Global Helium Corp.

Condensed Interim Financial Statements

For the three and nine-months ended September 30, 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 financial statements as at and for the three and nine-months ended September 30, 2021, and 2020.

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

	Notes		September 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash		$	5,611,545	$	277,834
Amounts receivable	4,13		39,911		39,683
Prepaids			42,844		3,090
Total current assets			5,694,300		320,607
Non-current assets					
Exploration and evaluation assets	5		379,631		120,975
Property and equipment	6		7,325		-
Total non-current assets			386,956		120,975
TOTAL ASSETS		$	6,081,256	$	441,582
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	1,310,919	$	61,142
Promissory notes	8		-		1,323,000
Total current liabilities			1,310,919		1,384,142
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	10		4,968,345		100
Warrants	10		2,168,754		-
Contributed surplus			368,600		-
Accumulated deficit			(2,735,362)		(942,660)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			4,770,337		(942,560)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	6,081,256	$	441,582

Nature and continuance of operations and going concern - Note 1
Subsequent events – Note 17

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)

	Notes	Three-months ended September 30, 2021	Three-months ended September 30, 2020	Nine-months ended September 30, 2021	Nine-months ended September 30, 2020
Expenses					
Consulting fees and salaries		$ 74,780	$ -	$ 175,240	$ -
Depreciation	6	366	-	1,465	-
Exploration and evaluation expenditures	5	-	-	14,685	-
Foreign exchange		(114,350)	1,047	(21,502)	14,153
General and administrative		24,372	9,033	69,814	27,789
Management fees, salaries, and benefits		183,360	160,000	558,152	340,000
Marketing		321,775	-	384,255	-
Professional fees		19,842	461	181,438	11,019
Regulatory		11,712	-	43,012	-
Software licensing		6,205	4,635	16,143	15,935
Stock-based compensation	10(d)	342,000	-	370,000	-
Loss and comprehensive loss		$ 870,062	$ 175,176	$ 1,792,702	$ 408,896
Loss and comprehensive loss per share – basic and diluted	11	$ (0.03)	$ (8.75)	$ (0.06)	$ (20.44)

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)

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

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		-	-	-	(408,896)	(408,896)
Balance – September 30, 2020		$ 100	-	-	(669,090)	$ (668,990)

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 September 30, 2021	Three-months ended September 30, 2020	Nine-months ended September 30, 2021	Nine-months ended September 30, 2020
Operating activities					
Loss for the period		$ (870,062)	$ (175,176)	$ (1,792,702)	$ (408,896)
Items not affecting cash:					
Stock-based compensation		342,000	-	370,000	-
Depreciation		366	-	1,465	-
Foreign exchange		(114,350)	-	(21,502)	-
Change in non-cash working capital items:					
Amounts receivable		(7,320)	(11,692)	(228)	(26,202)
Prepaids		287,618	4,635	(39,754)	(2,605)
Accounts payable and accrued liabilities		11,965	(112,760)	(76)	(95,749)
Net cash used in operating activities		(349,783)	(294,993)	(1,482,797)	(533,452)
Investing activities					
Exploration and evaluation expenditures	5	(29,238)	(52,472)	(258,656)	(109,076)
Purchase of property and equipment	6	-	-	(8,790)	-
Change in non-cash working capital item:					
Accounts payable and accrued liabilities		(53,662)	20,852	11,317	20,852
Net cash used in investing activities		(82,900)	(31,620)	(256,129)	(88,224)
Financing activities					
Proceeds from unit issuances	10	-	-	5,787,426	-
Proceeds from warrant exercises	10	35,000	-	35,000	-
Proceeds from option exercises	10	15,000	-	15,000	-
Unit issuance costs	10	(3,193)	-	(24,827)	-
Proceeds from promissory notes	8	-	-	-	1,054,000
Change in non-cash working capital item:					
Accounts payable and accrued liabilities		1,238,536	-	1,238,536	-
Net cash from financing activities		1,285,343	-	7,051,135	1,054,000
Effect of exchange rate changes on cash		114,350	-	21,502	-
Change in cash		967,010	(326,613)	5,333,711	432,324
Cash, beginning of the period		4,644,535	915,631	277,834	156,694
Cash, end of the period		$ 5,611,545	$ 589,018	$ 5,611,545	$ 589,018

Supplemental disclosure with respect to cash flows - Note 16

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 November 29, 2021, 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.

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 September 30, 2021, the Company had working capital of $4,383,381 (December 31, 2020 – deficit of $1,063,535) and has an accumulated deficit of $2,735,362 since inception. The Company has not yet reached production from its exploration activities.

The global COVID-19 pandemic has added a potential risk to the Company's ability to operate and raise equity in the near future. The potential financial impact of the pandemic 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 nine months ended September 30, 2021, the Company began calculating and disclosing earnings (loss) per share given it obtained a public listing in May 2021.

