GLOBAL HELIUM

Global Helium Corp.

Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2022 and 2021

(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 financial statements as at and for the three and nine months ended September 30, 2022, and 2021.

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

	Notes		**September 30, 2022**		**December 31, 2021**
ASSETS					
Current assets					
Cash		$	3,623,166	$	9,128,611
Amounts receivable	4,14(a)		55,464		68,560
Prepaids			387,041		34,991
Total current assets			4,065,671		9,232,162
Non-current assets					
Deposit on exploration and evaluation assets			-		267,120
Exploration and evaluation assets	5		3,726,900		750,237
Property and equipment	6		64,514		83,210
Total non-current assets			3,791,414		1,100,567
TOTAL ASSETS		$	7,857,085	$	10,332,729
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	62,400	$	269,112
Lease obligation	8		39,371		33,456
Total current liabilities			101,771		302,568
Non-current liabilities					
Lease obligation	8		17,207		46,983
Asset retirement obligation	9		25,500		-
Total non-current liabilities			42,707		46,983
TOTAL LIABILITIES			144,478		349,551
SHAREHOLDERS’ EQUITY					
Share capital	10(b)		11,172,338		10,324,677
Warrants	10(c)		3,585,268		3,434,108
Contributed surplus			1,040,666		574,957
Accumulated other comprehensive income			174,383		-
Accumulated deficit			(8,260,048)		(4,350,564)
TOTAL SHAREHOLDERS’ EQUITY			7,712,607		9,983,178
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		$	7,857,085	$	10,332,729

Nature, continuance of operations and going concern - Note 1

Approved by the Board of Directors

“Brad Nichol” , Director

“Wes Siemens” , Director

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Three-months ended September 30 2022	Three-months ended September 30 2021	Nine-months ended September 30 2022	Nine-months ended September 30 2021
Expenses					
Consulting fees and salaries		$ 235,406	$ 74,780	$ 736,274	$ 175,240
Depreciation	6	9,573	366	28,719	1,465
Exploration and evaluation expenditures		-	-	-	14,685
Foreign exchange		(10,618)	(114,350)	(25,086)	(21,502)
General and administrative		61,678	24,372	198,438	69,814
Interest on lease obligation	8	1,067	-	3,638	-
Investor relations		22,500	-	117,500	-
Management fees, salaries, and benefits		144,044	183,360	799,743	558,152
Marketing	13	-	321,775	1,392,960	384,255
Professional fees		15,626	19,842	123,159	181,438
Regulatory		17,674	11,712	54,540	43,012
Software licensing		10,010	6,205	32,865	16,143
Stock-based compensation		347,718	342,000	467,109	370,000
Total expenses		854,678	870,062	3,929,859	1,792,702
Other items					
Rent income		(7,875)	-	(20,375)	-
Loss for the period		846,803	870,062	3,909,484	1,792,702
Other comprehensive loss					
Foreign currency translation adjustment		(141,363)	-	(174,383)	-
Comprehensive loss for the period		705,440	870,062	3,735,102	1,792,702
Loss and comprehensive loss per share – basic and diluted	10(d)	$ (0.02)	$ (0.03)	$ (0.09)	$ (0.06)

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

Global Helium Corp.

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

2022

	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance – December 31, 2021		$ 10,324,677	3,434,108	574,957	-	(4,350,564)	$ 9,983,178
Units issued pursuant to a private placement	10	296,875	203,125	-	-	-	500,000
Shares issued on royalty reduction exercise	10	172,921	-	-	-	-	172,921
Shares issued on warrant exercise	10	361,465	(51,965)	-	-	-	309,500
Shares issued on option exercise	10	16,400	-	(1,400)	-	-	15,000
Stock-based compensation	10	-	-	467,109	-	-	467,109
Currency translation		-	-	-	174,383	-	174,383
Loss for the period		-	-	-	-	(3,909,484)	(3,909,484)
Balance – September 30, 2022		$ 11,172,338	3,585,268	1,040,666	174,383	(8,260,048)	$ 7,712,607

