the Company issued to the agents 516,079 Broker Warrants options. Each Broker Warrant entitles the holder to purchase one common share at a price of $0.70 until February 6, 2025. The fair value of the Broker Warrants was determined to be $167,444 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 3.81%, expected life of 2 years and expected volatility of 82.9%.

iii) The Company closed a non-brokered Short Form Prospectus offering of 1,667,033 units of the Company ("Offering Unit") in two tranches at a price of $0.60 for aggregate gross proceeds of $1,00,220. Each Offering Unit consisted of one common share and one transferable share purchase warrant ("Unit Warrant"). The first tranche of 1,517,033 Offering Units closed on August 31, 2023, and the second tranche of 150,000 Offering Units closed on September 11, 2023. Each Unit Warrant entitles the holder to purchase one common share, at a price of $0.70. Of the Unit Warrants, 1,517,033 Unit Warrants expire August 31, 2024, and 150,000 Unit Warrants expire September 11, 2024. The Company allocated $931,422 to share capital and $57,511 to warrants. The Company incurred share issuance costs of $64,933, of which $60,467 was allocated to common shares and $4,466 to warrants. A Director and officer of the Company subscribed for a total of 417,000 Offering Units of the public offering for aggregate gross proceeds of $250,200.

iv) In connection with the Offering, the Company issued 87,501 Broker Warrants options. Each Broker Warrant entitles the holder to purchase one common share at a price of $0.70. Of the Broker Warrants, 72,501 Broker Warrants expire August 31, 2024, and 15,000 Broker Warrants expire September 11, 2024. The weighted fair value of the Broker Warrants was determined to be $11,286 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 4.60%, expected life of 1 years and expected volatility of 74.13%.

v) Effective November 10, 2023, the Company closed a prospectus offering of 6,667,000 units of the Company ("Offering Unit") at a price of $0.45 for aggregate gross proceeds of $3,000,150. Each Unit consisted of one common share and one half of one transferable share purchase warrant ("Unit Warrants"). Each whole Unit Warrant entitles the holder to purchase one common share, at a price of $0.60 until November 10, 2025. The Company allocated

$2,792,181 to share capital and $166,675 to warrants. The Company incurred share issuance costs of $402,429, of which $374,533 was allocated to common shares and $27,896 to warrants. Directors and officers of the Company subscribed for a total of 1,577,800 Offering Units of the public offering for aggregate gross proceeds of $710,010.

vi) In connection with the Offering, the Company issued to the agents 325,756 Broker Warrants options. Each Broker Warrant entitles the holder to purchase one common share at a price of $0.60 until November 10, 2025. The fair value of the Broker Warrants was determined to be $167,444 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 4.51%, expected life of 2 years and expected volatility of 70.56%.

vii) Effective November 30, 2023, the Company closed a public offering of 4,686,500 units of the Company (“Offering Unit”) at a price of $0.40 for aggregate gross proceeds of $1,874,600. Each Unit consisted of one common share and one transferable share purchase warrant (“Unit Warrants”). Each whole Unit Warrant entitles the holder to purchase one common share, at a price of $0.60 until November 30, 2025. The Company allocated $1,777,183 to share capital and $46,865 to warrants. The Company incurred share issuance costs of $150,456, of which $142,709 was allocated to common shares and $7,837 to warrants. Directors and officers of the Company subscribed for a total of 20,000 Offering Units of the public offering for aggregate gross proceeds of $50,000.

In connection with the Offering, the Company issued to the agents 324,555 Broker Warrants options. Each Broker Warrant entitles the holder to purchase one common share at a price of $0.40 until November 30, 2025. The fair value of the Broker Warrants was determined to be $50,552 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 4.16%, expected life of 2 years and expected volatility of 70.47%.

viii) During the reporting period ended December 31, 2023, 415,000 share purchase warrants were exercised at $0.80 per warrant for gross proceeds of $332,000. As a result, a value of $44,309 was transferred from equity reserve to share capital. Of the share purchase warrants that were exercised, 378,000 were exercised by a director and officer of the Company for aggregate gross proceeds of $302,400.

