Global Helium Corp.

Condensed Interim Consolidated Financial Statements

For the three and six-months ended June 30, 2023 and 2022

(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 six-months ended June 30, 2023, and 2022.

Global Helium Corp.

Condensed Interim Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Notes		**June 30, 2023**		**December 31, 2022**
ASSETS					
Current assets					
Cash		$	2,425,650	$	3,230,814
Amounts receivable	3,13(a)		19,813		62,256
Prepaids			108,949		72,764
Total current assets			2,554,412		3,365,834
Non-current assets					
Exploration and evaluation assets	4		3,970,189		3,790,544
Property and equipment	5		36,412		62,146
Total non-current assets			4,006,601		3,852,690
TOTAL ASSETS		$	6,561,013	$	7,218,524
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	163,134	$	84,751
Lease obligation	7		27,301		40,042
Total current liabilities			190,435		124,793
Non-current liabilities					
Lease obligation	7		-		6,941
Decommissioning liabilities	8		24,631		25,197
Total non-current liabilities			24,631		32,138
TOTAL LIABILITIES			215,066		156,931
SHAREHOLDERS’ EQUITY					
Share capital	9(b)		11,434,738		11,237,938
Warrants	9(c)		3,511,530		3,585,268
Contributed surplus			1,314,972		1,147,662
Accumulated other comprehensive income			93,900		146,289
Accumulated deficit			(10,009,193)		(9,055,564)
TOTAL SHAREHOLDERS’ EQUITY			6,345,947		7,061,593
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		$	6,561,013	$	7,218,524

Nature, continuance of operations and going concern - Note 1
Commitments – Note 4

Approved by the Board of Directors

“Brad Nichol” , Director
“Jesse Griffith”, Director

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes		Three-months ended June 30, 2023		Three-months ended June 30, 2022		Six-months ended June 30, 2023		Six-months ended June 30, 2022
Expenses									
Consulting fees and salaries		$	92,302	$	339,357	$	195,992	$	500,868
Depreciation	5		12,868		9,574		25,734		19,146
Exploration and evaluation expenditures			-		-		-		-
Foreign exchange			(1,114)		(21,383)		(1,264)		(14,468)
General and administrative			63,995		65,833		146,501		136,760
Interest on lease obligation	7		576		1,224		1,318		2,571
Investor Relations			22,500		42,500		45,000		95,000
Management fees, salaries, and benefits	10		130,402		466,072		247,311		655,699
Marketing	12		-		373,940		-		1,392,960
Professional fees			108,141		52,421		142,741		107,533
Regulatory			9,278		19,062		23,505		36,866
Software licensing			16,630		12,262		32,169		22,855
Stock-based compensation	9(e)		40,107		119,391		110,372		119,391
Total Expenses		$	495,685	$	1,480,253	$	969,379	$	3,075,181
Other items									
Rent income			(7,875)		(7,875)		(15,750)		(12,500)
Net loss		$	487,810	$	1,472,378	$	953,629	$	3,062,681
Other Comprehensive items									
Foreign currency translation adjustment			49,195		(52,123)		52,389		(33,020)
Comprehensive loss		$	537,005	$	1,420,255	$	1,006,018	$	3,029,661
Loss and comprehensive loss per share - basic and diluted	9(d)	$	(0.01)	$	(0.03)	$	(0.02)	$	(0.07)

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian dollars)

2023

	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance - December 31, 2022		$ 11,237,938	$ 3,585,268	$ 1,147,662	$ 146,289	$ (9,055,564)	$ 7,061,593
Shares issued on option exercises	9	196,800	-	(16,800)	-	-	180,000
Expiration of warrants	9	-	(73,738)	73,738	-	-	
Stock-based compensation	9	-	-	110,372	-	-	110,372
Currency translation		-	-	-	(52,389)	-	(52,389)
Loss for the period		-	-	-	-	(953,629)	(953,629)
Balance - June 30, 2023		$ 11,434,738	$ 3,511,530	$ 1,314,972	$ 93,900	$ (10,009,193)	$ 6,345,947

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 private placements	9	296,875	203,125	-	-	-	500,000
Shares issued on royalty reduction exercise	9	172,921	-	-	-	-	172,921
Shares issued on warrant exercises	9	361,465	(51,965)	-	-	-	309,500
Shares issued on option exercises	9	16,400	-	(1,400)	-	-	15,000
Stock-based compensation	9	-	-	119,391	-	-	119,391
Currency translation		-	-	-	33,020	-	33,020
Loss for the period		-	-	-	-	(3,062,681)	(3,062,681)
Balance - June 30, 2022		$ 11,172,338	$ 3,585,268	$ 692,948	$ 33,020	$ (7,413,245)	$ 8,070,329

