

RHC CAPITAL CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND FIVE MONTHS ENDED
DECEMBER 31, 2017

(Unaudited – Prepared by Management)

(In Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RHC Capital Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at

	September 30, 2018	December 31, 2017	July 31, 2017
ASSETS			
Current			
Cash and cash equivalents (note 6)	\$ 10,444	\$ 1,030,291	\$ 2,480,129
Amounts receivable	98,421	46,929	88,716
Prepaid expenses and deposits	-	20,211	47,957
Total current assets	108,865	1,097,431	2,616,802
Non-current			
Environmental deposit (note 7)	480,695	564,375	-
Exploration and evaluation assets (note 7)	4,176,058	3,380,054	1,903,650
Total non-current assets	4,656,753	3,944,429	1,903,650
Total assets	\$ 4,765,618	\$ 5,041,860	\$ 4,520,452
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (note 8)	\$ 404,664	\$ 449,142	\$ 350,317
Total current liabilities	404,664	449,142	350,317
Non-current			
Decommissioning liability (note 9)	552,713	537,505	-
Total non-current liabilities	552,713	537,505	-
Total liabilities	\$ 957,377	\$ 986,647	\$ 350,317
Shareholders' Equity			
Share capital (note 10)	23,547,103	23,547,103	23,517,103
Contributed surplus	2,278,816	2,188,693	2,041,280
Deficit	(22,017,678)	(21,680,583)	(21,388,248)
Total shareholders' equity	3,808,241	4,055,213	4,170,135
Total liabilities and shareholders' equity	\$ 4,765,618	\$ 5,041,860	\$ 4,520,452

Nature and Continuance of Operations (Note 1)

Contingencies and Commitments (Note 15)

Subsequent Events (Note 18)

Approved by the Board of Directors on November 27, 2018

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

RHC Capital Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	3 Months Ended September 30, 2018	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017
Operating costs and expenses			
General and administrative (note 14)	\$ 95,352	\$ 344,061	\$ 292,205
Total operating costs	95,352	344,061	292,205
Other income			
Gain on settlement of accounts payable (note 8)	6,966	6,966	-
Gain on dissolution of subsidiary (note 17)	-	-	-
Total other income	6,966	6,966	-
Net loss and comprehensive loss for the period	\$ (88,386)	\$ (337,095)	\$ (292,205)
Basic and diluted loss per share (note 13)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	150,536,492	150,536,492	77,689,033

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

RHC Capital Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	\$ (337,095)	\$ (292,205)	\$ (771,564)
Items not affecting cash:			
Stock-based payments	90,123	147,413	23,154
Gain on settlement of accounts payable	(6,966)		
Gain on dissolution of subsidiary	-	-	(224,316)
Changes in non-cash working capital items	(53,585)	705,733	595,907
Net cash provided by (used in) operating activities	(307,523)	561,941	(376,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of warrants	-	30,000	-
Net cash used in financing activities	-	30,000	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Environmental deposit	83,680	(564,375)	-
Additions to exploration and evaluation assets	(796,004)	(1,476,404)	(38,576)
Cash received on Royal Helium Corp Acquisition	-	-	560,412
Transaction costs on acquisition	-	-	(27,939)
Net cash used in investing activities	(712,324)	(2,010,779)	493,897
Change in cash	(1,019,847)	(1,449,838)	117,078
Cash, beginning of period	1,030,291	2,480,129	2,363,051
Cash, end of period	\$ 10,444	\$ 1,030,291	\$ 2,480,129

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

RHC Capital Corporation
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance as at July 31, 2017	\$ 23,517,103	\$ 2,041,280	\$ (21,388,248)	\$ 4,170,135
Share based compensation	-	147,413	-	147,413
Warrants exercised	30,000			30,000
Net loss for the period	-	-	(292,335)	(292,335)
Balance as at December 31, 2017	\$ 23,547,103	\$ 2,188,693	\$ (21,680,583)	\$ 4,055,213
Share based compensation	-	90,123	-	90,123
Net loss for the period	-	-	(337,095)	(337,095)
Balance as at June 30, 2018	\$ 23,547,103	\$ 2,278,816	\$ (22,017,678)	\$ 3,808,241

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

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

RHC Capital Corporation (the “Company” or “RHC”) was incorporated under the laws of the Province of Ontario on August 15, 2008. The Company is focused on primary helium production from its helium leases in Saskatchewan.

On February 27, 2017, the Company began trading on the NEX board of the TSX Venture Exchange (“TSX-V”) under the trading symbol “RHC.H”. On July 25, 2017, the Company resumed trading on the TSX-V under the trading symbol “RHC”. The address of its registered office is 3239 Faithfull Ave, Suite 101, Saskatoon, Saskatchewan, S7K 8H4.

Going concern of operations

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, confirmation of the Company's interest in the underlying helium claims, 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, political uncertainty and currency exchange fluctuations and restrictions.