(Canadian dollars)

c) Share purchase warrants

	March 31, 2024		December 31, 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning of year	30,280,654	$ 0.88	15,236,898	$ 1.04
Issuances - Private Placement	-	-	14,204,865	0.74
Issuance - Broker Warrants	-	-	1,253,891	0.60
Exercises	-	-	(415,000)	(0.80)
Expiry	(4,796,293)	(1.55)	-	-
Balance, end of year	**25,484,361**	**$ 0.75**	**30,280,654**	**$ 0.88**

During the reporting period, 4,207,275 warrants with an exercise price of $1.60 and 589,018 warrants with an exercise price of $1.23 expired un-exercised.

Subsequent to the reporting period ended March 31, 2023, the Company issued 2,692,269 Unit warrants with an exercise price of $0.60. Of the Unit warrants subsequently issued, 1,692,269 will expire April 9, 2025 and 1,000,000 will expire April 16, 2025. The Company also issued an aggregate of 93,450 Broker warrants with an exercise price of $0.60. Of the Broker warrants, 78,450 Broker warrants expire April 9, 2025, and 15,000 Broker warrants expire April 16, 2025.

As at March 31, 2024, the following warrants were issued and outstanding:

Warrants Outstanding	Exercise Price	Remaining Life (years)	Expiry Date
4,517,832	$ 1.00	0.85	February 6, 2025
9,342,575	$ 0.80	0.57	October 24, 2024
516,079	$ 0.70	0.85	February 6, 2025
1,589,534	$ 0.70	0.42	August 31, 2024
165,000	$ 0.70	0.45	September 11, 2024
683,030	$ 0.66	0.57	October 24, 2024
3,659,256	$ 0.60	1.61	November 10, 2025
4,686,500	$ 0.60	1.67	November 30, 2025
324,555	$ 0.40	1.67	November 30, 2025
25,484,361			

d) Stock-based compensation plan

The Company maintains a Stock Option Plan under which the Company is authorized to grant executive officers and directors, employees and consultants incentive stock options for up to 10% of the issued and outstanding common stock of the Company. Under the Stock Option Plan, the exercise price of each option may equal the market price of the Company's common stock, less than the

(Canadian dollars)

"Discounted Market Price" (as defined in the policies of the TSX Venture Exchange) at the date of grant, provided that the exercise price shall not be less than $0.05 per share. All stock options awarded are exercisable for a period of up to five (5) years, with vesting at the discretion of the Board of Directors.

Movements in stock options during the period

A summary of the status of the Company's Stock Option Plan is presented below:

	March 31, 2024		December 31, 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	7,740,000	$ 1.17	5,365,000	$ 1.33
Issued	-	-	2,375,000	0.80
Outstanding, end of year	**7,740,000**	**$ 1.17**	**7,740,000**	**$ 1.17**

i) 2,300,000 stock options issued on March 1, 2023, with an exercise price of $0.80, of which 1,010,000 stock options were issued to Directors and Officers of the Company.

ii) 75,000 stock options issued on September 27, 2023, with an exercise price of $0.70, were to a consultant of the Company.

As at March 31, 2024, the following options were outstanding:

Number of Options	Number of Options Exercisable	Exercise Price	Remaining Life (years)	Expiry Date	
1,350,000	1,350,000	$ 0.30	1.67	November 30, 2025	
75,000	18,750	$ 0.70	4.49	September 27, 2028	
2,300,000	1,725,000	$ 0.80	3.92	March 1, 2028	
450,000	450,000	$ 1.30	2.17	May 31, 2026	(i)
885,000	885,000	$ 1.36	3.00	March 29, 2027	
1,045,000	1,045,000	$ 1.45	1.95	March 11, 2026	
210,000	210,000	$ 1.53	2.75	December 29, 2026	
1,200,000	1,200,000	$ 1.64	2.40	August 23, 2026	
75,000	75,000	$ 1.64	2.60	November 5, 2026	
150,000	150,000	$ 2.45	2.28	July 12, 2026	
7,740,000	**7,108,750**				

(Canadian dollars)

(i) During the year ended December 31, 2022, the exercise price of these options was modified from $2.70 to $1.30.

Fair value of stock options granted during the period

The fair value for the compensation costs of stock options issued to both employees and non-employees were calculated using the Black-Scholes option pricing model resulting in an additional charge to general stock-based compensation expense with a corresponding increase in equity reserve.

