Global Helium Corp.

Condensed Interim Financial Statements

For the three-months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

(unaudited)

The accompanying condensed interim financial statements for Global Helium Corp. have been prepared by management in accordance with International Financial Reporting Standards. The Company discloses that its auditor has not reviewed the unaudited interim consolidated financial statements as at and for the three-month periods-ended March 31, 2021 and 2020.

Global Helium Corp.
Condensed Interim Balance Sheets
(Expressed in Canadian dollars)

	Notes		March 31, 2021		December 31, 2020
ASSETS					
Current assets					
Cash		$	5,687,243	$	277,834
Amounts receivable	4,12		19,917		39,683
Prepaids			16,995		3,090
Total current assets			5,724,155		320,607
Non-current assets					
Exploration and evaluation assets	5		274,379		120,975
TOTAL ASSETS		$	5,998,534	$	441,582
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	194,565	$	61,142
Promissory notes	7		-		1,323,000
Total current liabilities			194,565		1,384,142
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	9		4,917,394		100
Warrants	9		2,171,498		-
Contributed surplus			28,000		-
Accumulated deficit			(1,312,923)		(942,660)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			5,803,969		(942,560)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	5,998,534	$	441,582

Nature and continuance of operations and going concern - Note 1
Subsequent event – Note 16

Approved by the Board of Directors

"Brad Nichol" , Director

"Wes Siemens" , Director

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

Global Helium Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three-months ended March 31, 2021	Three-months ended March 31, 2020
Expenses			
Consulting fees and salaries		$ 16,004	$ -
Exploration and evaluation expenditures	5	10,079	-
Foreign exchange		29,969	3,297
General and administrative		21,210	10,526
Management fees, salaries, and benefits	11	182,238	30,000
Professional fees		78,128	9,966
Software licensing		4,635	6,665
Stock-based compensation	9(d)	28,000	-
Loss and comprehensive loss		$ 370,263	$ 60,454
Loss and comprehensive loss per share – basic and diluted	10	$ (0.02)	$ (3.02)

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

Global Helium Corp.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

2020

	Note		Share Capital	Warrants	Contributed Surplus	Deficit		Total Shareholders' Equity (Deficit)
Balance – December 31, 2019		$	100	-	-	(260,194)	$	(260,094)
Loss for the period			-	-	-	(60,454)		(60,454)
Balance – March 31, 2020		$	100	-	-	(320,648)	$	(320,548)

2021

	Note		Share Capital	Warrants	Contributed Surplus	Deficit		Total Shareholders' Equity (Deficit)
Balance – December 31, 2020		$	100	-	-	(942,660)	$	(942,560)
Units issued pursuant to private placements	9		4,028,704	1,758,722	-	-		5,787,426
Units issued pursuant to promissory note settlements	9		910,224	412,776	-	-		1,323,000
Share issuance costs			(21,634)	-	-	-		(21,634)
Stock-based compensation	9		-	-	28,000	-		28,000
Loss for the period			-	-	-	(370,263)		(370,263)
Balance – March 31, 2021		$	4,917,394	2,171,498	28,000	(1,312,923)	$	5,803,969

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

Global Helium Corp.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes		Three-months ended March 31, 2021		Three-months ended March 31, 2020
Operating activities					
Loss for the period		$	(370,263)	$	(60,454)
Items not affecting cash:					
Stock-based compensation	9		28,000		-
Foreign exchange			29,969		-
Change in non-cash working capital items:					
Amounts receivable			19,766		(6,271)
Prepaids			(13,905)		(11,875)
Accounts payable and accrued liabilities			66,297		59,619
Net cash used in operating activities			(240,136)		(18,981)
Investing activities					
Exploration and evaluation expenditures	5		(153,404)		(56,004)
Change in non-cash working capital items:					
Accounts payable and accrued liabilities			67,126		-
Net cash used in investing activities			(86,278)		(56,004)
Financing activities					
Proceeds from unit issuances	9		5,787,426		-
Issuance costs	9		(21,634)		-
Net cash from financing activities			5,765,792		-
Effect of exchange rate changes on cash			(29,969)		-
Change in cash			5,409,409		(74,985)
Cash, beginning of the period			277,834		156,694
Cash, end of period		$	5,687,243	$	81,709

Supplemental disclosure with respect to cash flows - Note 15

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

1. Nature, continuance of operations, and going concern

Global Helium Corp. (the "Company") is an early-stage company incorporated in Canada on November 13, 2020, focused on the exploration, acquisition and development of helium resources. The address of the Company's head office is 800, 555-4th Ave SW, Calgary, AB, T2P 3E7. The financial statements were authorized for issue on May 28, 2021 by the Board of Directors of the Company. The Company received approval for a listing on the Canadian Securities Exchange ("CSE") under symbol "HECO" and commenced trading on May 19, 2021.

