ROYAL HELIUM LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

(Unaudited - Prepared by Management)

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management.

Royal Helium Ltd.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31 2024	December 31 2023
ASSETS		
Current		
Cash and cash equivalents (note 3)	$ 15,552	$ 2,611,794
Restricted cash (note 3)	42,000	233,831
Accounts receivable	472,666	412,224
Prepaid and inventory	1,171,440	1,243,144
Total current assets	1,701,658	4,500,993
Non-current		
Environmental deposit (note 8)	101,550	101,550
Exploration and evaluation assets (note 4)	46,031,429	46,022,893
Property, plant and equipment (note 5)	36,175,522	36,686,239
Right of use assets (note 6)	4,229,935	4,503,123
Total assets	$ 88,240,094	$ 91,814,798
LIABILITES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	$ 4,209,783	$ 6,028,376
Current portion of lease obligation (note 6)	954,956	926,871
Current portion of rent to own obligation (note 9)	764,677	742,188
Current portion of term debt (note 11)	3,212,091	3,212,091
Total current liabilities	9,141,507	10,909,526
Non-current		
Decommissioning liability (note 8)	676,860	663,5634
Lease obligation (note 6)	3,464,101	3,713,634
Rent to own obligation (note 9)	1,093,634	1,293,447
Convertible debentures (note 10)	10,073,239	10,237,060
Term debt (note 11)	17,584,511	15,387,909
Total liabilities	$ 42,033,852	$ 42,205,139
Shareholders' Equity		
Share capital (note 12)	$ 83,961,036	$ 83,116,371
Equity portion of convertible debentures (note 10)	732,285	732,285
Contributed surplus	12,138,051	11,963,251
Deficit	(50,625,130)	(46,202,248)
Total shareholders' equity	46,206,242	49,609,659
Total liabilities and shareholders' equity	$ 88,240,094	$ 91,814,798

Contingencies and Commitments (notes 4, 5 and 18)
Subsequent Events (notes 5, 10 and 22)

Approved by the Board of Directors on May 17, 2024

" *Andrew Davidson*"
Andrew Davidson, President and Director

"John Pringle"
John Pringle, Director

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

Royal Helium Ltd.
Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the three months ended March 31,	2024	2023
Helium sales	$ 819,446	$ -
Royalties	(30,987)	-
	788,459	-
Operating costs and expenses		
Operating costs	1,984,965	-
General and administrative (notes 16)	942,715	993,934
Depreciation (notes 5 and 6)	815,141	-
Finance expenses, net (note 17)	1,293,720	(18,598)
Share-based compensation	174,800	170,500
Net loss and comprehensive loss for the period	$ (4,422,882)	$ (1,145,836)
Basic and diluted loss per share (note 15)	$ (0.02)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted (note 15)	275,575,966	239,513,854

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

Royal Helium Ltd.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the three months ended March 31,	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (4,422,882)	$ (1,145,836)
Items not affecting cash:		
Share-based payments (note 13)	174,800	170,500
Accretion – finance obligations (notes 6 and 9)	196,322	-
Accretion – decommissioning liability (note 8)	5,864	2,814
Accretion – convertible debentures (note 10)	254,737	41,309
Accrued interest – convertible debentures (note 10)	365,695	107,589
Depreciation (notes 5 and 6)	815,141	-
Changes in non-cash working capital (note 21)	850,484	4,635,110
Net cash (used) provided in operating activities	(1,759,839)	3,811,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds – warrant exercise (note 12)	-	289,600
Proceeds – broker warrant exercise (note 12)	-	18,114
Share issuance costs (note 12)	(4,325)	-
Issuance of convertible debentures (note 10)	-	5,500,000
Convertible debenture issuance costs (note 10)	-	(552,358)
Issuance of term debt (note 11)	3,000,000	-
Lease payments (note 6)	(358,463)	-
Rent to own payments (note 9)	(236,631)	-
Term debt payments (note 11)	(803,398)	-
Net cash provided by financing activities	1,597,183	5,255,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to exploration and evaluation assets (note 4)	(1,102)	(1,145,883)
Additions to property, plant and equipment (note 5)	(31,236)	(4,535,036)
Transfer from restricted cash (note 3)	191,831	-
Change in non-cash working capital (note 21)	(2,593,079)	(3,288,967)
Net cash used in investing activities	(2,433,586)	(8,969,886)
Change in cash	(2,596,242)	96,956
Cash, beginning of period	2,611,794	1,002,973
Cash, end of period	$ 15,552	$ 1,099,929