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	10	4,028,704	1,758,722	-	-	5,787,426
Units issued pursuant to promissory note settlements	10	910,224	412,776	-	-	1,323,000
Shares issued on warrant exercises	10	37,744	(2,744)			35,000
Shares issued on option exercises	10	16,400	-	(1,400)		15,000
Share issuance costs		(24,827)	-	-	-	(24,827)
Stock-based compensation	10	-	-	370,000	-	370,000
Loss for the period		-	-	-	(1,792,702)	(1,792,702)
Balance – September 30, 2021		$ 4,968,345	2,168,754	368,600	(2,735,362)	$ 4,770,337

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three-months ended September 30 2022	Three-months ended September 30 2021	Nine-months ended September 30 2022	Nine-months ended September 30 2021
Operating activities					
Loss for the period		$ (846,803)	$ (870,062)	$ (3,909,484)	$ (1,792,702)
Items not affecting cash:					
Stock-based compensation		347,718	342,000	467,109	370,000
Depreciation		9,573	366	28,719	1,465
Foreign exchange		(10,618)	(114,350)	(25,086)	(21,502)
Change in non-cash working capital items:					
Amounts receivable		(9,241)	(7,320)	13,096	(228)
Prepaids		(269,673)	287,618	(352,050)	(39,754)
Accounts payable and accrued liabilities		(43,591)	11,965	(22,324)	(76)
Net cash used in operating activities		(822,635)	(349,783)	(3,800,020)	(1,482,797)
Investing activities					
Exploration and evaluation expenditures	5	(396,531)	(29,238)	(2,592,154)	(258,656)
Purchase of property and equipment	6	(10,023)	-	(10,023)	(8,790)
Change in non-cash working capital item:					
Accounts payable and accrued liabilities		30,111	(53,662)	(184,388)	11,317
Deposits		-	-	267,120	-
Net cash used in investing activities		(376,443)	(82,900)	(2,519,445)	(256,129)
Financing activities					
Proceeds from unit issuances	10	-	-	500,000	5,787,426
Proceeds from warrant exercises	10	-	35,000	309,500	35,000
Proceeds from option exercises	10	-	15,000	15,000	15,000
Unit issuance costs		-	(3,193)		(24,827)
Lease obligation repayments	8	(9,433)	-	(23,861)	-
Accounts payable and accrued liabilities		-	1,238,536	-	1,238,536
Net cash from financing activities		(9,433)	1,285,343	800,639	7,051,135
Effect of exchange rate changes on cash		(5,867)	114,350	13,381	21,502
Change in cash		(1,214,378)	967,010	(5,505,445)	5,333,711
Cash, beginning of the period		4,837,544	4,644,535	9,128,611	277,834
Cash, end of the period		$ 3,623,166	$ 5,611,545	$ 3,623,166	$ 5,611,545

Supplemental disclosure with respect to cash flows - Note 17

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

1. Nature, continuance of operations and going concern

Global Helium Corp. (the "Company") is an early-stage company incorporated in Canada on November 13, 2020, focused on the exploration, acquisition, and development of helium resources. The address of the Company's head office is 800, 555-4th Ave SW, Calgary, AB, T2P 3E7. The condensed interim consolidated financial statements were authorized for issue on November 29, 2022, by the board of directors of the Company. The Company received approval for a listing on the Canadian Securities Exchange ("CSE") under the symbol "HECO" and commenced trading on May 19, 2021.

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

As at, and for the nine months ended September 30, 2022, the Company had a loss of $3,909,484 (September 30, 2021 – $1,792,702) and has an accumulated deficit of $8,260,048 since inception. The Company has not yet reached production from its exploration activities.

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

2. Significant accounting policies

(a) Statement of compliance

These condensed interim consolidated 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 consolidated 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, 2021 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) Basis of consolidation

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

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

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

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

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

(e) New accounting policies adopted

i. Asset retirement obligations – Obligations for dismantling, decommissioning and site disturbance remediation may arise because of the Company's activities. Once it is determined that an obligation exists, a decommissioning obligation is recorded for the estimated cost of site restoration, with the offset capitalized in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of the expected expenditures, including the timing, that is required to remediate the property. The decommissioning obligation reflects current market assessments of the time value of money and the risks specific to the liability. The discount and inflation rates used to present value the obligation is based on the risk-free rate associated with the currency by which payment is most influenced. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time, changes in the estimated future cash flows underlying the obligation, and for changes in discount and inflation rates as required. These changes are accounted for prospectively. The increase in the decommissioning obligation due to the passage of time is recognized as finance costs (accretion) whereas increases/decreases due to changes in the estimated future cash flows are capitalized and amortized based on the methodology that is consistent with the asset to which it is capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. Should the asset to which the obligation is related, be disposed of, the decommissioning obligation associated with it is derecognized.