On November 30, 2020, the Company acquired 100% of the assets of Yellow Line Helium Limited Partnership ("YLH LP") in exchange for 20,000 common shares, 20,000 common share purchase warrants and the assumption of YLH LP's debt. YLH LP held helium exploration permits in the province of Saskatchewan that are prospective for helium reserves. Subsequent to this transaction, the net assets of YLH LP, being 100% of the shares and warrants in the Company, were distributed to the partners and YLH LP was immediately dissolved. Immediately following this acquisition, the Company was owned by the same group as YLH LP and this transaction is considered a corporate reorganization. Since the transaction represents a continuity of interests from YLH LP to the Company, the Company has included the results of operations of the Company and YLH LP from YLH LP's inception, being January 1, 2019. Therefore, these financial statements include the historic financial position, results of operations and cash flows of YLH LP, from January 1, 2019 to November 30, 2020 (Note 3).

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

At March 31, 2021, the Company had working capital of $5,529,590 (December 31, 2020 – deficit of $1,063,535) and has an accumulated deficit of $1,312,923 since inception. The Company has not yet reached production from its exploration activities.

The global impact of COVID-19 has resulted in significant declines in global stock markets and has created a great deal of uncertainty as to the health of the global economy in the near future. As a result, resource companies are subject to heightened risks associated with ongoing and future development expenditures and operating costs. These factors may have a negative impact on the Company's ability to raise equity, if required, in the near future or on terms favorable to the Company. Impairment indicators for the Company's helium assets could be increased in future periods due to the global pandemic. The potential financial impact that COVID-19 cannot be reasonably estimated at this time.

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

2. Significant accounting policies

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain information and disclosures normally included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. The condensed interim financial statements have been prepared using accounting policies consistent with those disclosed in and should be read in conjunction with, the Company's audited annual financial statements as at and for the year-ended December 31, 2020 and the notes thereto.

(b) Basis of measurement

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

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

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

i. Going-concern - the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
ii. Cash-generating units ("CGUs") - The Company's exploration and evaluation assets are aggregated into cash-generating units for calculating impairment, based on their ability to generate largely independent cash flows. The classification of assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Company's operations;
iii. Exploration and evaluation assets – The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic viability and technical feasibility;
iv. Leases - Judgments are required to determine if a contract is, or contains, a lease. These judgments require an assessment of whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Judgment is also required to determine the interest rate used to discount the lease payments;
v. Decommissioning liabilities - the assessment that there are currently no decommissioning liabilities associated with the Company's operations.

(d) Accounting policies adopted

<u>Earnings (loss) per share</u>

During the three-months ended March 31, 2021, the Company began calculating and disclosing earnings (loss) per share given it obtained a public listing (note 16).

Basic earnings (loss) per share is computed by dividing the income (loss) by the weighted average number of common shares outstanding during the period. Diluted earning (loss) per share amounts are calculated to give effect to the potential dilution that would occur if contracts to issue common shares were exercised, fully vested, or converted to common shares. The treasury stock method is used to determine the dilutive effect of dilutive instruments, where it is assumed that the proceeds received from the exercise of in-the-money dilutive instruments are used to repurchase common shares at market prices.

3. Corporate Reorganization

On November 30, 2020, the Company acquired 100% of the assets of Yellow Line Helium Limited Partnership ("YLH LP") in exchange for 20,000 common shares, 20,000 common share purchase warrants and the assumption of YLH LP's debt. YLH LP held helium exploration permits in the province of Saskatchewan that are prospective for helium reserves. Subsequent to this transaction, the net assets of YLH LP, being 100% of the shares and warrants in the Company, were distributed to the partners and YLH LP was immediately dissolved. Immediately following this acquisition, the Company was owned by the same group as YLH LP and this transaction is considered a corporate reorganization. Since the transaction represents a continuity of interests from YLH LP to the Company, the Company has included the results of operations of the Company and YLH LP from YLH LP's inception, being January 1, 2019. Therefore, these financial statements include the historic financial position, results of operations and cash flows of YLH LP, from January 1, 2019 to November 30, 2020.