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three-months ended June 30, 2023	Three-months ended June 30, 2022	Six-months ended June 30, 2023	Six-months ended June 30, 2022
Operating activities					
Net loss		$ (487,810)	$ (1,472,378)	$ (953,629)	$ (3,062,681)
Items not affecting cash:					
Stock-based compensation	9	40,107	119,391	110,372	119,391
Depreciation	5	12,868	9,574	25,734	19,146
Foreign exchange		(1,114)	(21,383)	(1,264)	(14,468)
Change in non-cash working capital items:					
Amounts receivable		(8,596)	(14,431)	42,443	22,337
Prepaids		(18,732)	(50,584)	(36,185)	(82,377)
Accounts payable and accrued liabilities		45,493	(41,710)	70,032	21,267
Net cash used in operating activities		$ (417,784)	$ (1,471,521)	$ (742,497)	$ (2,977,385)
Investing activities					
Exploration and evaluation expenditures	4	(109,665)	(562,095)	(231,267)	(2,223,863)
Change in non-cash working capital items:					
Accounts payable and accrued liabilities		(11,933)	(299,433)	8,351	(214,499)
Deposits		-	-	-	267,120
Net cash used in investing activities		$ (121,598)	$ (861,528)	$ (222,916)	$ (2,171,242)
Financing activities					
Proceeds from unit issuances	9	-	500,000	-	500,000
Proceeds from warrant exercises	9	-	-	-	309,500
Proceeds from option exercises	9	-	-	180,000	15,000
Lease repayments	7	(9,924)	(9,275)	(19,682)	(14,428)
Net cash from financing activities		$ (9,924)	$ 490,725	$ 160,318	$ 810,072
Effect of exchange rate changes on cash		(252)	52,123	(69)	33,020
Change in cash		(549,558)	(1,790,201)	(805,164)	(4,305,535)
Cash, beginning of period		2,975,208	6,613,277	3,230,814	9,128,611
Cash, end of period		$ 2,425,650	$ 4,823,076	$ 2,425,650	$ 4,823,076

Supplemental disclosure with respect to cash flows - Note 16

The accompanying notes are an integral part of these 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 July 20, 2023, by the board of directors of the Company. The Company trades on the Canadian Securities Exchange ("CSE") under the symbol "HECO" and in the over-the-counter (OTC) market in the United States under the symbol "HECOF."

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 six-months ended June 30, 2023, the Company had a net loss of $953,629 (June 30, 2022 – $3,062,681) and has an accumulated deficit of $10,009,193 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) Basis of presentation and measurement

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, 2022 and the notes thereto.

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

These consolidated financial statements are presented in Canadian dollars.

(b) 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.

(c) 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; and
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).

3. Amounts receivable

The amounts receivable represents GST input tax credits recoverable from the Canadian government as at June 30, 2023 and December 31, 2022.

(Expressed in Canadian dollars)

4. Exploration and evaluation assets

	Alberta	Sask	Montana	Total
Balance, December 31, 2021	$ -	$ 750,237	$ -	$ 750,237
Land acquisition and maintenance	-	100,148	1,854,166	1,954,314
Geological & geophysical	-	597,651	132,398	730,049
Non-cash decommissioning provision	-	-	25,500	25,500
Non-cash addition due to royalty reduction	-	-	172,921	172,921
Foreign currency translation	$ -	-	157,523	157,523
Balance, December 31, 2022	$ -	$ 1,448,036	$ 2,342,508	$ 3,790,544
Land acquisition and maintenance	76,896	87,543	15,084	179,523
Geological & geophysical	39,817	11,927	-	51,744
Foreign currency translation	-	-	(51,622)	(51,622)
Balance, June 30, 2023	$ 116,713	$ 1,547,506	$ 2,305,970	$ 3,970,189

During the six-months ended June 30, 2023, the Company entered into two agreements to establish land positions in Southeast Alberta along the Manyberries Helium trend;

(a) The Company entered into an option to lease up to 32 sections (20,480 acres) of contiguous land in Southeast Alberta. This agreement allows the Company to earn a 100% working interest in the lands, subject to a 7% royalty, by drilling earning wells within specified time frames. A cash payment of $50,000 was paid on execution of the agreement.