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

Royal Helium Ltd.
Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Equity portion of Convertible Debentures	Total Shareholders' Equity
Balance as at December 31, 2022	**$ 75,574,713**	**$ 10,176,855**	**$ (35,158,624)**	**$ -**	**$ 50,592,944**
Share issuance – broker warrants exercise (note 12)	24,733	(6,619)	-	-	18,114
Share issuance –warrants exercise (note 12)	289,600	-	-	-	289,600
Debt issuance – convertible debentures (note 10)	-	402,600	-	419,400	822,000
Share based compensation (note 13)	-	170,500	-	-	170,500
Net loss for the period	-	-	(1,145,836)	-	(1,145,836)
Balance as at March 31, 2023	**$ 75,889,046**	**$ 10,743,336**	**$ (36,304,460)**	**$ 419,400**	**$ 50,747,322**
Balance as at December 31, 2023	**$ 83,116,371**	**$ 11,963,251**	**$ (46,202,248)**	**$ 732,285**	**$ 49,609,659**
Share issuance – interest payment (note 12)	784,253	-	-	-	784,253
Share issuance – shares for service (note 12)	64,737	-	-	-	64,737
Share issuance costs (note 12)	(4,325)	-	-	-	(4,325)
Share based compensation (note 13)	-	174,800	-	-	174,800
Net loss for the period	-	-	(4,422,882)	-	(4,422,882)
Balance as at March 31, 2024	**$ 83,961,036**	**$ 12,138,051**	**$ (50,625,130)**	**$ 732,285**	**$ 46,206,242**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Royal Helium Ltd. (the "Company" or "RHL") (formerly RHC Capital Corporation) is focused on primary helium production from its helium leases and permits in Saskatchewan and Alberta, Canada. 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 224 4th Avenue South, Suite 602, Saskatoon, Saskatchewan, S7K 5M5.

The Company was incorporated under the laws of the Province of Ontario on August 15, 2008 and continued into the Province of Saskatchewan on May 1, 2019.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

The unaudited condensed interim consolidated financial statements of the Corporation for the three month period ended March 31, 2024 were authorized for issuance by the Corporation's board of directors on May 17, 2024.

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

Capital management

The Company defines the capital that it manages as its working capital. The Company's objectives when managing capital are to manage its business in an effective manner with the goal of increasing the value of its assets. The Company regularly monitors its available capital and, as necessary, adjusts to changing economic circumstances and the risk characteristics of the underlying assets. In order to maintain or adjust capital requirements, the Company may consider the issuance of new shares, the entry into joint venture arrangements or farm-out agreements, or engage in debt financing.

There were no changes in the Company's approach to capital management during the period ended March 31, 2024.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2024, the Company was not in compliance with Policy 2.5. Capital requirements imposed by lending institutions will begin December 31, 2024.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

For the three months ended March 31, 2024, the Company used cash in operating activities of $1,759,839 (December 31, 2023 - $5,385,737) and had a working capital deficit of $7,439,849 as at March 31, 2024 (December 31, 2023 - $6,408,533). Although, management has available $2,500,000 of undrawn demand operating loan for working capital purposes (note 11), the Company will need additional cash resources to meet liquidity requirements while the Steveville helium plant is brought up to capacity in efforts to generate positive cash flow from operations. To address its liquidity requirements, the Company has entered into a bought deal equity financing for gross proceeds of $6,000,000 (note 22).

The Company has also historically received support from various lenders (note 11 and note 22) and will require this ongoing support. To that end, the Company is required under its current lending arrangements to maintain a cash flow coverage ratio of not less than 1.10:1, a tangible net working capital ratio of not greater than 1.25:1 and a fixed charge coverage ratio of not less than 1.10:1 beginning December 31, 2024 (note 11). Based on current forecasts management is projecting potential non-compliance with the above noted covenants as at December 31, 2024. There can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment to the covenants, if necessary, prior to December 31, 2024. This potential covenant default may result in the term debt being due on demand and would trigger other cross-covenant defaults.

The continuance of the Company remains dependent upon the discovery of economically recoverable resources in the underlying helium claims and the ability of the Company to increase the current output of the Steveville helium plant to planned capacity in efforts to generate positive cash flows from operations, in addition to obtaining waivers for potential covenant defaults or amendments to the covenant. Although, there remains considerable risk around the Company's ability to address these substantial uncertainties the Company believes the bought deal equity financing will generate cash to address current projected liquidity requirements and that the continued support of the lender will be available to manage lending covenant requirements before December 31, 2024.

Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

These consolidated financial statements were approved and authorized for issuance by the board of directors on May 17, 2024.

3. CASH AND CASH EQUIVALENTS

		March 31, 2024		**December 31, 2023**
Cash at bank and on hand	$	15,552	$	2,611,794
Total cash and cash equivalents	**$**	**15,552**	**$**	**2,611,794**
GIC's held as collateral	$	42,000	$	42,000
Interest reserve		-		191,831
Total restricted cash	**$**	**42,000**	**$**	**233,831**

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Balance as at January 1, 2023	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at December 31, 2023
Bengough/ Ogema	$ 7,030,519	$ 30,405	$ 866	$ 17,784	$ -	$ (4,673)	$ 7,074,901
Cadillac	312,553	81,691	131,564	-	-	-	525,808
Climax	11,327,876	(43,499)	-	-	-	(6,956)	11,277,421
Coronach	25,952	-	-	-	-	10,352	36,304
Creelman	38,203	6,763	-	-	(38,527)	651	7,090
Francis	41,808	6,818	-	-	(73,821)	33,491	8,296
Midale	31,124	4,360	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,520,013	352,615	23,212	-	(501,746)	(3,165)	23,390,929
Swift current	42,665	-	39,269	-	-	-	81,934
Val Marie	2,983,400	3,798	21,116	-	-	(2,271)	3,006,043
Weyburn	165,411	9,876	-	-	(177,433)	31,565	29,419
40 Mile	99,875	401,735	40,440	-	-	-	542,050
	$ 45,626,613	$ 854,562	$ 256,467	$ 17,784	$ (791,527)	$ 58,994	$ 46,022,893

	Balance as at January 1, 2024	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at March 31, 2024
Bengough/ Ogema	$ 7,074,901	$ 103	$ -	$ -	$ -	$ 2,020	$ 7,077,024
Cadillac	525,808	-	-	-	-	-	525,808
Climax	11,277,421	-	-	-	-	2,350	11,279,771
Coronach	36,304	844	-	-	-	-	37,148
Creelman	7,090	51	-	-	-	-	7,141
Francis	8,296	-	-	-	-	-	8,296
Midale	35,484	-	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,390,929	-	-	-	-	2,280	23,393,209
Swift current	81,934	-	-	-	-	-	81,934
Val Marie	3,006,043	-	-	-	-	784	3,006,827
Weyburn	29,419	104	-	-	-	-	29,523
40 Mile	542,050	-	-	-	-	-	542,050
	$ 46,022,893	$ 1,102	$ -	$ -	$ -	$ 7,434	$ 46,031,429

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Included in other exploration costs for the Climax project is an increase of $2,350 (December 31, 2023 – reduction of $6,956) and for the Ogema project is an increase of $2,020 (December 31, 2023 – reduction of $5,976) and for the Val Marie project is an increase of $784 (December 31, 2023 – reduction of $2,319) and for the Steveville project is an increase of $2,280 (December 31, 2023 – reduction of $8,313) which is related to the estimated decommissioning liability (note 8).

The Company holds helium exploration permits and helium leases over land in Saskatchewan and Alberta. The Company has annual lease expenditure commitments of approximately $228,878 and annual permit expenditure commitments as follows 2024 - $85,000, 2025 - $65,000, 2026 - $75,000 and 2027 - $nil.

In the year ended December 31, 2023, the Company allowed certain claims to expire as it was determined that future work would be focused on other properties.

In the year ended December 31, 2023, the Company completed its helium processing facility and determined that $501,746 should be transferred from exploration and evaluation assets to helium producing properties included in property, plant and equipment (note 8). There were no impairment on the transfer of exploration and evaluation to helium producing properties.

