



Consolidated Financial Statements of

Total Helium Ltd.

Years ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Total Helium Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Total Helium Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing, although there is risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
July 28, 2023

Total Helium Ltd.

Consolidated Statements of Financial Position

(In thousands of Canadian Dollars)

	Note	March 31, 2023	March 31, 2022
		\$	\$
Current Assets			
Cash		2,684	6,712
Amounts receivable		129	30
Prepaid expenses		72	310
		2,885	7,052
Advances and prepayments	5	243	-
Exploration and evaluation assets	6	-	8,091
		3,128	15,143
Current Liabilities			
Amounts payable and accrued liabilities	7	199	528
		199	528
Long-term Liabilities			
Unearned revenue	8	-	2,370
		199	2,898
Shareholders' Equity			
Share capital	9	20,300	20,189
Equity reserve	9	7,170	5,910
Accumulated other comprehensive gain (loss)		475	(22)
Deficit		(25,016)	(13,832)
		2,929	12,245
		3,128	15,143

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 16)

Approved on behalf of the Board of Directors:

/s/ Gordon Keep

Director

/s/ Ian Telfer

Director

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

Total Helium Ltd.

Consolidated Statements of Net Loss and Comprehensive Loss

(In thousands of Canadian Dollars, except for per share amounts)

	Note	Years ended March 31,	
		2023	2022
		\$	\$
Revenue	11	130	-
Cost of Sales	11	(10)	-
Gross profit		120	-
Expenses			
General and administration	10	581	828
Share-based compensation	9, 10	1,309	3,366
		(1,890)	(4,194)
Impairment of exploration and evaluation assets	6	(12,139)	-
Gain on settlement of amounts payable	7	-	215
Foreign exchange gain (loss)		4	(24)
Interest income		113	14
Other income	8	2,608	171
		(9,414)	376
Net loss		(11,184)	(3,818)
Other comprehensive income (loss)			
Foreign exchange translation		497	(22)
Total comprehensive loss		(10,687)	(3,840)
Basic and diluted loss per share		(0.17)	(0.09)
Weighted average number of common shares outstanding - basic and diluted		65,751,183	43,863,201

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

Total Helium Ltd.

Consolidated Statements of Shareholders' Equity (Deficiency)

(In thousands of Canadian Dollars, except for per share amounts)

	Note	Number of Shares	Share Capital	Equity reserve	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
			\$	\$	\$	\$	\$
Balance, March 31, 2021		183,805	6,874	2,632	-	(10,014)	(508)
Shares issued on amalgamation with 1313119 B.C. Ltd.	9(b)	52,900,001	1,058	-	-	-	1,058
Shares issued on acquisition of 1319454 B.C. Ltd.	9(b)	12,500,000	12,500	-	-	-	12,500
Share issue costs		-	(443)	-	-	-	(443)
Share-based compensation		-	-	3,366	-	-	3,366
Exercise of options	9(c)	112,500	200	(88)	-	-	112
Other comprehensive loss		-	-	-	(22)	-	(22)
Net loss		-	-	-	-	(3,818)	(3,818)
Balance, March 31, 2022		65,696,306	20,189	5,910	(22)	(13,832)	12,245
Share-based compensation		-	-	1,309	-	-	1,309
Exercise of options	9(c)	62,100	111	(49)	-	-	62
Other comprehensive income		-	-	-	497	-	497
Net loss		-	-	-	-	(11,184)	(11,184)
Balance, March 31, 2023		65,758,406	20,300	7,170	475	(25,016)	2,929

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

Total Helium Ltd.