(b) The Company entered into a farmin agreement to add to its land position in Southern Alberta by 17 contiguous sections (10,880 acres) to a total of 49 sections (31,360 acres), all in the Manyberries helium trend. The farmin agreement allows the Company to earn a 75% working interest in the lands by drilling test wells within specified time frames.

During the six-months ended June 30, 2023, the Company incurred some costs associated with preparing to drill its first wells in Alberta and costs to maintain its Saskatchewan helium permits including exploration expenditures that are applied towards the Company's spending requirements discussed in the section below.

As at June 30, 2023, the Company holds 35 helium exploration permits over certain lands in Saskatchewan. The Company is required to make future annual lease maintenance expenditures and annual permit exploration expenditures as follows:

	2023	2024	2025	Total
Annual lease maintenance expenditures	$ 64,000	$ 28,800	$ -	$ 92,800
Annual permit exploration expenditures	219,000	535,000	173,000	927,000
Total	**$ 283,000**	**$ 563,800**	**$ 173,000**	**$ 1,019,800**

The initial term of the permits is 3 years, extendable to 5 years if the above noted expenditure requirements are met. Furthermore, the Company has the right to apply for a lease and drill a well on these lands if the permits are in good standing. Should the Company not meet the above spending requirements, the Company can allow the permit to lapse or elect to make a cash payment in lieu of the spending requirements to keep the permit in good standing for one additional year. If the Company were to allow permits to lapse, the Company would lose the right to explore on the applicable lands.

As of June 30, 2023, the Company had not allowed any permits to lapse.

(Expressed in Canadian dollars)

During the six-months ended June 30, 2023, The Company entered into one new lease in Montana for 150 net acres. The Company now has leases for 21,808 net acres of land in Montana. The lease terms are for a minimum of 5 years and do not have spending obligations associated with them.

5. Property and equipment

	Computer Equipment	Right of use assets	Total
Cost			
Balance, December 31, 2021	$ 8,790	$ 82,512	$ 91,302
Additions	19,757	-	19,757
Balance, December 31, 2022	28,547	82,512	111,059
Additions	-	-	-
Balance, June 30, 2023	$ 28,547	$ 82,512	$ 111,059
Accumulated depreciation			
Balance, December 31, 2021	$ 2,198	$ 5,894	$ 8,092
Depreciation	5,457	35,364	40,821
Balance, December 31, 2022	7,655	41,258	48,913
Depreciation	8,052	17,682	25,734
Balance, June 30, 2023	$ 15,707	$ 58,940	$ 74,647
Net carrying value			
December 31, 2022	$ 20,892	$ 41,254	$ 62,146
June 30, 2023	$ 12,840	$ 23,572	$ 36,412

6. Accounts payable and accrued liabilities

	June 30, 2023	December 31, 2022
Accounts payable	$ 24,908	$ 23,438
Accrued liabilities	138,226	61,313
Total	$ 163,134	$ 84,751

(Expressed in Canadian dollars)

7. 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-months and six-months ended June 30, 2023 was $576 and $1,318 respectively (June 30, 2022 - $1,224 and $2,571 respectively). The amount expensed in the condensed interim consolidated statement of loss, during the three-months and six-months ended June 30, 2023, related to short-term leases was $8,375 and $16,000 respectively (June 30, 2022 - $nil and $nil respectively). The following table summarizes the lease obligations:

At December 31, 2021	$	80,439
Gross lease repayments		(38,000)
Interest on lease obligations		4,544
At December 31, 2022	$	46,983
Gross lease repayments		(21,000)
Interest on lease obligations		1,318
At June 30, 2023	$	27,301
Current portion	$	27,301
Long-term portion		-

The following table reconciles total undiscounted contractual cash flows to the lease obligation:

		Undiscounted amount	Less effect of discounting	Current		Non-current
Office Lease	$	28,000	(699)	27,301	$	-

8. Decommissioning liabilities

		June 30, 2023		December 31, 2022
Balance beginning of period	$	25,197	$	-
Additions from acquisition activity		-		25,500
Foreign exchange		(566)		(303)
Balance, end of period	$	24,631	$	25,197

As at June 30, 2023, the Company owns a single wellbore for which it has recognized a decommissioning liability. The total undiscounted amount of future cash flows required to settle the Company's decommissioning liability in the United States at June 30, 2023 is approximately $24,631 ($18,604 USD) (December 31, 2022 - $25,197). The decommissioning liability has been estimated using existing technology at current prices and discounting is not material.