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.

<u>Property and equipment</u>

During the nine months ended September 30, 2021, the Company adopted the following policy related to property and equipment as the Company made it's first acquisition of property and equipment during this period.

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided annually at rates calculated to write off the cost of property and equipment, less the estimated residual value over the useful life, using the following methods and rates:

(Expressed in Canadian dollars)

Asset	Basis	Rate
Computers	Straight line	3 years

Depreciation on assets used in exploration activities (if any) is capitalized to exploration and evaluation assets.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

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.

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 September 30, 2021 and December 31, 2020.

5. Exploration and evaluation assets

		September 30, 2021		December 31, 2020
Balance, beginning of the period	$	120,975	$	4,839
Additions		258,656		116,136
Balance, end of the period	$	379,631	$	120,975

As at September 30, 2021, the Company holds 16 helium exploration permits over certain lands in Saskatchewan. The Company is required to make future annual lease maintenance expenditures of approximately the following: 2021 - $4,000, 2022 - $33,400, 2023 - $54,000, 2024 - $75,300, and 2025 - $75,300. The Company is also required to make qualifying annual permit expenditures as follows: 2020 – $36,000, 2021 - $36,000, 2022 - $251,000, 2023 - $287,000, 2024 - $439,000

(Expressed in Canadian dollars)

2025 - $461,000, and 2026 - $461,000. 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 September 30, 2021, The Company had met its annual permit expenditures obligations on its helium permits related to the above 2020 and 2021 requirements.

During the three and nine months ended September 30, 2021, $Nil and $14,685 respectively (2020 - $Nil and $Nil), in exploration and evaluation expenditures were expensed as they were incurred prior to the Company having the legal right to explore.

6. Property and equipment

		Computers
Cost		
Balance, December 31, 2019 and 2020	$	-
Additions		8,790
Balance, September 30, 2021	$	8,790
Accumulated depreciation		
Balance, December 31, 2019 and 2020	$	-
Depreciation		1,465
Balance, September 30, 2021	$	1,465
Net carrying value:		
December 31, 2020	$	-
September 30, 2021	$	7,325

7. Accounts payable and accrued liabilities

		September 30, 2021		December 31, 2020
Accounts payable (1)	$	1,299,602	$	61,142
Accrued liabilities		11,317		-
Total	$	1,310,919	$	61,142

1. The September 30, 2021, amount includes $1,238,536 related to funds received prior closing the private placement in early October 2021 and will be reclassed to equity upon issuance of the units (note 17(a)).

8. Promissory notes

During 2019 and 2020, the Company received a total of $1,323,000 in exchange for 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.

These promissory notes were converted to equity on February 15, 2021 (note 10).

(Expressed in Canadian dollars)

9. Short term lease expense

The amount expensed and included in general and administrative expenses in the income statement, during the three and nine months ended September 30, 2021, relating to short-term leases was $1,500 and $5,250 respectively (three and nine months ended September 30, 2020 - $2,250 and $6,750).

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

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 to private placements (3)	29,634,000		4,028,704
Issue of common shares pursuant to promissory note settlements (4)	2,646,000		910,224
Issue of common shares on warrant exercises	110,000		37,744
Issue of common shares on option exercises	100,000		16,400
Share issuance costs	-		(24,827)
Balance, September 30, 2021	32,510,000	$	4,968,345

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 nine-months ended September 30, 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 to private placements	29,634,000	1,758,722	0.52
Issued pursuant to debt settlements	2,646,000	412,776	1.00
Exercised [(1)]	(110,000)	(2,744)	0.32
Balance, September 30, 2021	32,190,000	$ 2,168,754	$ 0.56

1. During the three and nine-months ended September 30, 2021, 110,000 warrants were exercised for cash proceeds of $35,000. The original value of $2,744 ascribed to these warrants when issued was adjusted to share capital on exercise.

Information about the warrants at September 30, 2021 is as follows:

Number of warrants – outstanding and exercisable	Exercise price	Expiry date
18,700,000	$ 0.25	May 19, 2023
13,490,000	$1.00	May 19, 2023
32,190,000		

(Expressed in Canadian dollars)

(d) Stock-based compensation

i. Stock option plan

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.

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)	2,900,000	0.29
Exercised (2)	(100,000)	0.15
Balance, September 30, 2021	2,800,000	$ 0.30

(1) All the options vested immediately.
(2) During 2021, 100,000 options were exercised for cash proceeds of $15,000. $1,400 of related stock-based compensation recognized 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, 2021, are as follows:

Number of options - outstanding	Number of options - exercisable	Weighted average exercise price	Expiry date
1,900,000	1,900,000	$0.15	February 1, 2023
900,000	900,000	$0.61	August 11, 2023
2,800,000	2,800,000		

Stock-based compensation expense

Compensation expense of $342,000 and $370,000 for the three and nine-months ended September 30, 2021 respectively (three and nine months-ended September 30, 2020 - $Nil and $Nil) has been recorded in the statement of loss with a corresponding increase in contributed surplus.