During the three months ended March 31, 2024, the Company incurred $41,038 (March 31, 2023 - $155,976) in compensation expense relating to options granted, vested and modified.

No options were granted during the three months ended March 31, 2024. The fair value of the options granted in the comparative period ended March 31, 2023, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2023
Risk-free	3.87%
Expected volatility	80.17%
Dividend rate	Nil
Forfieture rate	19.98%
Expected life	3.49 Years
Weighted average value of options granted during period	$ 0.37

e) Equity Reserve

	March 31, 2024	December 31, 2023
Balance, beginning of year	$12,260,866	$10,269,431
Reclassification of issuance costs	-	243,575
Share-based payment	41,038	894,851
Warrant issuance	-	897,318
Warrant exercise	-	(44,309)
Balance, end of year	**$12,301,904**	**$12,260,866**

6. LOSS PER SHARE

The weighted average number of common shares outstanding for basic and diluted loss per share is 90,522,155 (March 31, 2023 – 73,472,356).

In determining diluted loss per share, the weighted average number of shares outstanding for the three months ended March 31, 2024 excluded 1,176,267 (March 31, 2023 – 1,301,675) for stock options and warrants eligible for exercise where the average market price of the common shares for the year exceeds the exercise price because the result was anti-dilutive in both periods.

7. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The Company has classified its financial instruments as follows:

	March 31, 2024	December 31, 2023
Financial assets		
Cash and cash equivalents	$ 86,729	$ 1,407,804
Receivables	61,554	57,949
Deposits	18,977	18,977
Reclamation bonds	62,547	62,547
Financial liabilities		
Accounts payable and accrued liabilities	$2,376,970	$ 2,354,211

b) Financial risk management

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, foreign currency risk, and liquidity risk. An analysis of these risks as at March 31, 2024 and December 31, 2023, is provided below.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company conducts a significant portion of its business activities in the United States, in U.S. dollars. Cash and cash equivalents, trade and other receivables, trade accounts payables and accrued liabilities that are denominated in foreign currencies will be affected by the changes in the exchange rates between the Canadian dollar and U.S. dollar. The Company currently does not enter into any derivative financial instruments to reduce its exposure to foreign currency risk.

The tables that follow provide an indication of the Company's exposure to changes in the value of the U.S. dollar relative to the Canadian dollar as at March 31, 2024 and December 31, 2023. The analysis is based on financial assets and liabilities denominated in U.S. dollars at the statement of financial position date ("statement of financial position exposure"), and U.S. dollar denominated revenue and operating expenses during the year ("operating exposure").

(Canadian dollars)

	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ (2,112)	$ 116,779
Prepaid expenses	18,775	12,258
Accounts paayables and accrued liabilities	(966,909)	(444,890)
Lease liabilities	(129,462)	(126,228)
Net statement of financial position exposure	**$ (1,079,708)**	**$ (442,081)**

Based on the Company's foreign currency exposure, as noted above, with other variables unchanged, a 10% change in the Canadian dollar against the U.S. dollar as at March 31, 2024 would have impacted on comprehensive net loss by $145,860 (December 31, 2023 - $58,470).

ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities compromise accounts payable and accrued liabilities, which are normally due within 30 days.

The Company mitigates liquidity risk by planning its expenditures in advance of the underlying significant commitments. The Company anticipates that it will continue to have adequate liquidity to fund its financial liabilities through Its future cash flows, inclusive of Its financings.

The Company incurred a net loss of $946,583 during the quarter ended March 31, 2024 (March 31, 2023 – $1,338,693). As at March 31, 2024, the Company had working capital deficit of $2,099,033 (December 31, 2023 – working capital deficit of $844,823). Management has determined that the Company has adequate resources to continue as a going concern for the foreseeable future, which management has defined as being at least the next 12 months. In arriving at this judgment, management has considered cash flow projections over the next 12 months from the date of these condensed consolidated interim financial statements. Future operations of the Company will be dependent on its ability to raise additional equity or debt financing, and the attainment of profitable operations.

The Company manages liquidity risk through cash management and by monitoring forecast cash flows.