Consolidated Statements of Cash Flows

(In thousands of Canadian Dollars)

	Note	Years ended March 31	
		2023	2022
		\$	\$
Operating activities			
Net loss		(11,184)	(3,818)
Items not involving cash:			
Other income	8	(2,370)	-
Impairment of exploration and evaluation assets	6	12,139	-
Gain on settlement of amounts payable	7	-	(215)
Share-based compensation	9, 10	1,309	3,366
Changes in non-cash working capital items:			
Amounts receivable		(97)	(29)
Prepaid expenses		238	(310)
Amounts payable and accrued liabilities		(3)	(260)
		32	(1,266)
Investing activities			
Advances and prepayments	5	(159)	-
Exploration and evaluation assets		(3,963)	(6,422)
Unearned revenue received		-	1,187
		(4,122)	(5,235)
Financing activities			
Proceeds of shares issued, net of share issue costs		-	13,115
Proceeds from exercise of options	9	62	113
Loan payable		-	(15)
		62	13,213
Change in cash		(4,028)	6,712
Cash, beginning		6,712	-
Cash, ending		2,684	6,712
Supplemental cash flow information:			
Exploration and evaluation assets accrued through amounts payable and accrued liabilities		75	486
Advances and prepayment costs included in amounts payable and accrued liabilities		84	-

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

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on April 27, 2006 under the Business Corporations Act of British Columbia and its shares were listed on the TSX Venture Exchange ("TSX-V") on March 6, 2008. The Company is currently listed on the TSX-V under the trading symbol "TOH". The head office of the Company is located at Suite 3123, 595 Burrard Street, Vancouver, BC, Canada V7X 1J1. The registered and records office of the Company is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3E8. Effective February 16, 2021, the Company changed its name from Santa Fe Metals Corporation to Wintertide Ventures Inc. Effective September 30, 2021, the Company changed its name from Wintertide Ventures Inc. to Total Helium Ltd. As at the date of this report, the Company's principal business activity is helium exploration, production and storage solutions.

On May 18, 2021, the Company completed a share consolidation of 250:1. These consolidated financial statements reflect the share consolidation retroactively.

On July 7, 2021, the Company completed a financing of 52,900,001 common shares for gross proceeds of \$1,058 and incurred share issue costs of \$13 (Note 9(b)).

On November 9, 2021, the Company completed the acquisition (the "Acquisition") of all of the outstanding share capital of Brooks Range Corporation ("Brooks Range") (Note 6). The Company acquired Brooks Range from Brooks Energy Company (the "Vendor") in consideration for a one-time cash payment of US\$1,150. Upon completion of the Acquisition, the current business of Brooks Range has become the business of the Company.

Concurrent to the Acquisition, the Company completed a financing of 12,500,000 subscription receipts for gross proceeds of \$12,500 (Note 9(b)).

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2023, the Company had working capital of \$2,686 (March 31, 2022: \$6,524) and deficit of \$25,016 (March 31, 2022: \$13,832).

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

These financial statements were approved and authorized for issuance by the Board of Directors on July 28, 2023.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in thousands of Canadian Dollars, which is also the Company’s functional currency, unless otherwise indicated.

These financial statements include the accounts of the Company and its subsidiaries:

Name of Subsidiary	Ownership	Jurisdiction
Interior Gold Corp.	100%	Ontario, Canada (inactive)
1313119 B.C. Ltd.	100%	BC, Canada
1319454 B.C. Ltd.	100%	BC, Canada
Brooks Range Corporation	100%	Colorado, USA

Subsidiaries are entities over which the Company has control. Control is defined as where the Company is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date that control is obtained up to the effective date of disposal or loss of control. All significant intercompany balances, transactions, revenues and expenses have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant judgments

The preparation of the 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 applying the Company’s accounting policies are the assessment of the Company’s ability to continue as a going concern and the determination of the functional currency of the Company and its subsidiaries.

Significant estimates and assumptions

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

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its activities and accordingly follows the practice of capitalizing all costs relating to the acquisition, exploration and evaluation of its mining rights and crediting all revenues received against the cost of the related interests. At such time as commercial production commences, these costs will be depleted on a units-of-production method based on proven and probable reserves. The carrying values related to abandoned interests are charged to net loss at the time of any abandonment.

Exploration and evaluation expenditures include acquisition costs of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. This includes the costs incurred in determining the most appropriate mining/processing methods and developing feasibility studies.