(Expressed in Canadian dollars)

The weighted average fair value of each option granted during the nine-month period-ended September 30, 2021, was estimated on the date of grant to be $0.13 using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

	Nine months-ended September 30, 2021
Risk-free interest rate	0.25%
Expected life of option	2.0 years
Expected dividend yield	0%
Expected volatility [a]	127%
Forfeiture rate	0%
Exercise price	$0.29
Share price at grant date	$0.22

[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.

11. Loss per share

	Three months-ended September 30, 2021	Three months-ended September 30, 2020	Nine months-ended September 30, 2021	Nine months-ended September 30, 2020
Loss and comprehensive loss for the period	$ 870,062	$ 175,176	$ 1,792,702	$ 408,896
Weighted average number of common shares outstanding – basic and diluted[1]	32,327,609	20,000	28,525,289	20,000
Loss and comprehensive loss per share – basic and diluted	$ 0.03	$ 8.75	$ 0.06	$ 20.44

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

12. Related party transactions

(a) Related party transactions

i. For the three and nine-months ended September 30, 2021, the Company incurred $45,000 and $135,000 respectively of chief executive officer consulting fees (September 30, 2020 - $Nil and $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 and nine-months ended September 30, 2021, the Company incurred $Nil and $45,000 respectively of chief financial officer consulting fees (September 30, 2020 - $45,000 and $105,000) 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, 2021, the Company incurred $Nil and $45,000 respectively of vice-president of exploration consulting fees (September 30, 2020 - $60,000 and $135,000) from a private company in which the officer is the private company's principal shareholder. These fees are included in management fees in the statement of loss.

(Expressed in Canadian dollars)

iv. As at September 30, 2021, the Company owed $1,613 (September 30, 2020 - $980) 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, 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 September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Officer consulting fees, salaries, and benefits	$ 183,360	$ 160,000	$ 558,152	$ 340,000
Stock-based compensation	266,000	-	289,800	-
Total	$ 449,360	$ 160,000	$ 847,952	$ 340,000

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 three and nine-months ended September 30, 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	September 30, 2021	December 31, 2020
Current (less than 90 days)	$ 39,911	$ 39,683
Past due (more than 90 days)	-	-
	$ 39,911	$ 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 September 30, 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 September 30, 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 September 30, 2021:

	Within one year	Between one and five years	Total
Accounts payable and accrued liabilities (1)	$ 1,310,919	$ -	$ 1,310,919

(1) The amount includes $1,238,536 related to funds received prior to closing the private placement in early October 2021 and will be reclassed to equity on issuance of the units (note 17(a)).

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 September 30, 2021, net financial assets totaling $3,917,000 (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 September 30, 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 $78,000 in the Company's loss and comprehensive loss for the nine-months ended September 30, 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 September 30, 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 September 30, 2021.

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 and nine-months ended September 30, 2021 or the year-ended December 31, 2020.

Due to their short term until maturity, at September 30, 2021, the carrying value of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair value.

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 (deficit). The Company's targeted capital structure at September 30, 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 10) and subsequent to September 30, 2021 (note 17), 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, 2021.

16. Supplemental information with respect to cash flows

There was no interest or taxes paid for the three and nine-months ended September 30, 2021, and 2020.

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, 2021, or the three and nine-months ended September 30, 2020.

17. Subsequent events

(a) In October 2021, the Company closed a non-brokered private placement of 7,774,820 units at a price of $0.65 per unit for gross proceeds of $5,053,633. Each unit consisted of one common share of the Company and one warrant. Each warrant entitles the holder to acquire one common share at $1.00 per share for two years from the close of the private placement. Net cash proceeds from the private placement after issuance costs was $4,887,838. Brokers were also issued 255,070 warrants, with the same terms as described above, in connection with this private placement.

(b) Subsequent to September 30, 2021, 2,701,220 warrants have been exercised for gross cash proceeds of $1,662,920.

(c) In November 2021, the Company signed an office space lease agreement which will require the Company to pay $3,500 per month effective March 1, 2022, for a term of two years.

(d) Subsequent to September 30, 2021, the Company has been granted an additional five permits in Saskatchewan covering 110,000 additional hectares, resulting in future annual rental and exploration obligations totaling approximately $52,000 and $552,000 respectively. The obligations will have to be met over the next five years, consistent with Saskatchewan helium permit requirements.

(e) In November 2021, the Company incorporated a new 100% owned US subsidiary to support its planned activities in the United States. The Company will begin consolidating this subsidiary from the date it was established.