There were no impairment indicators for the exploration and evaluation assets as of March 31, 2024 and December 31, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

	Computer Hardware	Helium Producing Properties	Facility	Rent to Own	Total
Cost					
Balance, December 31, 2022	$ 40,079	$ -	$ 11,107,896	$ -	$ 11,147,975
Additions	2,541	-	22,363,393	2,775,390	25,141,324
Decomissioning	-	-	302,093	-	302,093
Transfers (note 4)	-	501,746	-	-	501,746
Balance, December 31, 2023	42,620	501,746	33,773,382	2,775,390	37,093,138
Additions	-	-	31,236	-	31,236
Balance, March 31, 2024	**$ 42,620**	**$ 501,746**	**$ 33,804,618**	**$ 2,775,390**	**$ 37,124,374**
Accumulated amortization					
Balance, December 31, 2022	$ -	$ -	$ -	$ -	$ -
Depreciation	11,101	-	-	395,798	406,899
Balance, December 31, 2023	$ 11,101	$ -	$ -	$ 395,798	$ 406,899
Depreciation	2,364	3,956	337,734	197,899	541,953
Balance, March 31, 2024	**$ 13,465**	**$ 3,956**	**$ 337,734**	**$ 593,697**	**$ 948,852**
Carrying Value					
Balance, December 31, 2023	$ 31,519	$ 501,746	$ 33,773,382	$ 2,379,592	$ 36,686,239
Balance, March 31, 2024	$ 29,155	$ 497,790	$ 33,466,884	$ 2,181,693	$ 36,175,522

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Property plant and equipment additions in the prior period relate to the helium processing facility, which is under construction. Since the facility is under construction, it is not available for use and is not being depreciated. Near the end of the 2023, the facility became available for use and $501,746 was transferred from exploration and evaluation assets to property, plant and equipment (note 4).

6. RIGHT OF USE ASSET

The Company has a lease agreement for the helium transport trailers.

The continuity of the right of use asset ("ROU") and lease liability for the periods ended March 31, 2024 and December 31, 2023 is as follows:

Right of use asset	
Value of ROU as at December 31, 2022	$ -
Initial recognition of ROU	5,037,548
Depreciation	(534,525)
Value of ROU as at December 31, 2023	4,503,123
Depreciation	(273,188)
Value of ROU as at March 31, 2024	**$ 4,229,935**

Lease liability	
Lease liability as at December 31, 2022	$ -
Initial recognition of lease liability	5,037,548
Lease payments	(677,057)
Lease accretion	280,014
Lease liability as at December 31, 2023	4,640,505
Lease payments	(358,463)
Lease accretion	137,015
Lease liability as at March 31, 2024	**$ 4,419,057**
Current portion	$ 954,956
Long-term portion	3,464,101
	$4,419,057

Lease obligation

The Company's total undiscounted amount of cash flow required to settle its lease obligation is approximately $5,560,000 at March 31, 2024 (December 31, 2023 - $5,800,000) and is expected to settle in 2027. The Company applied a discount rate of 12% to calculate the discounted value of the lease obligation at initial recognition.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	**December 31, 2023**
Accounts payable	$ 4,002,151	$ 5,891,044
Accruals and others	207,632	137,332
	$ 4,209,783	$ 6,028,376

(Expressed in Canadian dollars)

8. DECOMMISSIONING LIABILITIES

	March 31, 2024	December 31, 2023
Balance, beginning of period	$ 663,563	$ 375,994
Additions	-	302,093
Change in inflation and discount rate	7,433	(23,564)
Accretion	5,864	9,040
Balance, end of period	$ 676,860	$ 663,563

The total of the decommissioning liabilities are estimated based on the Company's net ownership interest in all the wells, 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 based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be $852,586. The obligations have been discounted using a risk free rate of 3.48% (December 31, 2023 - 3.02%) and an inflation rate of 1.86% (December 31, 2023 - 1.62%) per year. Most of these obligations are not expected to be settled until approximately 10 years in the future and will be funded from general Company resources at that time.

As March 31, 2024, the Company has a $101,550 (December 31, 2023 - $101,550) deposit held by the Saskatchewan government for future site reclamation.

9. RENT TO OWN DEBT OBLIGATION

Rent to own liability	
Rent to own liability as at December 31, 2022	$ -
Initial recognition of debt	2,775,390
Payments	(873,862)
Rent to own accretion	134,107
Rent to own liability as at December 31, 2023	2,035,635
Payments	(236,631)
Rent to own accretion	59,307
Rent to own liability as at March 31, 2024	**$ 1,858,311**
Current portion	$ 764,677
Long-term portion	1,093,634
	$ 1,858,311

Rent to own obligation

The Company's total undiscounted amount of cash flow required to settle its rent to own obligation is approximately $2,129,679 at March 31, 2024 (December 31, 2023 - $2,366,310) and is expected to settle in 2026. The Company applied a discount rate of 12% to calculate the discounted value of the rent to own obligation at initial recognition and the asset is held as collateral on the debt obligation.