(Expressed in Canadian dollars)

3. Future accounting pronouncements

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after September 30, 2022. The pronouncements will be adopted on their respective dates and are not expected to have a material impact on the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. This will be effective on January 1, 2023.

4. Amounts receivable

The amounts receivable represents GST input tax credits recoverable from the Canadian government as at September 30, 2022 and December 31, 2021.

5. Exploration and evaluation assets

	September 30, 2022	December 31, 2021
Balance, beginning of the period	$ 750,237	$ 120,975
Cash additions	2,592,154	629,262
Change in decommissioning liabilities (note 9)	25,500	-
Non-cash addition due to royalty reduction (note 10(b)(4))	172,921	-
Foreign exchange	186,088	-
Balance, end of the period	$ 3,726,900	$ 750,237

As at September 30, 2022, the Company holds 35 helium exploration permits over certain lands in Saskatchewan. The Company is required to make future annual lease maintenance expenditures, annual permit exploration expenditures and annual permit drilling expenditures as follows:

	2022	2023	2024	2025	2026	2027	Total
Annual lease maintenance expenditures	$ 42,600	$ 85,100	$ 142,400	$ 163,200	$ 40,000	$ Nil	$ 473,300
Annual permit exploration expenditures	80,000	339,000	594,000	870,000	1,033,000	274,000	3,190,000
Annual permit drilling expenditures	-	29,000	54,000	197,000	434,000	120,000	834,000
Total	**$ 122,600**	**$ 453,100**	**$ 790,400**	**$1,230,200**	**$1,507,000**	**$ 394,000**	**$4,497,300**

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.

(Expressed in Canadian dollars)

6. Property and equipment

		Computer Equipment		Right of use assets		Total
Cost						
Balance, December 31, 2021	$	8,790	$	82,512	$	91,302
Additions		10,023		-		10,023
Balance, September 30, 2022	$	18,813	$	82,512	$	101,325
Accumulated depreciation						
Balance, December 31, 2021	$	2,198	$	5,894	$	8,092
Depreciation		2,196		26,523		28,719
Balance, September 30, 2022	$	4,394	$	32,417	$	36,811
Net carrying value						
December 31, 2021	$	6,592	$	76,618	$	83,210
September 30, 2022	$	14,419	$	50,095	$	64,514

7. Accounts payable and accrued liabilities

		September 30, 2022		**December 31, 2021**
Accounts payable	$	62,400	$	263,093
Accrued liabilities		-		6,019
Total	$	62,400	$	269,112

8. Lease obligation

The lease obligation relates to a right of use ("ROU") liability recognized pursuant to an office lease agreement which started in November 2021 and ends in February 2024. Interest on the lease obligation during the three and nine months ended September 30, 2022 was $1,067 and $3,638 respectively (three and nine months ended September 30, 2021 - $nil and $nil respectively). The amount expensed in the condensed interim consolidated statement of loss, during the three and nine months ended September 30, 2022, related to short-term leases was $2,980 (three and nine months ended September 30, 2021 - $1,500 and $5,250 respectively).

The following table summarizes the lease obligations at September 30, 2022:

At December 31, 2020	$	-
Additions		82,512
Gross lease payments		(3,000)
Interest		927
At December 31, 2021	$	80,439
Gross lease payments		(27,499)
Interest		3,638
At September 30, 2022	$	56,578
Current portion		39,371
Long-term portion		17,207

(Expressed in Canadian dollars)

9. Asset retirement obligation

		September 30, 2022		December 31, 2021
Balance beginning of the period	$	-	$	-
Additions from acquisition activity		25,500		-
Balance, end of period	$	25,500	$	-

As at September 30, 2022, the Company has acquired a single wellbore for which it has recognized an asset retirement obligation. The total undiscounted amount of future cash flows required to settle the Company's asset retirement obligation in the United States at September 30, 2022 is approximately $18,604 USD (December 31, 2021 - $nil). The asset retirement obligation has been estimated using existing technology at current prices and discounting is not material.