As at June 30, 2018, the Company has a cumulative deficit of \$22,017,678 and is not yet generating positive cash flows from operations. Management believes that adequate working capital exists at September 30, 2018 to support planned operations for the next twelve months. These unaudited condensed interim consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards. Funding for operations has been obtained primarily through share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These unaudited condensed interim consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent 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”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The policies applied in these condensed interim financial statements are based on IFRS issued and effective as of September 30, 2018.

These unaudited condensed consolidated financial statements have been prepared on a historical basis, except for those financial instruments carried at fair value. In addition, these unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PREPARATION (cont'd)

The unaudited condensed interim consolidated financial statements do not contain all of the required annual disclosures and should be read in conjunction with the Company's annual financial statements for the five months ended December 31, 2017 and year ended July 31, 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"). The same accounting policies, presentation and methods of computation have been followed in these unaudited condensed interim consolidated financial statements as were applied in the Company's consolidated financial statements for the five months ended December 31, 2017 and year ended December 31, July 31, 2017, except as noted below.

New accounting standards and interpretation

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim financial statements.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

IFRS 16 – Leases. According to IFRS 16, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019.

5. ACQUISITION OF ROYAL HELIUM CORPORATION

The transaction does not constitute a business combination as Royal Helium did not meet the definition of a business under IFRS 3, Business Combinations, as substantially all of the fair value of the gross assets acquired is concentrated in the helium exploration permits and helium leases. As a result, the transaction is accounted for as an asset acquisition with the Company identified as the acquirer and the equity consideration accounted for in accordance with IFRS 2, Share-based Payment, measured at fair value. Related transaction costs are capitalized as part of the cost of the asset acquisition.

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

5. ACQUISITION OF ROYAL HELIUM CORPORATION (cont'd)**Purchase price – consideration paid**

Fair value of 75,215,761 shares issued *	\$ 2,256,473
Fair value of 4,020,897 warrants issued **	48,645
Transaction costs	27,939
	<u>\$ 2,333,057</u>

Net assets purchased

Cash and cash equivalents	\$ 560,412
Amounts receivable	62,109
Exploration and evaluation property	1,865,074
Amounts payable and accrued liabilities	(154,538)
	<u>\$ 2,333,057</u>

* Fair value equal to Company's share price of \$0.03 at closing date.

** Fair value determined using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.22%; expected volatility – 100% (based on comparable companies); expected dividend yield - nil; expected life - 2 years; share price - \$0.03.

6. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017	July 31, 2017
Cash at bank and on hand	\$ 10,444	\$ 1,030,291	\$ 562,208
Short-term bank deposits	-	-	1,917,921
	<u>\$ 10,444</u>	<u>\$ 1,030,291</u>	<u>\$ 2,480,129</u>

7. EXPLORATION AND EVALUATION PROPERTY

	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Balance, beginning of period	\$ 3,380,054	\$ 1,903,650	\$ -
Acquired on acquisition of Royal Helium Corporation	-	-	1,864,642
Additions	796,004	1,476,404	39,008
	<u>\$ 4,176,058</u>	<u>\$ 3,380,054</u>	<u>\$ 1,903,650</u>

The Company has annual lease expenditure commitments of approximately \$50,000 and annual permit expenditure commitments as follows: 2018 - \$123,799, 2019 - \$169,155, 2020 - \$217,660 and 2021 - \$217,660.

During the nine months ended September 30, 2018, the Company announced that it had acquired an additional 173 sections (110,815 acres) of strategic helium land in Southern Saskatchewan. This land was acquired via permit from the Government of Saskatchewan.

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

7. EXPLORATION AND EVALUATION PROPERTY (cont'd)

During the five months ended December 31, 2017, the Company acquired 7 oil and gas wells and 2 facilities, for the purpose of helium exploration/production, from TORC Oil & Gas Ltd. ("TORC") for \$300,000. As well, the Company was required to pay a deposit of approximately \$564,375, as required by the Ministry of Economy, to secure clean-up costs if the wells are abandoned or closed. During the period ended September 30, 2018 the Company met certain requirements set by the Ministry of Economy and was refunded \$83,680 of the deposit.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	6 Months Ended June 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Accounts payable	\$ 401,664	\$ 409,526	\$ 305,693
Accruals and others	3,000	39,616	44,624
	\$ 404,664	\$ 449,142	\$ 350,317

During the period ended September 30, 2018, the Company settled certain accounts payable with its suppliers and accordingly recorded a gain on settlement of accounts payable of \$6,966 (December 31, 2017 - \$NIL).

9. DECOMMISSIONING LIABILITY

	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Balance, beginning of period	\$ 537,505	\$ -	\$ -
Accretion	15,208	-	-
Additions	-	537,505	-
Balance, end of period	\$ 552,713	\$ 537,505	\$ -

The decommissioning liabilities are estimated based on the Company's ownership interest in the wells and facilities acquired from TORC (see note 7), the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be \$564,375. These obligations have been discounted using a risk free rate of 3% and an inflation rate of 2% per year. Most of these obligations are not expected to be paid until approximately 5 years in the future and have already been fully funded with a refundable deposit, held on account with the Government of Saskatchewan. (see note 7).

