ROYAL HELIUM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED March 31, 2024

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Royal Helium Ltd. (the "Company" or "RHC") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2024. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements ("the financial statements") and the notes thereto as at and for the three months ended March 31, 2024 and the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2023. together with the notes thereto available on SEDAR+ at www.sedarplus.com and the Company's website at www.royalheliumltd.com.

Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at Mary 24, 2024 unless otherwise indicated.

The financial statements for the three months ended March 31, 2024 and 2023 have been prepared using accounting policies consistent with IFRS.

The MD&A was approved by the board of directors on May 17, 2024.

RHC's Strategic Objectives

During fiscal 2023, RHC completed the construction of its flagship helium purification facility and commenced initial production from two production wells on its Steveville helium property in Alberta. The Steveville facility is one of the largest helium purification facilities in Canada, and the first facility with the ability to capture and utilize all of the associated gases produced along with helium, including both CO2 for eventual sale and methane which is used to power the plant. As a cryogenic facility, as opposed to a more standard membrane helium separation facility, allows for this secondary and tertiary gas capture and allows the Steveville facility to not only be one of the most power efficient helium plants in operation, but also one able to generate alternative cash flow streams through the sale of by-products.

During the first quarter of 2024, Royal continued to ramp-up production through the Steveville helium purification facility with a view to achieving capacity production of 15 Mmcf per day of raw gas throughput. During the ramp-up, conditions remain variable as the operating ranges of the various plant components are altered at every new production level to ensure that consistent operations can be maintained without issue. During this time, the plant continues to produce high grade purified helium and RHC continues to make sales under its long-term fixed price sales agreements. To date, 9 trailer loads have been delivered.

Helium is a critical mineral and a non-substitutable and non-renewable commodity that is essential in the high-tech manufacturing, aerospace and defense, data storage, artificial intelligence, quantum computing and health care industries. These sectors are universally experiencing exponential growth and represent some of the highest need and most focused sectors of the global economy, which continues to drive demand at a global level. From a north American perspective, the move to onshore material components of the high-tech manufacturing sector has grown the demand for helium in this region to historically high levels. Royal Helium is uniquely positioned to deliver into this demand at ever increasing prices and it develops its portfolio of properties.

Saskatchewan and Alberta are both known helium producing regions, with multiple wells currently in production, and are strategically located for continued exploration and development of helium. Helium is created through the breakdown of uranium and thorium and Saskatchewan is well known for having some of the highest uranium concentrations in the world.

RHC is a helium production, infrastructure and exploration company focused on helium and associated industrial gas production from its flagship Steveville helium purification facility in central Alberta and exploration on its helium permits and leases in Saskatchewan and Alberta. RHC is one of the largest helium lease and permit holders in North America, with land that was acquired both from the Crown and via freehold lease agreements. All of the land acquired was subject to thorough analysis of existing well data, seismic and geological data and is associated with some of the highest known helium concentrations in Saskatchewan. The Company's properties are all in close vicinity to highways, roads, cities and oil & gas infrastructure.

The consolidated financial statements include the accounts of RHC together with its wholly owned subsidiary, Royal Helium Exploration Limited ("RHEL"), and Imperial Helium Corp ("IHC") and are expressed in Canadian dollars, unless otherwise stated.

Highlights

During the period ended March 31, 2024:

- Continued delivery of purified helium under the provisions of Royals offtake agreements.
- Royal entered into a letter of intent with Sparrow Hawk Developments, the economic development arm of the Peepeekisis Cree Nation for the development of the Val Marie helium project in southern Saskatchewan by way of a $25,000,000 joint venture investment.
- Received $3,000,000 repayable contribution from Western Economic Diversification Canada under the Aerospace Regional Recovery Initiative.
- Entered into its first commercial offtake agreement for the sale of food and beverage grade CO_2

After the reporting period:

- $2,500,000 principal amount of the June 12% series convertible debentures were converted into common shares
- Closed a bought deal financing for gross proceeds of $6,000,030.