(Expressed in Canadian dollars)

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

Class A common shares	**Number of Shares**		**$**
Balance, December 31, 2021	43,766,540	$	10,324,677
Issue of common shares pursuant to a private placement [(1)]	1,562,500		296,875
Issue of common shares on royalty reduction exercise [(2)]	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)	500,000		82,000
Balance, December 31, 2022	46,536,060	$	11,237,938
Issue of common shares on option exercises (note 9e)	1,200,000		196,800
Balance, June 30, 2023	47,736,060		11,434,738

(1) 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.

(2) 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 June 30, 2023:

	Number		$		Weighted average exercise price
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 [1]	(309,500)		(51,965)		1.00
Balance, December 31, 2022	38,191,170	$	3,585,268	$	0.64
Expired [2]	(16,915,600)		(73,738)		0.25
Balance, June 30, 2023	21,275,570		3,511,530		0.96

[1] During the year ended December 31, 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.

[2] On May 19, 2023, 16,915,600 warrants expired with an exercise price of $0.25. A further 11,798,180 warrants with an exercise price of $1.00 were also set to expire on May 19, 2023 but were extended to May 19, 2025.

Information about the warrants at June 30, 2023 is as follows:

Number of warrants – outstanding and exercisable	Exercise price	Expiry date
2,382,800	$ 1.00	October 4, 2023
5,532,090	$ 1.00	October 5, 2023
1,562,500	$ 0.42	May 31, 2025
11,798,180	$1.00	May 19, 2025
21,275,570		

(d) Per share amounts

		Three-months ended June 30, 2023		Three-months ended June 30, 2022		Six-months ended June 30, 2023		Six-months ended June 30, 2022
Loss for the period	$	(487,810)	$	(1,472,378)	$	(953,629)	$	(3,062,681)
Weighted average number of common shares outstanding – basic and diluted[1]		47,736,060		44,176,040		47,537,165		44,114,242
Loss per share – basic and diluted	$	(0.01)	$	(0.03)	$	(0.02)	$	(0.07)

[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-month and six month periods ended June 30, 2023 and 2022.

(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, 2021	2,600,000	$	0.31
Granted [1]	2,160,000		0.39
Exercised [2]	(500,000)		0.15
Forfeited	(50,000)		0.61
Balance, December 31, 2022	4,210,000	$	0.37
Granted [3]	375,000		0.33
Exercised [4]	(1,200,000)		0.15
Balance, June 30, 2023	3,385,000	$	0.44

(1) 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, one quarter of 70,000 every 6 months from May 5, 2024 and 500,000 vested immediately on August 15, 2022.

(2) During the year ended December 31, 2022, 500,000 options were exercised for cash proceeds of $75,000. $7,000 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 375,000 every 6 months from August 28, 2024.

(4) During the six-months ended June 30, 2023, 1,200,000 options were exercised for cash proceeds of $180,000. $16,800 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 June 30, 2023, are as follows:

Number of options – outstanding	Number of options - exercisable	Weighted average exercise price	Expiry date
850,000	850,000	$0.61	August 11, 2023
1,300,000	650,000	$0.41	May 16, 2027
40,000	20,000	$0.62	June 1, 2025
250,000	62,500	$0.33	August 10, 2027
500,000	500,000	$0.34	August 15, 2027
70,000	-	$0.41	December 5, 2027
375,000	-	$0.33	February 28, 2028
3,385,000	2,082,500	$0.44	

(Expressed in Canadian dollars)

ii. Stock-based compensation expense

Compensation expense of $40,107 and $110,372 for the three and six-months ended June 30, 2023 respectively (June 30, 2022 - $119,391 and $119,391 respectively) has been recorded in the condensed interim consolidated statement of loss with a corresponding increase in contributed surplus.

The weighted average fair value of options granted during the six-months ended June 30, 2023 was estimated on the dates of grant to be $0.28 using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

	Six-months ended June 30, 2023
Risk-free interest rate	3.52%
Expected life of option	5.0 years
Expected dividend yield	0%
Expected volatility [(a)]	125%
Forfeiture rate	0%
Exercise price	$0.33
Share price at grant date	$0.33

(a) The expected volatility was calculated using the Company's historic volatility and a weighted average volatility of similar public companies in the junior resource industry when applicable.