10. CONVERTIBLE DEBENTURES

a) On February 8, 2023, the Company closed a bought deal financing and issued 5,500 units for gross proceeds of $5,500,000. Each unit consists of $1,000 convertible debenture principal amount and 3,846 common share purchase warrants. The convertible debenture bears interest at 14% per annum, is paid semi annually in arears and matures on December 31, 2025. Each warrant is exercisable at $0.32 for a period of 36 months and the Company may elect to accelerate the expiry date in the event the volume weighted average trading price exceeds $0.65 per share for 20 consecutive trading days.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of $0.26 per share.

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 26.99%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of $4,568,000 being allocated to the liability portion and $475,520 being allocated to the equity portion and $456,480 to the warrant.

In the period, $nil (year ended December 31, 2023 - $1,280,000) of principal was converted into common shares. As at March 31, 2024 and December 31, 2023, the principal amount owing was $4,220,000.

b) On June 12, 2023, the Company closed a bought deal financing and issued 7,300 units for gross proceeds of $7,300,000. Each unit consists of $1,000 convertible debenture principal amount and 2,703 common share purchase warrants. The convertible debenture bears interest at 12% per annum, is paid semi annually in arears and matures on June 30, 2025. Each warrant is exercisable at $0.40 for a period of 36 months and the Company.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of $0.37 per share.

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 25.63%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of $6,318,000 being allocated to the liability portion and $378,790 being allocated to the equity portion and $603,210 to the warrant.

As at March 31, 2024 and December 31, 2023, the principal amount owing was $7,300,000. After the reporting period, $2,500,000 principal amount was converted to common shares.

(Expressed in Canadian dollars)

10. CONVERTIBLE DEBENTURES (continued)

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, December 31, 2022	$ -	$ -	$ -
Issuance - initial recognition	12,800,000	10,886,000	854,310
Less: issuance costs	-	(1,145,899)	-
Interest	-	848,521	-
Accretion - interest	-	652,032	-
Conversion	(1,280,000)	(1,003,594)	(122,025)
Balance, December 31, 2023	11,520,000	10,237,060	732,285
Interest	-	(418,558)	-
Accretion - interest	-	254,737	-
Balance, March 31, 2024	**$ 11,520,000**	**$ 10,073,239**	**$ 732,285**

On June 30, 2023, the Company paid accrued debenture interest by issuing 822,044 common shares, valued at $283,605. The interest accrued at the time of the issuance was $299,562, and the $8,246 difference was recorded against interest expense. On January 2, 2024, the Company paid accrued debenture interest by issuing 3,788,660 common shares, valued at $784,253.

11. TERM DEBT

On April 24, 2023, the Company closed a term debt financing, and received its first draw, with Canadian Western bank ("CWB") and Business Development Bank of Canada ("BDC"), acting pari passu, for $7,500,000 each, $15,000,000 in total.

On December 21, 2023, Canadian Western bank ("CWB") and Business Development bank of Canada, acting pari passu, increased the term loans for $1,800,000 each, and extended the first principal repayment date to February 1, 2024.

As of December 31, 2023, the Company has drawn the full debt facility. During the year ended December 31, 2023 the Company has paid $697,210 interest related to the term debt, $352,695 has been capitalized to property, plant and equipment and $344,515 has been expensed.

On February 23, 2024, the Company received a $3,000,000 repayable contribution from Western Economic Diversification Canada ("WEDC") under the Aerospace Regional Recovery Initiative. The loan is unsecured, non-interest bearing with repayment commencing April 1, 2025 and repayable in 60 monthly payments.

	CWB	BDC	WEDC	Total
Balance as at December 31, 2022	$ -	$ -	$ -	$ -
Debt advances	9,300,000	9,300,000	-	18,600,000
Balance as at December 31, 2023	9,300,000	9,300,000	-	18,600,000
Debt advances	-	-	3,000,000	3,000,000
Repayments	(404,348)	(399,050)	-	(803,398)
Balance as at December 31, 2023	**$ 8,895,652**	**$ 8,900,950**	**$ 3,000,000**	**$ 20,796,602**
Current portion	1,617,391	1,594,700	-	3,212,091
Long term portion	7,278,261	7,306,250	3,000,000	17,584,511
	$ 8,895,652	**$ 8,900,950**	**$ 3,000,000**	**$ 20,796,602**

(Expressed in Canadian dollars)

11. TERM DEBT (continued)

CWB
Prime rate plus 3%, secured by all present and future assets, repayable in monthly blended payments of $134,783 principal plus accrued interest, maturing on February 1, 2030. Repayable at any time without penalty.