Helium Prospects

Helium Market

The global helium market continues to be under significant supply pressures, as demand continues to outstrip supply. Globally, additional uncertainty has hit the helium market tied directly to Russian actions in the Ukraine and renewed tensions in the middle east. With Russia being one to the largest helium producers in the world, sanctions put in place over Russian exports has severely compounded the ongoing global helium shortage. In North America, there has been no significant new source of supply impacting the market in several years. Royal Helium is well poised to be one of the much-needed new suppliers in the short term, aiding to fulfill a supply void felt from the removal of the United States Strategic Helium reserve in 2018. The ongoing mismatch of supply and demand has caused dramatic price movement since 2018, with prices rising by over 100% for this vital and irreplaceable inert gas. In addition, global sanctions on Russia have reduced the global helium supply and thus increased the price further.

Helium is valuable due to its completely inert nature. It is the only element that will not bind or react with any other element. Its properties also allow it to have the lowest boiling point on any element, and it can remain as a liquid until near absolute zero. These properties allow helium to act as the most effective super coolant on the market as well as a superconductor and purification gas that has no rivals. Helium acts as a cooling medium for superconducting magnets in MRI scanners, NMR spectrometers and other areas of scientific research. Helium has also been used to keep satellite instruments cool and is essential for space travel and rocketry. Helium is essential in the manufacturing of many of the high-tech electronics and supporting network infrastructure that society uses every day, as well as being on the leading edge of new developments, both high-tech and scientific. Helium is often used to provide lift for weather balloons and airships because of its low density. Due to its unreactive nature, helium is used to provide an inert protective atmosphere essential for making fiber optics and semiconductors and for arc - welding various metals. Helium has applications in leak detection in multiple media, including HVAC systems and gas pipelines. Some gaseous helium mixtures are used to treat respiratory ailments in healthcare applications, and helium is also used in various laser applications and as a cooling medium in small modular nuclear reactors.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any material off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Subsequent Events

On April 2, 2024, $2,500,000 principal amount of the June 12% series convertible debentures were converted to 6,757,500 common shares.

On May 8, 2024, the Company closed a bought deal financing of 66,667,000 units at a price of $0.09 per unit for gross proceeds of $6,000,030. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at $0.12 for a 36 month period. The Company paid $434,666 cash finder's fees and other expenses and issued 3,899,458 broker warrants. The broker warrants are exercisable into units at $0.09 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at $0.12 for a 36 month period from the closing date of the financing.

Environmental Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. As of the date of this MD&A, the Company believes that there are no significant environmental obligations requiring material capital outlays in the next 12 months.

Selected Financial Information

All amounts rounded to thousands of dollars, except for per share amounts.

(000's)	Three Months Ended March 31, 2024 ($)	Year Ended December 31, 2023 ($)	Year Ended December 31, 2022 ($)
Revenue for the period	819	98	-
Net loss for the period	4,423	11,044	4,389
Basic and diluted loss per share	0.02	0.04	0.02
Total assets	88,240	91,815	59,750
Total long-term liabilities	32,892	31,295	376

Selected Quarterly Financial Information

Summary quarterly information is presented in the table below. All amounts rounded to thousands of dollars, except for the per share amounts.

Three Months Ended	Total Revenue ($)	Loss	
		Total ($)	Basic and diluted Per Share ($)
March 31, 2024	819	(4,423)	(0.02)
December 31, 2023	98	(5,331)	(0.02)
September 30, 2023	-	(1,836)	(0.01)
June 30, 2023	-	(2,731)	(0.01)
March 31, 2023	-	(1,146)	(0.00)
December 31, 2022	-	(2,643)	(0.01)
September 30, 2022	-	(978)	(0.01)
June 30, 2022	-	(505)	(0.00)

Results of Operations

Three months ended March 31, 2024 and 2023

RHC's net loss totaled $4,422,882 for the three months ended March 31, 2024, with basic and diluted loss per share of $0.02 compared to a net loss of $1,145,835 with basic and diluted loss per share of $0.00 for the three months ended March 31, 2023. The increase of $3,277,047 in net loss was principally because:

- For the three months ended March 31, 2024, the Steveville helium processing facility operated for the whole quarter whereas in the three month period ended March 31, 2023 the facility was not operational. As a result of the facility operating in 2024, the $3,277,047 increase in loss relates to $1,984,965 operating costs, 815,141 depreciation of facility and related equipment and $1,312,318 increase in financing expense offset slightly by an increase in net revenue of $788,459.

Liquidity and Financial Position

At March 31, 2024, RHC had $15,552 in cash and cash equivalents (December 31, 2023 - $2,611,794) and working capital deficiency of $7,439,849 (December 31, 2023 – working capital deficiency of $6,408,533).