Management reviews the carrying amount of exploration and evaluation assets for impairment when facts or circumstances suggest that the carrying amount is not recoverable. This review is generally made with reference to the timing of exploration work, work programs proposed, exploration results achieved by the Company and by others in the related area of interest, and an assessment of the likely results to be achieved from performance of further exploration.

When the results of this review indicate that indicators of impairment exist, the Company estimates the recoverable amount of the deferred exploration costs and related mining rights by reference to the potential for success of further exploration activity and/or the likely proceeds to be received from sale or assignment of the rights. When the carrying amount of exploration and evaluation assets are estimated to exceed their recoverable amounts, an impairment loss is recorded in the statement of comprehensive loss. If conditions that gave rise to the impairment no longer exist, a reversal of impairment may be recognized in a subsequent period, with the carrying amount of the exploration and evaluation asset increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net loss in the period the reversal occurs.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial Instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

The Company characterizes its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets;

Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest. Financial instruments under this classification include cash;

Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or,

Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in the consolidated statements of loss and comprehensive loss.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

The Company's financial liabilities consist primarily of accounts payable and accrued liabilities and are classified as measured at amortized cost.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in the consolidated statement of income (loss) and comprehensive income (loss). Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss). Any gain or loss on derecognition is also recognized in the consolidated statement of income (loss) and comprehensive income (loss).

c) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance. Costs incurred to issue common shares are deducted from share capital.

e) Income / Loss Per Share

The Company presents basic and diluted income / loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

f) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

g) Foreign Exchange

The Company's functional and reporting currency is the Canadian dollar. The functional currency of the Company's wholly-owned subsidiary, Brooks Range is the United States dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the date of the statement of financial position to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at the period end rate. Gains and losses on translation are included in accumulated other comprehensive loss in shareholders' equity.

h) Share-based Payments

The Company's share option plan allows Company employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity reserve.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

During the year ended March 31, 2023, the Company impaired the Helisium Project in the states of Colorado and Kansas (Note 6) in the amount of \$12,139 (2022: \$Nil).

5. ADVANCES AND PREPAYMENTS

See Note 16. Subsequent Event.

On May 1, 2023, the Company completed the acquisition of a joint venture interest in the Pinta South Helium Project in Arizona.

As at March 31, 2023, \$243 (2022: \$Nil) of advances and prepayments relating to the transaction were recorded on the consolidated statement of financial position.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following tables summarize the capitalized costs associated with the Company's exploration and evaluation assets:

	Helisium Project	Total
	\$	\$
Acquisition costs:		
Balance, March 31, 2021	-	-
Additions (see below)	3,031	3,031
Balance, March 31, 2022	3,031	3,031
Impairment of acquisition costs	(3,031)	(3,031)
Balance, March 31, 2023	-	-
Exploration costs:		
Balance, March 31, 2021	-	-
Contract labor	630	630
Drilling	2,957	2,957
Engineering	529	529
Equipment	103	103
General and administrative	109	109
Lease costs	421	421
Professional services	49	49
Salaries and benefits	262	262
Balance, March 31, 2022	5,060	5,060
Contract labor	223	223
Drilling	557	557
Engineering	396	396
Equipment	257	257
Foreign exchange adjustment	497	497
General and administrative	567	567
Lease costs	284	284
Professional services	229	229
Salaries and benefits	1,038	1,038
Impairment of exploration costs	(9,108)	(9,108)
Balance, March 31, 2023	-	-
Carrying value:		
Balance, March 31, 2022	8,091	8,091
Balance, March 31, 2023	-	-

Helisium Project

On November 9, 2021, the Company completed the acquisition. The Company acquired Brooks Range from the Vendor in consideration for a one-time cash payment of \$1,434 (US\$1,150) and paid an administration success fee of \$29 (US\$23).

Brooks Range is a privately-held Colorado corporation which controls the rights to the Helisium Project, consisting of approximately 86,000 acres of oil and gas leases (subject to 12.5% underlying royalty) in the states of Kansas and Colorado, a farmout agreement and certain helium pre-purchase payments.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Acquisition constituted a related party transaction on the basis that Robert B. Price, the founder, Chief Executive Officer (“CEO”) and controlling shareholder of the Vendor is also the CEO of the Company.