Under the terms of the debt, the Company is required to maintain a cash flow coverage ratio of not less than 1.10 and a debt to tangible net work ratio not greater than 1.25, beginning December 31, 2024.

BDC
BDC floating rate, secured by all present and future assets, repayable in monthly blended payments of $132,850 principal plus accrued interest, maturing on February 1, 2030. Once in any 12 month period, the Company can prepay up to 15% of the outstanding principal without penalty.

Under the terms of the debt, the Company is required to maintain a fixed charge coverage ratio of 1.10, beginning December 31, 2024.

In addition, CWB has provided the Company with a $2,500,000 demand operating loan for working capital purposes. At March 31, 2024, $124,926 has been drawn from the demand operating loan. The Company's access to the operating loan is limited to 75% of Canadian trade accounts and 90% of good earned United States trade accounts that are Economic Development Canada insured and do not exceed 90 days aging.

12. SHARE CAPITAL AND EQUITY RESERVES

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

Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, December 31, 2022	239,254,543	75,574,713
Share issuance – financing	21,562,500	5,175,000
Share issuance – warrant exercise	3,317,500	1,061,600
Share issuance – broker warrant exercise	69,669	24,733
Share issuance – shares for debt	1,373,133	496,686
Share issuance – conversion of debenture	4,922,880	1,125,620
Share issuance – Acquisition of exploration and evaluation asset	468,796	161,735
Shares issuance – payment of debenture interest	822,044	283,605
Fair value allocation – broker warrants	-	(136,575)
Share issue costs	-	(650,746)
Balance, December 31, 2023	271,791,065	83,116,371
Share issuance – payment of debenture interest	3,788,660	784,253
Share issuance – share for debt	380,804	64,737
Share issue costs	-	(4,325)
Balance, March 31, 2024	**275,960,529**	**$ 83,961,036**

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND EQUITY RESERVES (continued)

On April 21, 2023, the Company issued 1,069,383 common shares as settlement of $365,746 in accounts payable. At the date of issuance, the common shares were valued at $0.37 per common share and the Company recorded a loss on settlement of $52,603.

On June 30, 2023, the Company closed the 40 mile property acquisition and issued 468,796 common shares valued at $0.345 per common share.

On July 19, 2023, the Company issued 303,750 common shares as settlement of $118,539 in accounts payable. At the date of issuance, the common shares were valued at $0.32 per common share and the Company recorded a gain on settlement $21,339.

On November 14, 2023, the Company completed a first close on a bought deal financing of 18,750,000 units at a price of $0.24 per unit for gross proceeds of $4,500,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period. The Company paid $472,191 cash finder's fees and other expenses and issued 1,050,000 broker warrants. The broker warrants are exercisable into units at $0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period from the closing date of the financing (see note 14).

On December 14, 2023, the Company completed a final close on a bought deal financing of 2,812,500 units at a price of $0.24 per unit for gross proceeds of $675,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period. The Company paid $73,519 cash finder's fees and other expenses and issued 168,750 broker warrants. The broker warrants are exercisable into units at $0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period from the closing date of the financing (see note 14).

On March 12, 2024, the Company issued 380,804 common shares for service. At the date of issuance, the common shares were valued at $0.17 per common share and the Company recorded an expense of $64,737.

13. STOCK OPTIONS

On September 14, 2022, 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, December 31, 2022	16,070,000	$ 0.37
Issued	1,250,000	0.38
Issued	500,000	0.40
Balance, December 31, 2023	17,820,000	0.37
Issued	950,000	0.35
Forfeited	(200,000)	0.26
Exercisable, March 31, 2024	**18,570,000**	**$ 0.37**

13. STOCK OPTIONS (continued)

As at March 31, 2024, 18,570,000 (December 31, 2023 – 17,820,000) options were issued and outstanding and exercisable with a weighted average remaining life of 2.76 years (December 31, 2023 – 2.91).

On March 28, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to consultants of the Company. The options have an exercise price of $0.38, expire March 28, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.36, expected yield of 0%, expected volatility of 171% based on the historical volatility of the Company, risk free rate of 3.10% and an expected life of 5 years, which resulted in a fair value of $0.341 per option.