Cash used in operating activities was $1,759,839 for the three months ended March 31, 2024 compared to cash provided of $3,811,486 in the three months ended March 31, 2023.

Cash used by investing activities was $2,433,586 for the three months ended March 31, 2024 compared to $8,969,886 used for the three months ended March 31, 2023. The decrease in net cash used is the result of the Steveville helium processing facility and associated equipment being completed and operational at the end of fiscal 2023.

Cash provided by financing activities was $1,597,183 for the three months ended March 31, 2024 compared to $5,255,356 for the three months ended March 31, 2023. The decrease in net cash provided from financing activities is the result of receiving proceeds from term debt, convertible debt and vendor financed equipment in fiscal 2023.

Financial risk management

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company does not hedge foreign currency exposures. All of the operating assets were located in Canada and majority of the Company's liabilities were also settled in Canada, therefore the Company does not have any significant foreign currency risk.

(b) Credit risk

The maximum exposure to credit risk for deposits approximates the amount recognized as cash, accounts receivable, and environmental deposit in the consolidated statements of financial position. Bank deposits are held with reputable Banks, therefore credit risk is low. The Company does not hold any collateral as security. Accounts receivable are all considered current and primarily relate to GST.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities comprise accounts payable and accrued liabilities which are due within 30 days.

The Company mitigates liquidity risk by planning its project expenditures in advance of undertaking significant commitments.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to helium to determine the appropriate course of action to be taken by the Company.

Capital management

The Company defines the capital that it manages as its working capital. The Company's objectives when managing capital are to manage its business in an effective manner with the goal of increasing the value of its assets. The Company regularly monitors its available capital and, as necessary, adjusts to changing economic circumstances and the risk characteristics of the underlying assets. In order to maintain or adjust capital requirements, the Company may consider the issuance of new shares, the entry into joint venture arrangements or farm-out agreements, or engage in debt financing.

There were no changes in the Company's approach to capital management during the period ended March 31, 2024.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2024, the Company was not in compliance with Policy 2.5. Capital requirements imposed by lending institutions will begin December 31, 2024.

For the three months ended March 31, 2024, the Company used cash in operating activities of $1,759,839 (December 31, 2023 - $5,385,737) and had a working capital deficit of $7,439,849 as at March 31, 2024 (December 31, 2023 - $6,408,533). Although, management has available $2,500,000 of undrawn demand operating loan for working capital purposes, the Company will need additional cash resources to meet liquidity requirements while the Steveville helium plant is brought up to capacity in efforts to generate positive cash flow from operations. To address its liquidity requirements, the Company has entered into a bought deal equity financing for gross proceeds of $6,000,000.

The Company has also historically received support from various lenders and will require this ongoing support. To that end, the Company is required under its current lending arrangements to maintain a cash flow coverage ratio of not less than 1.10:1, a tangible net working capital ratio of not greater than 1.25:1 and a fixed charge coverage ratio of not less than 1.10:1 beginning December 31, 2024. Based on current forecasts management is projecting potential non-compliance with the above noted covenants as at December 31, 2024. There can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment to the covenants, if necessary, prior to December 31, 2024. This potential covenant default may result in the term debt being due on demand and would trigger other cross-covenant defaults.

The continuance of the Company remains dependent upon the discovery of economically recoverable resources in the underlying helium claims and the ability of the Company to increase the current output of the Steveville helium plant to planned capacity in efforts to generate positive cash flows from operations, in addition to obtaining waivers for potential covenant defaults or amendments to the covenant. Although, there remains considerable risk around the Company's ability to address these substantial uncertainties the Company believes the bought deal equity financing will generate cash to address current projected liquidity requirements and that the continued support of the lender will be available to manage lending covenant requirements before December 31, 2024.

Related Party Transactions

The following table summarizes transactions with key management personnel:

Three months ended March 31,	**2024 ($)**	**2023 ($)**
Consulting fees – management	61,836	-
Wages	150,000	150,000
Director fees	73,900	71,400
Total	**285,736**	**221,400**

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the periods presented were as follows:

Three months ended March 31,	**2024 ($)**	**2023 ($)**
Short-term benefits	285,736	221,400
Share-based payments	73,600	-
Total	**359,336**	**221,400**

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

As at March 31, 2024, the Company had $297,770 (December 31, 2023 – $239,014), included in accounts payable and accrued liabilities, owing to its key management personnel and directors for salary and wages.