10. Related party transactions

(a) Related party transactions

i. For the three and six-months ended June 30, 2023, the Company incurred $15,000 and $30,000 of chief executive officer consulting fees (June 30, 2022 - $25,000 and $70,000 respectively) 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 condensed interim consolidated statement of loss.

ii. For the three and six-months ended June 30, 2023, the Company incurred $18,377 and $36,754 (June 30, 2022 - $9,017 and $18,034 respectively) of salaries for non-management personnel that have employment contracts with companies that share senior management of the Company.

iii. For the three and six-months ended June 30, 2023, the Company received $7,875 and $15,750 respectively of rent income (June 30, 2022 - $7,875 and $12,500 respectively) from companies that share senior management of the Company. The rent income results from office space expenses that the entities share, and the amount is included in rent income in the condensed interim consolidated statement of loss. The Company also owed $1,623 (December 31, 2022 - $2,773) to companies that share senior management of the Company related to the shared office space expense and is included in accounts payable on the consolidated statement of financial position as at June 30, 2023.

(Expressed in Canadian dollars)

(b) Key management compensation

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

	Three-months ended June 30, 2023	Three-months ended June 30, 2022	Six-months ended June 30, 2023	Six-months ended June 30, 2022
Consulting fees, salaries, and benefits	$ 130,402	$ 466,072	$ 247,311	$ 655,699
Stock-based compensation	12,682	102,640	54,629	102,640
Total	$ 143,084	$ 568,712	$ 301,940	$ 758,339

11. Segmented information

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

The net losses are as follows:

	Three-months ended June 30, 2023	Three-months ended June 30, 2022	Six-months ended June 30, 2023	Six-months ended June 30, 2022
Canada	$ 486,103	$ 1,220,580	$ 950,304	$ 2,777,900
United States	1,707	251,798	3,325	284,781
Total	$ 487,810	$ 1,472,378	$ 953,629	$ 3,062,681

The segmented non-current assets are as follows:

	June 30, 2023		
	Canada	United States	Total
Non-current assets	$ 1,700,631	$ 2,305,970	$ 4,006,601

	December 31, 2022		
	Canada	United States	Total
Non-current assets	$ 1,510,182	$ 2,342,508	$ 3,852,690

12. Marketing

No marketing expenses were incurred in the three or six-months ended June 30, 2023. During the three and six-months ended June 30, 2022, the Company incurred $373,940 and $1,392,960 respectively, as the company continued with a significant corporate awareness campaign that was initiated in the third quarter of 2021 associated with the Company's public listing. Marketing expenses are recorded in the condensed interim consolidated statement of loss and comprehensive loss.

13. 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 six-months ended June 30, 2023.

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		June 30, 2023		December 31, 2022
Current (less than 90 days)	$	19,813	$	62,256
Past due (more than 90 days)		-		-
	$	19,813	$	62,256

Since the Company's receivables consist of amounts due from the government, the Company does not have an allowance for doubtful accounts as at June 30, 2023 and December 31, 2022 and believes all amounts will be collected in due course. The Company's historical expected credit loss is $Nil. At June 30, 2023, 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 June 30, 2023:

		Within one year		Between one and five years		Total
Accounts payable and accrued liabilities	$	163,134	$	-	$	163,134
Lease obligation		28,000		-		28,000
Decommissioning liabilities				24,631		24,631
Total	$	191,134	$	24,631	$	215,765

c. Market risk

i. Foreign currency risk and sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable, accrued liabilities and decommissioning liabilities that are denominated in USD. As at June 30, 2023, net financial liabilities totaling $12,000 (December 31, 2022 – $30,000) 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 June 30, 2023 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 $240 (December 31, 2022 - $600) in the Company's loss and comprehensive loss for the three and six-months ended June 30, 2023.

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 June 30, 2023, 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 June 30, 2023.

14. 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 or six-months ended June 30, 2023 or the year-ended December 31, 2022.

Due to their short term until maturity, at June 30, 2023, 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 changed materially from when the lease was originally entered into.

15. 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. The Company's targeted capital structure at June 30, 2023 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 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 or six-months ended June 30, 2023 or the year ended December 31, 2022.

16. Supplemental information with respect to cash flows

There was no interest or taxes paid for the three or six-months ended June 30, 2023 and 2022.

There were no significant non-cash transactions during the three or six-month periods ended June 30, 2023 or 2022.