On May 3, 2023, the Company granted 750,000 stock options, of the total options granted 750,000 were granted to consultants of the Company. 500,000 of the options have an exercise price of $0.38, expire April 26, 2028 and 250,000 expire May 3, 2028, and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.365, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 2.98% and an expected life of 5 years, which resulted in a fair value of $0.345 per option.

On May 25, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to a director of the Company. The options have an exercise price of $0.40, expire May 25, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.355, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 3.63% and an expected life of 5 years, which resulted in a fair value of $0.335 per option.

On January 19, 2024, the board of directors granted 950,000 stock options to certain directors, employees and consultants of the Company. The stock options are exercisable at $0.35 and expire January 19, 2029. The stock options vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.20, expected yield of 0%, expected volatility of 163% based on the historical volatility of the Company, risk free rate of 3.64% and an expected life of 5 years, which resulted in a fair value of $0.184 per option.

On January 19, 2024, the board of directors granted the aggregate of 909,070 deferred share units ("DSUs") to certain directors, 5,963,635 performance share units ("PSUs") to certain officers and directors. The DSUs and PSUs vest one year from the grant.

(Expressed in Canadian dollars)

14. WARRANTS AND BROKER WARRANTS

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

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2022	**65,977,650**	**$ 0.51**
Issued	21,153,000	0.32
Issued	19,731,900	0.40
Issued	18,750,000	0.31
Issued	2,812,500	0.31
Exercised	(3,317,500)	0.32
Expired	(17,217,440)	0.61
Expired	(17,250,000)	0.75
Expired	(546,460)	0.41
Balance, December 31, 2023 and March 31, 2024	**90,093,650**	**$ 0.34**

As of March 31, 2024, 90,093,650 (December 31, 2023 – 90,093,650) warrants were issued and outstanding with a weighted average remaining life of 2.00 years (December 31, 2023 – 2.25).

On February 8, 2023, the Company issued 21,153,000 warrants as part of the convertible debt issuance. The warrants have an exercise price of $0.32, expire January 10, 2026 (see note 10). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.28, expected yield of 0%, expected volatility of 116.69% based on the historical volatility of the Company, risk free rate of 3.95% and an expected life range of 3 years, which resulted in an ascribed value of $456,480 in total.

On June 12, 2023, the Company issued 19,731,900 warrants as part of the convertible debt issuance. The warrants have an exercise price of $0.40, expire June 9, 2026 (see note 10). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.35, expected yield of 0%, expected volatility of 95.54% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life range of 3 years, which resulted in an ascribed value of $603,210 in total.

On November 14, 2023, the Company issued 18,750,000 warrants as part of the unit issuance. The warrants have an exercise price of $0.31, expire November 14, 2026 (see note 12) and has not been disclosed separate from share capital.

On December 14, 2023, the Company issued 2,812,500 warrants as part of the unit issuance. The warrants have an exercise price of $0.31, expire December 14, 2026 (see note 12) and has not been disclosed separate from share capital.

(Expressed in Canadian dollars)

14. WARRANTS AND BROKER WARRANTS (continued)

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

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2022	**6,208,299**	**$ 0.39**
Issued	1,050,000	0.24
Issued	168,750	0.24
Exercised	(69,669)	0.26
Expired	(182,750)	0.22
Expired	(1,752,724)	0.41
Expired	(2,415,000)	0.50
Balance, December 31, 2023 and March 31, 2024	**3,006,906**	**$ 0.26**

As of March 31, 2024, 3,006,906 (December 31, 2023 – 3,006,906) warrants were issued and outstanding with a weighted average remaining life of 1.39 years (December 31, 2023 – 1.64 years).

On November 14, 2023, the Company issued 1,050,000 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at $0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.22, expected yield of 0%, expected volatility of 79% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life of 3 years. The fair value of the broker units were $119,700.

On December 14, 2023, the Company issued 168,750 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at $0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of $0.215, expected yield of 0%, expected volatility of 73% based on the historical volatility of the Company, risk free rate of 3.93% and an expected life of 3 years. The fair value of the broker units were $16,875.

15. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2024, was based on the loss attributable to common shareholders of $4,422,882 (March 31, 2023 - $1,145,836) and the weighted average number of common shares outstanding of 275,575,966 for the three months ended March 31, 2024 (March 31, 2023 – 239,513,854).

During the periods ended March 31, 2024 and 2023, all outstanding options, warrants and broker warrants were anti-dilutive and were therefore excluded from the diluted loss per share calculation.