The Company has an agreement for office space and related services for a monthly fixed fee of $4,000 (2023 - $4,000), with another company that has common management and directors. The Company incurred $12,000 in 2024 (2023 – $12,000) in respect of this agreement and had $39,350 (December 31, 2023 – $26,750), included in accounts payable and accrued liabilities as at March 31, 2024.

Share Capital

As of the date of this MD&A, the Company had 349,385,029 issued and outstanding common shares.

As of the date of this MD&A, the Company had 18,570,000 stock options as follows:

Expiry Date	Exercise Price (CDN)	Total Options	Vested Options
July 17, 2025	$0.23	2,530,000	2,530,000
January 10, 2026	$0.44	4,600,000	4,600,000
July 2, 2026	$0.60	2,850,000	2,850,000
December 1, 2027	$0.26	5,890,000	5,890,000
March 28, 2028	$0.38	500,000	500,000
April 26, 2028	$0.38	500,000	500,000
May 3, 2028	$0.38	250,000	250,000
May 28, 2028	$0.40	500,000	500,000
January 19, 2029	$0.35	950,000	-

As of the date of this MD&A,, the Company had 909,070 deferred share units and 5,963,635 performance share units outstanding, the units do not vest until January 19, 2025.

As of the date of this MD&A, the Company had 156,760,650 warrants as follows:

Expiry Date	Exercise Price (CDN)	Total Warrants
October 13, 2024	$0.32	27,646,250
January 10, 2026	$0.32	21,153,000
June 9, 2026	$0.40	19,731,900
November 14, 2026	$0.31	18,750,000
December 14, 2026	$0.31	2,812,500
May 8, 2027	$0.12	66,667,000

As of the date of this MD&A, the Company had 6,906,364 broker warrant units as follows:

Expiry Date	Exercise Price (CDN)	Total Warrants
October 13, 2024	$0.26	1,605,110
October 19, 2024	$0.26	183,046
November 14, 2024	$0.24	1,050,000
December 14, 2024	$0.24	168,750
May 8, 2027	$0.09	3,899,458

As of the date of this MD&A, the Company had $9,020,000 convertible debentures that convert to common shares as follows:

Maturity Date	Face value (CDN)	Conversion Price (CDN)	Total Common shares on conversion
December 31, 2025	$4,220,000	$0.26	16,230,120
June 30, 2025	$4,800,000	$0.37	12,974,400

Additional Disclosure for Venture Issuers Without Significant Revenue

Three months ended March 31,	2024	2023
Audit and accounting	$ 15,000	$ 15,000
General office and other	620,711	763,834
Investor relations and marketing	208,246	210,915
Legal and professional	98,758	4,185
	$ 942,715	**$ 993,934**

Exploration and Evaluation

	Balance as at January 1, 2023	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at December 31, 2023
Bengough/ Ogema	$ 7,030,519	$ 30,405	$ 866	$ 17,784	$ -	$ (4,673)	$ 7,074,901
Cadillac	312,553	81,691	131,564	-	-	-	525,808
Climax	11,327,876	(43,499)	-	-	-	(6,956)	11,277,421
Coronach	25,952	-	-	-	-	10,352	36,304
Creelman	38,203	6,763	-	-	(38,527)	651	7,090
Francis	41,808	6,818	-	-	(73,821)	33,491	8,296
Midale	31,124	4,360	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,520,013	352,615	23,212	-	(501,746)	(3,165)	23,390,929
Swift current	42,665	-	39,269	-	-	-	81,934
Val Marie	2,983,400	3,798	21,116	-	-	(2,271)	3,006,043
Weyburn	165,411	9,876	-	-	(177,433)	31,565	29,419
40 Mile	99,875	401,735	40,440	-	-	-	542,050
	$ 45,626,613	$ 854,562	$ 256,467	$ 17,784	$ (791,527)	$ 58,994	$ 46,022,893