(Expressed in Canadian dollars)

The following table summarizes the carrying value of the amounts transferred on November 30, 2020 to the Company:

Cash	$	402,002
Amounts receivable		31,451
Prepaid		4,635
Exploration and evaluation assets		120,540
Accounts payable and accrued liabilities		(34,395)
Promissory notes payable		(1,323,000)
Share capital		(100)
Deficit	$	798,867

4. Amounts receivable

The amounts receivable represents GST input tax credits recoverable from the Canadian government as at March 31, 2021 and December 31, 2020.

5. Exploration and evaluation assets

		March 31, 2021		December 31, 2020
Balance, beginning of the period	$	120.975	$	4,839
Additions		153,404		116,136
Balance, end of the period	$	274,379	$	120,975

The Company holds two helium exploration permits over certain lands in Saskatchewan. The Company is required to make annual lease maintenance expenditures of approximately the following: 2021 - $8,600, 2022 - $18,000 and 2023 - $18,000. The Company is also required to make qualifying annual permit expenditures as follows: 2020 – $36,000, 2021 - $36,000, 2022 - $72,000, 2023 - $108,000 and 2024 - $108,000. Should the Company not meet the above requirements, the permits would lapse and the Company would lose the right to explore on the applicable lands.

In 2020, the Company was granted an extension of one year by the Saskatchewan government to incur the 2020 qualifying annual permit expenditures. As of March 31, 2021, The Company had met its annual permit expenditures obligations on its two helium permits related to the above 2020 and 2021 requirements.

In 2021, $10,079 in exploration and evaluation expenditures were expensed as they were incurred prior to the Company having the legal right to explore.

6. Accounts payable and accrued liabilities

		March 31, 2021		December 31, 2020
Accounts payable	$	146,240	$	61,142
Accrued liabilities		48,325		-
Total	$	194,565	$	61,142

7. Promissory notes

During 2019 and 2020, the Company received a total of $1,323,000 in exchange for a promissory notes payable which were due on demand, were unsecured and bore no interest. The notes were due to a company related by virtue of common ownership, management, and directors.

(Expressed in Canadian dollars)

These promissory notes were converted to equity on February 15, 2021 (note 9).

8. Short term lease expense

The amount expensed and included in general and administrative expenses in the income statement, during the three-months ended March 31, 2021, relating to short-term leases was $2,250 (March 31, 2020 - $2,250).

9. Share capital

(a) Authorized

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

(b) Issued and outstanding

Common Shares	Number of Shares		$
Balance, November 13, 2020	-	$	-
Issue and repurchase of 1 common share (1)	-		-
Issue of common shares pursuant to a corporate reorganization (2)	20,000		100
Balance, December 31, 2020	20,000	$	100
Issue of common shares pursuant private placements (3)	29,634,000		4,028,704
Issue of common shares pursuant to promissory note settlements (4)	2,646,000		910,224
Share issuance costs	-		(21,634)
Balance, March 31, 2021	32,300,000	$	4,917,394

1) This share was issued to affect the incorporation of the Company and then repurchased for the same amount, being $0.01, immediately on the corporate reorganization (note 3)

2) Pursuant to note 3, the Company issued 20,000 common shares, at a value of $0.005 per share, as part of a corporate reorganization. Pursuant to the corporate reorganization, the value for this issuance has been recorded at the carrying value of the equity in YLH LP at the date of the corporate reorganization, being $100.

3) During the three-months ended March 31, 2021 the Company completed the following private placements:

   (a) On January 1, 2021, the Company issued 7,980,000 units at $0.005 per unit for gross proceeds of $39,900. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.25 per share until May 19, 2023.

   (b) On January 15, 2021, the Company issued 5,500,000 units at $0.02 per unit for gross proceeds of $110,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.25 per share until May 19, 2023.