(Expressed in Canadian dollars)

16. GENERAL AND ADMINISTRATIVE

Three months ended March 31,		2024		2023
Audit and accounting	$	15,000	$	15,000
General office and other		620,711		763,834
Investor relations and marketing		208,246		210,915
Legal and professional		98,758		4,185
Total general and administrative	$	942,715	$	993,934

17. FINANCE EXPENSE

Three months ended March 31,		2024		2023
Accretion – debt obligations	$	196,323	$	-
Accretion – decommissioning liability		5,864		2,814
Accretion – convertible debentures		254,737		-
Interest – convertible debentures		365,694		-
Interest – term debt		471,102		-
Interest income		-		(21,412)
Total Finance expense, net	$	1,293,720	$	(18,598)

18. CONTINGENCIES AND COMMITMENTS

Contracts
The Company is party to certain management consulting contracts. Upon termination of these contracts, the Company will be required to make payments of $564,000 pursuant to the terms of these contracts. As a triggering event has not taken place as at March 31, 2024, these amounts have not been recorded in these consolidated financial statements.

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.

Property expenditure commitments
See notes 4 and 16.

Legal matters
From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net loss in that period.

(Expressed in Canadian dollars)

19. RELATED PARTY TRANSACTIONS

The following table summarizes transactions with key management personnel:

Three months ended March 31,		**2024**		**2023**
Consulting fees – management	$	61,836	$	-
Wages		150,000		150,000
Director fees		73,900		71,400
Total	$	285,736	$	221,400

Three months ended March 31,		**2024**		**2023**
Short term benefits	$	285,736	$	221,400
Share based compensation		73,600		-
Total	$	359,336	$	221,400

As at March 31, 2024, the Company had $297,770 (December 31, 2023 – $239,014), included in accounts payable and accrued liabilities, owing to its key management personnel and directors for salary and wages.

The Company has an agreement for office space and related services for a monthly fixed fee of $4,000 (2023 - $4,000), with another company that has common management and directors. The Company incurred $12,000 in 2024 (2023 – $12,000) in respect of this agreement and had $39,350 (December 31, 2023 – $26,750), included in accounts payable and accrued liabilities as at March 31, 2024. See notes 5, 7 and 18.

20. FINANCIAL INSTRUMENTS

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company does not hedge foreign currency exposures. All of the operating assets were located in Canada and majority of the Company's liabilities were also settled in Canada, therefore the Company does not have any significant foreign currency risk.

(b) Credit risk

The maximum exposure to credit risk for deposits approximates the amount recognized as cash, accounts receivable, and environmental deposit in the consolidated statements of financial position. Bank deposits are held with reputable Banks, therefore credit risk is low. The Company does not hold any collateral as security. Accounts receivable are all considered current and primarily relate to GST.

(Expressed in Canadian dollars)

20. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities comprise accounts payable and accrued liabilities which are due within 30 days.

The Company mitigates liquidity risk by planning its project expenditures in advance of undertaking significant commitments. see note 2.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to helium to determine the appropriate course of action to be taken by the Company.

In the year ended December 31, 2023, the Company incurred a financial loss of $420,630 related to a phishing attack. In response, the Company has filed police reports and adjusted all related internal controls. The Company continues to work with authorities and other parties to recover the loss, but there can be no assurance the loss will be recovered.

21. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2024	March 31, 2023
Change in non-cash working capital:		
Accounts receivable	$ (60,442)	$ 243,790
Prepaid and inventory	71,704	(79,171)
Accounts payable and accrued liabilities	(1,753,857)	1,181,523
	$ (1,742,595)	$ 1,346,142
Allocated to:		
Operating	$ 850,484	$ 4,635,109
Investing	(2,593,079)	(3,288,967)
	$ (1,742,595)	$ 1,346,142

During the period ended March 31, 2024, the Company paid $nil cash interest (December 31, 2023 - $64,735).

22. SUBSEQUENT EVENTS

On April 2, 2024, $2,500,000 principal amount of the June 12% series convertible debentures were converted to 6,757,500 common shares.

On May 8, 2024, the Company closed a bought deal financing of 66,667,000 units at a price of $0.09 per unit for gross proceeds of $6,000,030. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at $0.12 for a 36 month period. The Company paid $434,666 cash finder's fees and other expenses and issued 3,899,458 broker warrants. The broker warrants are exercisable into units at $0.09 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.12 for a 36 month period from the closing date of the financing.