	Balance as at January 1, 2024	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at March 31, 2024
Bengough/ Ogema	$ 7,074,901	$ 103	$ -	$ -	$ -	$ 2,020	$ 7,077,024
Cadillac	525,808	-	-	-	-	-	525,808
Climax	11,277,421	-	-	-	-	2,350	11,279,771
Coronach	36,304	844	-	-	-	-	37,148
Creelman	7,090	51	-	-	-	-	7,141
Francis	8,296	-	-	-	-	-	8,296
Midale	35,484	-	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,390,929	-	-	-	-	2,280	23,393,209
Swift current	81,934	-	-	-	-	-	81,934
Val Marie	3,006,043	-	-	-	-	784	3,006,827
Weyburn	29,419	104	-	-	-	-	29,523
40 Mile	542,050	-	-	-	-	-	542,050
	$ 46,022,893	$ 1,102	$ -	$ -	$ -	$ 7,434	$ 46,031,429

Included in other exploration costs for the Climax project is an increase of $2,350 (December 31, 2023 – reduction of $6,956) and for the Ogema project is an increase of $2,020 (December 31, 2023 – reduction of $5,976) and for the Val Marie project is an increase of $784 (December 31, 2023 – reduction of $2,319) and for the Steveville project is an increase of $2,280 (December 31, 2023 – reduction of $8,313) which is related to the estimated decommissioning liability.

The Company holds helium exploration permits and helium leases over land in Saskatchewan and Alberta. The Company has annual lease expenditure commitments of approximately $228,878 and annual permit expenditure commitments as follows 2024 - $85,000, 2025 - $65,000, 2026 - $75,000 and 2027 - $nil.

In the year ended December 31, 2023, the Company allowed certain claims to expire as it was determined that future work would be focused on other properties.

In the year ended December 31, 2023, the Company completed its helium processing facility and determined that $501,746 should be transferred from exploration and evaluation assets to helium producing properties included in property, plant and equipment. There were no impairment on the transfer of exploration and evaluation to helium producing properties.

There were no impairment indicators for the exploration and evaluation assets as of March 31, 2024 and December 31, 2023.

Right of use asset

Right of use asset		
Value of ROU as at December 31, 2022	$	-
Initial recognition of ROU		5,037,548
Depreciation		(534,525)
Value of ROU as at December 31, 2023		4,503,123
Depreciation		(273,188)
Value of ROU as at March 31, 2024	**$**	**4,229,935**

Lease liability		
Lease liability as at December 31, 2022	$	-
Initial recognition of lease liability		5,037,548
Lease payments		(677,057)
Lease accretion		280,014
Lease liability as at December 31, 2023		4,640,505
Lease payments		(358,463)
Lease accretion		137,015
Lease liability as at December 31, 2023	**$**	**4,419,057**
Current portion	$	954,959
Long-term portion		3,464,101
		$4,419,057

The Company's total undiscounted amount of cash flow required to settle its lease obligation is approximately $5,560,000 at March 31, 2024 (December 31, 2023 - $5,800,000) and is expected to settle in 2027. The Company applied a discount rate of 12% to calculate the discounted value of the lease obligation at initial recognition.

Decommissioning liabilities

		March 31, 2024		December 31, 2023
Balance, beginning of period	$	663,563	$	375,994
Additions		-		302,093
Change in inflation and discount rate		7,433		(23,564)
Accretion		5,864		9,040
Balance, end of period	$	676,860	$	663,563

The total of the decommissioning liabilities are estimated based on the Company's net ownership interest in all the wells, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be $852,586. The obligations have been discounted using a risk free rate of 3.48% (December 31, 2023 - 3.02%) and an inflation rate of 1.86% (December 31, 2023 - 1.62%) per year. Most of these obligations are not expected to be paid until approximately 10 years in the future and will be funded from general Company resources at that time.

As March 31, 2024, the Company has a $101,550 (December 31, 2023 - $101,550) deposit held by the Saskatchewan government for future site reclamation.

Rent to own debt obligation

Rent to own liability		
Rent to own liability as at December 31, 2022	$	-
Initial recognition of debt		2,775,390
Payments		(873,862)
Rent to own accretion		134,107
Rent to own liability as at December 31, 2023		2,035,635
Payments		(236,631)
Rent to own accretion		59,307
Rent to own liability as at March 31, 2024	**$**	**1,858,311**
Current portion	$	764,677
Long-term portion		1,093,634
	$	**1,858,311**

The Company's total undiscounted amount of cash flow required to settle its rent to own obligation is approximately $2,129,679 at March 31, 2024 (December 31, 2023 - $2,366,310) and is expected to settle in 2026. The Company applied a discount rate of 12% to calculate the discounted value of the rent to own obligation at initial recognition and the asset is held as collateral on the debt obligation.