At the date of acquisition, the Company determined that Brooks Range did not constitute a business as defined under IFRS 3, Business Combinations, and the Acquisition was accounted for as an asset acquisition. The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition.

Consideration	Amount
	\$
Cash (US\$ 1,150)	1,434
Administration success fee (US\$ 23)	29
	<hr/>
	1,463
Net assets of Brooks Range as at November 9, 2021	
Exploration and evaluation assets	3,031
Amounts payable	(385)
Unearned revenue	(1,183)
Net assets acquired	<hr/>
	1,463

During the year ended March 31, 2023, the Company impaired the Helisium Project in the state of Colorado and Kansas in the amount of \$12,139 (2022: \$Nil) as the Company is no longer proceeding with this asset. (Subsequent Event - Note 16).

7. AMOUNTS PAYABLE

In June 2021, the Company settled outstanding debt included in amounts payable as at March 31, 2021, resulting in a gain on settlement of amounts payable of \$215 in the statement of net loss and comprehensive loss.

8. UNEARNED REVENUE

As at March 31, 2023, the Company recorded \$Nil (March 31, 2022: \$2,370) in deferred revenue in return for future discounts on extracted and delivered helium. Pursuant to the agreement for the sale and purchase of helium gas mixture dated March 1, 2021 between the Company and Linde Inc., the Company will deliver helium to Linde Inc. at a discounted price until the entirety of the funds advanced have been recovered, plus an agreed upon return of 5%. As part of this agreement, the Company will receive USD \$15 per month for 24 months for consulting fees for the various services.

During the year ended March 31, 2023, the Company received \$238 (2022: \$171) for these consulting fees and recognized \$2,370 of revenue related to the agreement for the sale and purchase of helium gas mixture (2022: \$Nil). As the Company is no longer proceeding with the Helisium Project, and has determined there is no repayment obligation in failing to deliver helium to Linde Inc. relating to its Helisium Project, the Company has recognized the entire amount of deferred revenue during the year.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.
Unlimited preferred shares without par value.

(b) Issued and outstanding common shares

Shares issued during the year ended March 31, 2023

During the year ended March 31, 2023, 62,100 common shares were issued pursuant to exercise of 62,100 share options for proceeds of \$62.

Shares issued during the year ended March 31, 2022

On November 9, 2021, following completion of the Acquisition, the Company issued 12,500,000 units (each, a "Unit") and acquired all of the outstanding share capital of 1319454 B.C. Ltd. ("Fundco 2") for gross proceeds of \$12,500, following the conversion of 12,500,000 subscription receipts previously issued by Fundco 2. Each Unit consists of one common share of the Company and one share purchase warrant of the Company (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$2.00 until November 8, 2026, subject to certain acceleration provisions. The Company incurred share issue costs of \$430; \$305 of which are finders' fees.

On July 7, 2021, the Company completed the acquisition of 1306696 B.C. Ltd. ("Fundco 1"), a private British Columbia company (the "Fundco 1 Transaction"). Pursuant to the Fundco 1 Transaction, Fundco 1 amalgamated with 1313119 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of the Company. Fundco 1 had previously raised an aggregate of \$1,058 through the issuance of 52,900,001 common shares. In connection with the Fundco 1 Transaction, the Company issued 52,900,001 common shares for gross proceeds of \$1,058 and incurred share issue costs of \$13.

During the year ended March 31, 2022, 112,500 common shares were issued pursuant to exercise of 112,500 share options for proceeds of \$113.

(c) Share options

The Company has approved an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX-V requirements, grant to directors, officers, employees, charitable organizations and technical consultants of the Company, non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options less any discount, if applicable, but in any event not less than \$0.05 per share. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee insider in any twelve month period will not exceed 10% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one employee or consultant will not exceed 2% of the issued and outstanding common shares. Share options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board of Directors.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

9. SHARE CAPITAL (Continued)

Year ended March 31, 2023

On April 20, 2022, the Company granted 350,000 stock options to a consultant of the Company pursuant to the Company's stock option plan. The options are exercisable at a price of \$1.70 until April 20, 2032. One-half of the options vested immediately, with a further one-quarter vesting after six months and the balance vesting after twelve months. Using the Black-Scholes valuation model, the grant date fair value was \$474, or \$1.35 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 2.79%, expected life of 10 years, annualized volatility of 75% and dividend rate of 0.00%. During the year ended March 31, 2023, \$462 of share-based compensation was recognized in connection with the grant and vesting of options in the period.