Other than the contractual commitments noted in Note 4, the following table details the Company's remaining contractual maturity for its non-discounted financial liabilities as at March 31, 2024. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Canadian dollars)

	Year 1	Year 2	Years 3 to 5	After 5 years
Contractual commitments	$ 308,732	$ 39,861	$ 35,027	$ -
Accounts payable and accrued liabilities	2,376,970	-	-	-
Lease liabilities	12,500	12,500	116,950	368,213
	$ 2,698,202	**$ 52,361**	**$ 151,977**	**$ 368,213**

c) Contingent liabilities

Due to a payment obligation dispute between the Company's subsidiary and a vendor, the subsidiary may have liability, the current amount of which cannot be reliably measured. Legal advice obtained provides that the range of losses could be US $nil to US $198,775 (December 31, 2022 - $nil). Should a loss be incurred, the translated amount of loss would be recorded in the consolidated statement of loss and comprehensive loss.

d) Fair values

The carrying amounts in the consolidated statement of financial position for cash and cash equivalents, trade and other receivables and trade accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity of these instruments.

The Company has no financial assets recorded at fair value at March 31, 2024 or 2023.

8. COMMITMENTS AND GUARANTEES

Operating leases

Amounts outstanding under non-cancellable operating lease agreements payable within the next year and thereafter:

	Property	Other	Total
Next year	$ 12,500	$ -	$ 12,500
Within two to five years	129,450	-	129,450
Thereafter	368,213	-	368,213
	$ 510,163	**$ -**	**$ 510,163**

Guarantees

In the normal course of operations, the Company may provide indemnification to counterparties that would require the Company to compensate them for costs incurred as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnification agreements will vary based upon the contract. Management does not expect the potential amount of these counterparty payments to have a material effect on the Company’s financial position or operating results.

(Canadian dollars)

9. SEGMENTED INFORMATION

The Company operates in the acquisition, exploration, and evaluation of helium properties.

The Company considers the basis on which it is organized, including the economic characteristics and geographic areas, in identifying its reportable segment. The operating segment(s) of the Company is defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

Geographic information

The Company's non-current assets other than financial instruments are allocated to geographical segments as at March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Non-current assets		
Canada	$ 813,284	$ 814,547
United States	27,165,566	26,289,196
	$ 27,978,850	**$ 27,103,743**

10. RELATED PARTY DISCLOSURES

The Company has identified the following related parties.

Related Party	Nature of Transaction
EMP Metals Corp. ("EMP")	Rob Gamley, President, Director and Audit Committee Chair of the Company is also a director and officer of EMP. During fiscal 2023 and 2022, EMP cost shared certain software with the Company.
Hatchette Holdings Ltd. ("Hatchette")	Consulting fees for the services of Rob Gamley, President, Director and Audit Committee Chair of the Company. The initial agreement was effective September 1, 2019, and amended effective April 1, 2021, for a five-year term. The contracted amounts are for $15,000 per month.
Lesha Services Ltd. ("Lesha")	Consulting fees for the services of Genga Nadaraju, Director and Vice President Subsurface of the Company. The initial agreement was effective December 7, 2020, and amended effective March 31, 2021, for a five-year

(Canadian dollars)

term. The contracted amounts are on an hourly basis at $200 per hour.

Related party transactions

During the years ended March 31, 2024 and 2023, the Company had the following related party expense transactions:

Related Party	March 31, 2024	March 31, 2023
Hatchette Holdings Ltd.	$ 45,000	$ 45,000
Lesha Services Ltd.	35,000	45,000
	$ 80,000	**$ 90,000**

During the quarter ended March 31, 2024, EMP paid the Company $23,420 (March 31, 2023 - $16,191) for cost sharing of certain software.

Compensation of key management personnel of the Company

The Company has identified the President, Chief Executive Officer, current and former Chief Financial Officer, Vice President Operations, Vice President Subsurface, and the Company's directors as its key management personnel during all or part of the periods presented below. The following outlines their fully built-up compensation and benefits:

	March 31, 2024	March 31, 2023
Salaries and short-term benefits	$ 230,134	$ 236,406
Share-based payments	15,505	137,495
	$ 245,639	**$ 373,901**

Share-based payments are the fair value of stock options granted to key personnel as disclosed in Note 5 (d).