   (c) On February 1, 2021, the Company issued 5,300,000 units at $0.05 per unit for gross proceeds of $265,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.25 per share until May 19, 2023.

   (d) On March 1, 2021, the Company issued 8,756,403 units at USD$0.39 per unit for gross proceeds of USD$3,414,997 (CDN $4,323,728). Each unit consisted of one common share and one common share purchase warrant exercisable at CDN$1.00 per share until May 19, 2023.

(Expressed in Canadian dollars)

(e) On March 1, 2021, the Company issued 2,097,597 units at $0.50 per unit for gross proceeds of $1,048,799. Each unit consisted of one common share and one common share purchase warrant exercisable at $1.00 per share until May 19, 2023.

The total gross proceeds for these private placements of $5,787,426 has been split to share capital and warrants as to $4,028,704 and $1,758,722, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 0.29%, expected life – 2.3 years, expected dividend yield – 0%, expected volatility – 123%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry.

4) On February 15, 2021, the Company converted promissory notes payable of $1,323,000 to 2,646,000 units of the Company. Each unit consisted of one common share and one common share purchase warrant exercisable at $1.00 per share until May 19, 2023.

The total amount of the promissory note settlements of $1,323,000 has been split to share capital and warrants as to $910,224 and $412,776, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 0.29%, expected life – 2.3 years, expected dividend yield – 0%, expected volatility – 123%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry.

(c) Warrants

	Number	**$**	**Weighted average exercise price**
Balance, January 1, 2020	-	$ -	$ -
Issued pursuant to a corporate reorganization (note 3)	20,000	-	0.25
Balance, December 31, 2020	20,000	$ -	$ 0.25
Issued pursuant private placements	29,634,000	1,758,722	0.52
Issued pursuant to debt settlements	2,646,000	412,776	1.00
Balance, March 31, 2021	32,300,000	$ 2,171,498	$ 0.56

Information about the warrants at March 31, 2021 is as follows:

Number of warrants – outstanding and exercisable	**Exercise price**	**Expiry date**
18,800,000	$ 0.25	May 19, 2023
13,500,000	$1.00	May 19, 2023
32,300,000		

(d) Stock-based compensation

i. Stock option plan

On January 1, 2021, the Company has a rolling stock option plan (the "Plan") consistent with the guidelines of the CSE, to provide incentive for the directors, officers, employees, and consultants of the Company. The maximum number of shares which may be set aside for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant.

(Expressed in Canadian dollars)

The exercise price of options granted under the Plan will be fixed by the Board at the time of grant, provided that such exercise price may not be less than the market price of the common shares as outlined in the Policies of the CSE. The options granted under the Plan will vest and be exercisable on a basis determined by the board at the time of the grant and will be exercisable for a period not exceeding ten years.

Stock option transactions are summarized as follows:

	Number	Weighted average exercise price
Balance, December 31, 2019 and 2020	-	-
Granted [1]	2,000,000	0.15
Balance, March 31, 2021	2,000,000	$ 0.15

[1] All the options vested immediately.

Information about the stock options outstanding and exercisable on March 31, 2021 are as follows:

Number of options - outstanding	Number of options - exercisable	Exercise price	Expiry date
2,000,000	2,000,000	$0.15	February 1, 2023

ii. Stock-based compensation expense

Compensation expense of $28,000 for the three-month period-ended March 31, 2021 (March 31, 2020 - $Nil) has been recorded in the statement of loss with a corresponding increase in contributed surplus.

The weighted average fair value of each option granted during the three-month period-ended March 31, 2021 was estimated on the date of grant to be $0.014 using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

	Three months-ended March 31, 2021
Risk-free interest rate	0.2%
Expected life of option	2.0 years
Expected dividend yield	0%
Expected volatility [a]	128%
Forfeiture rate	0%
Exercise price	$0.15
Share price at grant date	$0.04

[a] The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry.

(Expressed in Canadian dollars)

10. Earnings (loss) per share

	Three-months ended March 31, 2021			Three-months ended March 31, 2020		
	Net loss	Weighted average shares	Loss per share	Net loss	Weighted average shares	Loss per share
Basic and diluted	$ (370,263)	20,821,822	$ (0.02)	$ (60,454)	20,000	$ (3.02)

All stock options and warrants have been excluded from the calculation of diluted loss per share as they would be anti-dilutive.