10. Share capital

(a) Authorized

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

(b) Issued and outstanding

Class A common shares	Number of Shares		$
Balance, December 31, 2020	20,000	$	100
Issue of common shares pursuant to private placements (1)	37,408,820		7,449,625
Issue of common shares pursuant to promissory note settlements (2)	2,646,000		910,224
Issue of common shares on warrant exercises (note 9c)	3,391,720		2,222,180
Issue of common shares on option exercises (note 9e)	300,000		49,200
Share issuance costs	-		(306,652)
Balance, December 31, 2021	43,766,540	$	10,324,677
Issue of common shares pursuant to a private placement (3)	1,562,500		296,875
Issue of common shares on royalty reduction exercise (4)	397,520		172,921
Issue of common shares on warrant exercises (note 9c)	309,500		361,465
Issue of common shares on option exercises (note 9e)	100,000		16,400
Balance, September 30, 2022	46,136,060	$	11,172,338

1) During the year ended December 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.

(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.

(f) In October 2021, the Company issued 7,774,820 units at $0.65 per unit for gross proceeds of $5,053,633. Each unit consisted of one common share and one common share purchase warrant exercisable at $1.00 per share until October 2023.

In addition, 255,070 purchase warrants, exercisable until October 2023 at a price of $0.65 per share, were issued as additional compensation to the agent with respect to this financing. Share issuance costs of $209,157 were recorded with a corresponding increase in contributed surplus. The fair value of the warrants was estimated on the date of issuance at $0.82 per warrant, using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 0.52%, expected life – 2 years, expected dividend yield – 0%, expected volatility – 130%, and forfeiture rate – 0%.

(g) Share capital and warrant proceeds allocation: The total gross proceeds for these private placements in 2021 of $10,841,059 has been split to share capital and warrants as to $7,449,625 and $3,391,434, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants issued was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 0.34%, expected life – 2.3 years, expected dividend yield – 0%, expected volatility – 124%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

2) 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.

3) On May 31, 2022, the Company issued 1,562,500 units at $0.32 per unit for gross proceeds of $500,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.42 per share until May 31, 2025.

The total gross proceeds for this private placement have been split to share capital and warrants as to $296,875 and $203,125, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants issued was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.58%, expected life – 3 years, expected dividend yield – 0%, expected volatility – 136%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

4) On May 20, 2022, a royalty holder exercised their option to reduce their gross overriding royalty percentage on certain undeveloped lands, in exchange for 397,520 common shares of the Company. The issuance was recorded at $0.435 per share, being the price of the common shares on the date of the exercise, with a corresponding increase to exploration and evaluation assets.

(Expressed in Canadian dollars)

(c) Warrants

The following table outlines the Company's warrants outstanding at September 30, 2022:

	Number	$	Weighted average exercise price
Balance, December 31, 2020	20,000	$ -	$ 0.25
Issued pursuant to private placements	37,663,890	3,391,434	0.63
Issued pursuant to debt settlements	2,646,000	412,776	1.00
Warrant issue costs	-	(126,342)	-
Exercised [(1)]	(3,391,720)	(243,760)	0.58
Balance, December 31, 2021	36,938,170	$ 3,434,108	$ 0.66
Issued pursuant to a private placement	1,562,500	203,125	0.42
Exercised [(2)]	(309,500)	(51,965)	1.00
Balance, September 30, 2022	38,191,170	$ 3,585,268	$ 0.64

1. During the year ended December 31, 2021, 3,391,720 warrants were exercised for cash proceeds of $1,978,420. The original value of $243,760 ascribed to these warrants when issued was adjusted to share capital on exercise.
2. During the nine-months ended September 30, 2022, 309,500 warrants were exercised for cash proceeds of $309,500. The original value of $51,965 ascribed to these warrants when issued was adjusted to share capital on exercise.