During the year ended March 31, 2023, 62,100 stock options were exercised for proceeds of \$62; and 437,500 stock options exercisable at a price of \$1.00 per share were cancelled.

Year ended March 31, 2022

On November 8, 2021, following completion of the Acquisition, the Company granted 4,895,000 share options to certain directors, officers and consultants of the Company. The options are exercisable at a price of \$1.00 per share until November 8, 2031. One-half of the options vest immediately, with a further one-quarter vesting after six months and the balance vesting after twelve months. Using the Black-Scholes valuation model, the grant date fair value was \$3,828, or \$0.78 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 1.55%, expected life of 10 years, annualized volatility of 75% and dividend rate of 0.00%. During the year ended March 31, 2023, \$761 of share-based compensation was recognized in connection with the vesting of options in the period.

On November 10, 2021, the Company granted 750,000 share options to a public relations firm pursuant to a public relations agreement. The options are exercisable at a price of \$1.08 per share until November 10, 2026. The options will vest on a quarterly basis over a twelve-month period in blocks of 25%. Using the Black-Scholes valuation model, the grant date fair value was \$447, or \$0.60 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 1.36%, expected life of 5 years, annualized volatility of 75% and dividend rate of 0.00%. During the year ended March 31, 2023, \$86 of share-based compensation was recognized in connection with the vesting of options in the period.

During the year ended March 31, 2022, 112,500 share options were exercised for proceeds of \$113.

A summary of changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, March 31, 2021	-	-
Granted	5,645,000	1.01
Exercised	(112,500)	1.00
Balance, March 31, 2022	5,532,500	1.01
Exercised	(62,100)	1.00
Cancelled	(437,500)	1.00
Granted	350,000	1.70
Balance, March 31, 2023	5,382,900	1.06

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

9. SHARE CAPITAL (Continued)

(c) Share options (Continued)

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2023:

Outstanding	Exercisable	Exercise price	Expiry date
		\$	
750,000	750,000	1.08	November 10, 2026
4,282,900	4,282,900	1.00	November 8, 2031
350,000	262,500	1.70	April 20, 2032
5,382,900	5,295,400		

(d) Warrants

A summary of changes in warrants is presented below:

	Warrants outstanding	Weighted average exercise price
		\$
Balance, March 31, 2021	-	-
Issued (Note 9(b))	12,500,000	2.00
Balance, March 31, 2022 and 2023	12,500,000	2.00

The following table summarizes information about the warrants outstanding and exercisable at March 31, 2023:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
	\$		
12,500,000	2.00	November 8, 2026	3.6
12,500,000	2.00		3.6

10. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (Continued)

The Company's transactions below include related party transactions not disclosed elsewhere in these financial statements and are in the normal course of business and all amounts due to related parties are non-interest bearing and payable on demand.

- a) Included in amounts payable and accrued liabilities was \$Nil (March 31, 2022: \$16) due to officers, directors and former officers and directors of the Company.
- b) Remuneration of directors and key management of the Company was as follows:

	Year ended. March 31, 2023	Year ended, March 31, 2022
	\$	\$
Administrative success fee	-	164
Consulting and management fees	406	195
Rent	12	10
Share-based compensation	568	2,253
	<u>986</u>	<u>2,622</u>

11. REVENUE

For the year ended March 31, 2023, the Company's revenue resulted from helium and methane gas sales from the Helisium Project; and cost of sales includes royalties on these sales.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. During the year ended March 31, 2023, there has been no change in the Company's management of capital policies. Future activities are expected to be financed through helium pre-purchase payments and additional equity and/or debt financing or other financing methods, as deemed appropriate by management. Refer to Note 1 for additional details of the Company's ability to continue as a going concern.