11. Related party transactions

(a) Related party transactions

i. For the three-months ended March 31, 2021, the Company incurred $45,000 of chief executive officer consulting fees (March 31, 2020 - $Nil) from a private company in which a director and officer is the private company's principal shareholder. These fees are included in management fees in the statement of loss.

ii. For the three-months ended March 31, 2021, the Company incurred $45,000 of chief financial officer consulting fees (March 31, 2020 - $15,000) from an officer of the Company. These fees are included in management fees in the statement of loss.

iii. For the three-months-ended March 31, 2021, the Company incurred $45,000 of vice-president of exploration consulting fees (March 31, 2020 - $15,000) from a private company in which the officer is the private company's principal shareholder. These fees are included in management fees in the consolidated statement of loss.

iv. For the three-months ended March 31, 2021, the Company owed $1,400 (March 31, 2020 - $22,000) to companies that share senior management of the Company. The amounts owing results from office space expenses that the two entities share and the amount as at March 31, 2021 is included in accounts payable.

(b) Key management compensation

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

	Three-months ended March 31, 2021	**Three-months ended March 31, 2020**
Officer consulting fees, salaries, and benefits	$ 182,238	$ 30,000
Stock-based compensation	23,800	-
Total	$ 206,038	$ 30,000

12. Financial risk management

The Company's activities expose it to certain financial risks, including credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for managing risk. There were no changes to the Company's risk management policies or procedures during the three-months ended March 31, 2021.

a. Credit risk

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

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

The Company has determined the credit risk associated with amounts receivable is minimal as the amounts are due from the government.

The Company's receivables are aged as follows:

Aging		March 31, 2021		December 31, 2020
Current (less than 90 days)	$	19,917	$	39,683
Past due (more than 90 days)		-		-
	$	19,917	$	39,683

Since the Company's receivables consist of amount due from the government, the Company does not have an allowance for doubtful accounts as at March 31, 2021 and December 31, 2020, and believes all amounts will be collected in due course. The Company's historical expected credit loss is $Nil. At March 31, 2021, the amount subject to credit risk relating to amounts receivable equates to their carrying value.

b. Liquidity risk

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

The following is an analysis of the contractual maturities of the Company's financial liabilities as at March 31, 2021:

		Within one year		Between one and five years		Total
Accounts payable and accrued liabilities	$	194,565	$	-	$	194,565

c. Market risk

i. Foreign currency risk and sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in USD. As at December 31, 2020, net financial assets totaling $4,350,000 (December 31, 2020 - $18,000) were held in USD. The Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Based on the above net exposure as at March 31, 2021 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $22,000 in the Company's loss and comprehensive loss for the three-months ended March 31, 2021.

ii. Commodity price risk

The nature of the Company's operations may expose the Company to commodity price risks when the Company begins production.

As at March 31, 2021, the Company has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage price risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

iii. Interest rate risk

Interest rate risk is the risk the future cash flows will fluctuate as a result of changes in market interest rate. The Company is not exposed to interest rate risk as the Company had no interest-bearing debt as of March 31, 2021.

13. Fair value determination of financial instruments

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels within the fair value hierarchy for the three-months ended March 31, 2021 or the year-ended December 31, 2020.

Due to their short term until maturity, at March 31, 2021, the carrying value of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair value.

14. Capital management

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

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

The Company defines capital as Shareholders' equity (deficit). The Company's targeted capital structure at March 31, 2021 is 100% shareholders' equity. Management believes that such a capital structure is the most suitable for a pre-production exploration company.

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

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

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

There were no changes in the Company's approach to capital management during the three-months ended March 31, 2021.

15. Supplemental information with respect to cash flows

There was no interest or taxes paid for the three-months ended March 31, 2021 and 2020.

During the three-months ended March 31, 2021 the Company had the following significant non-cash transactions:

- The settlement of promissory notes payable of $1,323,000 with unit issuances (note 9)

There were no significant non-cash transactions during the three-months ended March 31, 2020.

16. Subsequent Event

The Company filed a non-offering prospectus dated May 10, 2021 and obtained a receipt from the securities commissions in Alberta and British Columbia and began trading on the CSE exchange on May 19, 2021.