Information about the warrants at September 30, 2022 is as follows:

Number of warrants – outstanding and exercisable	Exercise price	Expiry date
16,915,600	$ 0.25	May 19, 2023
11,798,180	$ 1.00	May 19, 2023
2,382,800	$ 1.00	October 4, 2023
5,532,090	$ 1.00	October 5, 2023
1,562,500	$ 0.42	May 31, 2025
38,191,170		

(d) Per share amounts

	Three months- ended September 30 2022	Three months- ended September 30 2021	Nine months- ended September 30 2022	Nine months- ended September 30 2021
Loss for the period	$ (846,803)	$ (870,062)	$ (3,909,484)	$ (1,792,702)
Weighted average number of common shares outstanding – basic and diluted[(1)]	46,136,060	32,327,609	45,026,991	28,525,289
Loss per share – basic and diluted	$ (0.02)	$ (0.03)	$ (0.09)	$ (0.06)

(1) All stock options and warrants have been excluded from the calculation of diluted loss per share as they would be anti-dilutive due to the Company being in a loss position for the three and nine months ended September 30, 2022 and 2021.

(Expressed in Canadian dollars)

(e) Stock-based compensation

i. Stock option plan

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

The exercise price of options granted under the Plan will be fixed by the Board at the time of grant, provided that such exercise price may not be less than the market price of the common shares as outlined in the Policies of the 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, 2020	-		-
Granted [1]	2,900,000		0.29
Exercised [2]	(300,000)		0.15
Balance, December 31, 2021	2,600,000	$	0.31
Granted [3]	2,090,000		0.39
Exercised [4]	(100,000)		0.15
Forfeited	(50,000)		0.61
Balance, September 30, 2022	4,540,000	$	0.35

(1) All the options vested immediately.
(2) During 2021, 300,000 options were exercised for cash proceeds of $45,000. $4,200 of related stock-based compensation recognized on vested options before the exercises has been added to share capital and removed from contributed surplus.
(3) Options vest as to; one quarter of 1,300,000 every 3 months from May 16, 2022, one quarter of 40,000 every 3 months from June 1, 2022, one quarter of 250,000 every 6 months from August 10, 2022 and 500,000 vested immediately on August 15, 2022.
(4) During the nine-months ended September 30, 2022, 100,000 options were exercised for cash proceeds of $15,000. $1,400 of related stock-based compensation recognized on vested options before the exercises has been added to share capital and removed from contributed surplus.

Information about the stock options outstanding and exercisable on September 30, 2022, are as follows:

Number of options - outstanding	Number of options - exercisable	Weighted average exercise price	Expiry date
1,600,000	1,600,000	$0.15	February 1, 2023
850,000	850,000	$0.61	August 11, 2023
1,300,000	325,000	$0.41	May 16, 2027
40,000	10,000	$0.62	June 1, 2025
250,000	-	$0.33	August 10, 2027
500,000	500,000	$0.34	August 15, 2027
4,540,000	3,285,000		

(Expressed in Canadian dollars)

ii. Stock-based compensation expense

Compensation expense of $347,718 and $467,109 for the three and nine months-ended September 30, 2022, respectively (three and nine months-ended September 30, 2021 - $342,000 and $370,000 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 and nine month period-ended September 30, 2022, was estimated on the date of grant to be $0.28 and $0.33 respectively (nine months ended September 30, 2021 - $0.13) using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

	Three months-ended September 30		**Nine months-ended September 30**	
	2022	**2021**	**2022**	**2021**
Risk-free interest rate	2.9%	-	2.8%	0.25%
Expected life of option	4.9 years	-	4.9 years	2 years
Expected dividend yield	0%	-	0%	0%
Expected volatility [(a)]	127%	-	128%	127%
Forfeiture rate	0%	-	0%	0%
Exercise price	$0.33	-	$0.39	$0.29
Share price at grant date	$0.33	-	$0.39	$0.22

[(a)] The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

11. Related party transactions

(a) Related party transactions

i. For the three and nine months ended September 30, 2022, the Company incurred $15,000 and $85,000 respectively of chief executive officer consulting fees (September 30, 2021 - $45,000 and $135,000) 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 and nine months ended September 30, 2022, the Company incurred $Nil and $Nil respectively of chief financial officer consulting fees (September 30, 2021 - $Nil and $45,000) from an officer of the Company. These fees are included in management fees in the statement of loss.

iii. For the three and nine months-ended September 30, 2022, the Company incurred $Nil and $Nil respectively of vice-president of exploration consulting fees (September 30, 2021 - $nil and $45,000) 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. As at September 30, 2022, the Company owed $2,210 (September 30, 2021 - $1,613) to companies that share senior management of the Company. The amounts owing results from office space expenses that the entities share and the amount as at September 30, 2022 is included in accounts payable.