Total Helium Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(In thousands of Canadian Dollars)

13. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash, amounts receivable and accounts payable and accrued liabilities are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities,

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and;

Level 3 – Inputs that are not based on observable market data.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Amounts payable and accrued liabilities are due within the current operating year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

14. SEGMENTED INFORMATION

As at March 31, 2023, the Company primarily operates in one reportable operating segment, being helium exploration in the USA.

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

15. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended March 31, 2023 and 2022:

	2023	2022
	\$	\$
Loss for the year	(11,184)	(3,818)
Expected income tax (recovery)	(2,455)	(1,031)
Change in statutory, foreign tax, foreign exchange rates and other	(21)	538
Permanent differences	1,705	909
Share issue cost	-	(120)
Application of prior year non-capital losses	(316)	-
Change in unrecognized deductible temporary differences	1,087	(296)
Total income tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets at March 31, 2023 and 2022 are comprised of the following:

	2023	2022
	\$	\$
Deferred tax assets (liabilities)		
Exploration and evaluation assets	866	183
Property and equipment and capital assets	28	31
Share issue costs	78	96
Allowable capital losses	546	546
Non-capital losses available for future period	1,716	1,292
	3,234	2,148
Unrecognized deferred tax assets	(3,234)	(2,148)
Net deferred tax assets	-	-

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2023	2022
	\$	\$
Temporary Differences		
Exploration and evaluation assets	3,931	677
Property and equipment	103	114
Share issue costs	289	354
Allowable capital losses	2,021	2,021
Non-capital losses available for future periods	6,668	4,823
Canada	5,267	4,652
USA	1,401	171

The Company has non-capital losses for Canadian tax purposes of approximately \$5,267 that are available for deduction against future income and that begin to expire in 2029. The Company has net-operating losses for USA tax purposes of approximately \$1,401 that can be carried forward indefinitely.

Total Helium Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(In thousands of Canadian Dollars)

16. SUBSEQUENT EVENT

On May 1, 2023, the Company completed the acquisition of a joint venture interest in the Pinta South Helium Project in Arizona. The Company has acquired an interest in existing helium production as well as a working interest in a large-scale helium exploration and production program in the Holbrook Basin (the "Pinta South Project"). The purchase and sale agreement was entered into between Brooks Range Corporation, a wholly-owned subsidiary of the Company, Pinta South Operating Company, LLC, Butler Minerals I, LLC and Mid America Exploration LLC.

Pursuant to the terms of the transaction, the Company acquired a 20% interest in 2 producing wells and a 50% interest in eight additional existing wells which are being connected to a helium processing plant for a total purchase price of US\$12,000. Under the terms of the purchase and sale agreement, and subsequent amendments, the purchase price was satisfied through a one-time cash payment of US\$8,000 and the issuance of 10,810,812 common shares of the Company at a deemed price of \$0.50. In connection with completion of the transaction, the Company has arranged to contribute funding in the amount of US\$2,000 towards a capital development program for the Pinta South Project.

To satisfy the cash portion of the purchase price, the capital development program for the Pinta South Project, and costs associated with completion of the transaction, the Company completed a brokered private placement. The Company issued a total of 25,000,000 special warrants at a price of \$0.50 per special warrant for gross proceeds of \$12,500.

On July 7, 2023, each special warrant was automatically exercised into one unit. Each unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$0.75 at any time up to May 1, 2025.

In consideration for their services, the agent received a cash commission of \$750, a corporate finance fee of 500,000 common shares in the Company and 1,500,000 compensation special warrants. On July 7, 2023, each compensation special warrant was automatically exercised into one (1) compensation option (a "Compensation Option"). Each compensation option will entitle the holder to purchase one unit at a price of \$0.50 per unit. A unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$0.75 at any time up to May 1, 2025.

The Company issued 324,324 common shares of the Company at a deemed price of \$0.50 per common share as a fee to a service provider controlled by a director of the Company, who assisted by providing administration services in connection with the transaction.