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

10. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital - the authorized share capital consists of an unlimited number of common shares.

Common shares issued: as at September 30, 2018, the issued share capital amounted to \$24,348,723. Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, July 31, 2017	150,431,947	\$ 23,517,103
Exercise of warrants	600,000	30,000
Balance, December 31, 2017	151,031,947	\$ 23,547,103
Balance, September 30, 2018	151,031,947	\$ 23,547,103

During the period ending September 30, 2018, the Company opened and then subsequently closed a non-brokered private placement. The proceeds were to be used to finance the Company's exploration drill program for 2018.

11. STOCK OPTIONS

On February 3, 2017, the shareholders of the Company approved a stock option plan, pursuant to which, the Company may issue up to a number of options that is 10% of the outstanding common shares of the Company to employees, directors and officers.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, July 31, 2017	3,986,568	0.34
Forfeited/expired	(150,000)	0.38
Granted	1,700,000	0.15
Balance, December 31, 2017	5,536,568	\$ 0.25
Forfeited/expired	(775,000)	0.20
Granted	600,000	0.09
Balance, June 30, 2018	5,361,568	\$ 0.27
Exercisable, June 30, 2018	4,611,568	\$ 0.29

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

11. STOCK OPTIONS (cont'd)

As at September 30, 2018, the following options were issued and outstanding:

Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Outstanding Options	Number of Options Vested (exercisable)
March 1, 2020	\$ 0.50	1.92	1,000,000	1,000,000
August 1, 2023	\$ 0.25	5.34	2,161,568	2,161,568
November 21, 2024	\$ 0.45	6.64	400,000	400,000
November 1, 2027	\$ 0.15	9.59	1,200,000	750,000
March 19, 2028	\$ 0.09	9.97	600,000	300,000
			5,361,568	

12. WARRANTS

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted Average Exercise Price
Balance, July 31, 2017	18,374,352	0.22
Exercised	(600,000)	0.05
Balance, December 31, 2017	17,774,352	\$ 0.22
Balance, June 30, 2018	17,774,352	\$ 0.22

The following table reflects the actual warrants issued and outstanding as of June 30, 2018:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Outstanding Warrants
December 16, 2018	\$ 0.25	0.96	14,353,455
July 19, 2019	\$ 0.05	1.55	3,420,897
			17,774,352

13. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the six months ended September 30, 2018, was based on the loss attributable to common shareholders of \$337,095 (five months ended December 31, 2017 - \$180,636) and the weighted average number of common shares outstanding of 150,536,492 for the nine months ended September 30, 2018 (five months ended December 31, 2017 - 150,536,492).

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

14. GENERAL AND ADMINISTRATIVE

	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Salary and salary related	\$ 32,016	\$ 51,660	\$ 599,859
Legal and professional	31,951	19,324	180,996
Audit and accounting	26,879	36,556	81,463
Stock-based compensation	90,123	147,413	23,706
General office and other	163,092	37,252	109,856
Total General and administrative	\$ 344,061	\$ 292,205	\$ 995,880

15. COMMITMENTS**Environmental contingencies**

The Company's exploration and evaluation activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

16. RELATED PARTY TRANSACTIONS

The following table summarizes transactions with related parties:

	9 Months Ended September 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Consulting fees – Andrew Davidson	\$ 72,000	\$ 32,000	\$ 68,250
Consulting fees – Scott Newman	72,333	41,665	-
Consulting fees – John Jeffrey	72,000	24,000	-
Consulting fees – Michael Graham	-	3,392	18,600
Key management compensation	94,411	188,727	554,914
Exploration – Axiom Exploration Ltd.	9,483	17,030	-
Total	\$ 320,227	\$ 306,814	\$ 641,764

RHC Capital Corporation

Notes to The Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018 and Five Months Ended December 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

11. STOCK OPTIONS (cont'd)**Compensation of key management personnel of the Company**

The remuneration of directors and other members of key management personnel during the periods presented were as follows:

	6 Months Ended June 30, 2018	5 Months Ended December 31, 2017	12 Months Ended July 31, 2017
Short-term benefits	\$ 230,104	\$ 159,401	\$ 641,764
Share-based payments	90,123	147,413	-
Total	\$ 320,227	\$ 306,814	\$ 641,764

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors executive and non-executive) of the Company.

17. GAIN ON DISSOLUTION OF SUBSIDIARY

The Company's subsidiary, RHC Energy (USA) LLC, was dissolved during the year ended July 31, 2017. See note 16. Management believes that all the proper steps were taken and that the Company has no further obligations outstanding with respect to the historical operations of RHC Energy (USA) LLC. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided for in these financial statements.