(Expressed in Canadian dollars)

(b) Key management compensation

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

	Three months ended September 30 2022	Three months ended September 30 2021	Nine months ended September 30 2022	Nine months ended September 30 2021
Consulting fees, salaries, and benefits	$ 144,044	$ 183,360	$ 799,743	$ 558,152
Stock-based compensation	57,983	266,000	160,623	289,800
Total	$ 202,027	$ 449,360	$ 960,366	$ 847,952

12. Segmented information

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

The comprehensive losses are as follows:

	Three months ended September 30 2022	Three months ended September 30 2021	Nine months ended September 30 2022	Nine months ended September 30 2021
Canada	$ 625,372	$ 870,062	$ 3,403,272	$ 1,792,702
United States	80,068	-	331,830	-
Total	$ 705,440	$ 870,062	$ 3,735,102	$ 1,792,702

The segmented non-current assets are as follows:

	September 30, 2022 Canada	United States	Total
Non-current assets	$ 1,421,558	$ 2,369,856	$ 3,791,414

	December 31, 2021 Canada	United States	Total
Non-current assets	$ 833,447	$ 267,120	$ 1,100,567

13. Marketing

During the three and nine months ended September 30, 2022, the Company incurred $nil and $1,392,960 respectively (three and nine months ended September 30, 2021 - $321,775 and $384,255 respectively) in marketing expenses. In the third quarter of 2021, the Company commenced a significant corporate awareness campaign in conjunction with its US public listing established in September 2021.

14. 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 and nine months ended September 30, 2022.

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 of Canada.

The Company's receivables are aged as follows:

Aging	September 30, 2022	December 31, 2021
Current (less than 90 days)	$ 55,464	$ 68,560
Past due (more than 90 days)	-	-
	$ 55,464	$ 68,560

Since the Company's receivables consist of amounts due from the government, the Company does not have an allowance for doubtful accounts as at September 30, 2022 and December 31, 2021, and believes all amounts will be collected in due course. The Company's historical expected credit loss is $Nil. At September 30, 2022, 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 September 30, 2022:

	Within one year	Between one and five years	Total
Accounts payable and accrued liabilities	$ 62,400	-	$ 62,400
Lease obligation	39,371	17,207	56,578
Asset retirement obligation	-	25,500	25,500
Total	$ 101,771	42,707	$ 144,478

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 and asset retirement obligations that are denominated in USD. As at September 30, 2022, net financial assets(liabilities) totaling ($9,000) (December 31, 2021 - $2,526,000) 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 September 30, 2022 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 $180 (December 31, 2021 - $50,000) in the Company's net loss and comprehensive loss for the nine months ended September 30, 2022.

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 September 30, 2022, 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 September 30, 2022.

15. 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 and nine months ended September 30, 2022 or the year-ended December 31, 2021.

Due to their short term until maturity, at September 30, 2022, the carrying value of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair value. The fair value of lease obligation approximates its carrying value as the Company's incremental borrowing rate has not materially changed since the commencement of the lease.

16. 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 September 30, 2022 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 during 2021 (note 10), 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 and nine months ended September 30, 2022.

17. Supplemental information with respect to cash flows

There was no interest or taxes paid for the three and nine months ended September 30, 2022, and 2021.

During the nine months ended September 30, 2022 the Company had the following significant non-cash transaction:

- The settlement of a royalty percentage reduction exercise by a royalty owner on certain undeveloped lands with common shares (note 10) valued at $172,921

During the nine-months ended September 30, 2021 the Company had the following significant non-cash transactions:

- The settlement of promissory notes payable of $1,323,000 with unit issuances (note 10)

There were no significant non-cash transactions during the three-months ended September 30, 2022, and 2021.