Convertible debentures

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, December 31, 2022	$ -	$ -	$ -
Issuance - Initial recognition	12,800,000	10,886,000	854,310
Less: Issuance costs		(1,145,899)	-
Interest		848,521	-
Accretion - Interest		652,032	
Conversion	(1,280,000)	(1,003,594)	(122,025)
Balance, December 31, 2023	11,520,000	10,237,060	732,285
Interest	-	(418,558)	-
Accretion - interest	-	254,737	-
Balance, March 31, 2024	**$ 11,520,000**	**$ 10,073,239**	**$ 732,285**

On June 30, 2023, the Company paid accrued debenture interest by issuing 822,044 common shares, valued at $283,605. The interest accrued at the time of the issuance was $299,562, and the $8,246 difference was recorded against interest expense.

Term debt

On April 24, 2023, the Company closed a term debt financing, and received its first draw, with Canadian Western bank ("CWB") and Business Development Bank of Canada ("BDC"), acting pari passu, for $7,500,000 each, $15,000,000 in total.

On December 21, 2023, Canadian Western bank ("CWB") and Business Development bank of Canada, acting pari passu, increased the term loans for $1,800,000 each, and extended the first principal repayment date to February 1, 2024.

As of December 31, 2023, the Company has drawn the full debt facility. During the year ended December 31, 2023 the Company has paid $697,210 interest related to the term debt, $352,695 has been capitalized to property, plant and equipment and $344,515 has been expensed.

On February 23, 2024, the Company received a $3,000,000 repayable contribution from Western Economic Diversification Canada ("WEDC") under the Aerospace Regional Recovery Initiative. The loan is unsecured, non-interest bearing with repayment commencing April 1, 2025 and repayable in 60 monthly payments.

CWB
Prime rate plus 3%, secured by all present and future assets, repayable in monthly blended payments of $134,783 principal plus accrued interest, maturing on February 1, 2030. Repayable at any time without penalty.

Under the terms of the debt, the Company is required to maintain a cash flow coverage ratio of not less than 1.10 and a debt to tangible net work ratio not greater than 1.25, beginning December 31, 2024.

BDC
BDC floating rate, secured by all present and future assets, repayable in monthly blended payments of $132,850 principal plus accrued interest, maturing on February 1, 2030. Once in any 12 month period, the Company can prepay up to 15% of the outstanding principal without penalty.

Under the terms of the debt, the Company is required to maintain a fixed charge coverage ratio of 1.10, beginning December 31, 2024.

In addition, CWB has provided the Company with a $2,500,000 demand operating loan for working capital purposes. At March 31, 2024, $124,926 had been drawn from the demand operating loan. The Company's access to the operating loan is limited to 75% of Canadian trade accounts and 90% of good earned United States trade accounts that are Economic Development Canada insured and do not exceed 90 days aging.

Risk Factors

Helium development

No reserves have been assigned in connection with RHC's property interests to date, given their early stage of development. The future value of RHC is therefore dependent on the success or otherwise of RHC's activities, which are principally directed toward the further exploration, appraisal and development of its assets in Saskatchewan and Alberta, and potential acquisition of additional property interests in the future. Exploration, appraisal and development of helium reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the property interests of RHC will lead to a commercial discovery or, if there is a commercial discovery, that RHC will be able to realize the value of such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage RHC is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, RHC's business, financial condition and / or results of operations and, accordingly, the trading price of RHC shares, is likely to be materially adversely affected. Helium exploration involves a high degree of risk and there is no assurance that expenditures made for future exploration or development activities by RHC will result in discoveries reserves that are commercially or economically viable.

No history of production

RHC's properties are exploration stage only. RHC has never had any material interest in helium producing properties. There is no assurance that commercial quantities of helium will be discovered at any of the properties of RHC or any future properties, nor is there any assurance that the exploration or development programs of RHC thereon will yield any positive results. Even if commercial quantities of helium are discovered, there can be no assurance that any property of RHC will ever be brought to a stage where helium can profitably be produced thereon. Factors which may limit the ability of RHC to produce helium from its properties include, but are not limited to, commodity prices, availability of additional capital and financing and the nature of any helium deposits.

Environmental regulation and risks

All phases of RHC's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect RHC's operations. Environmental hazards may exist on the properties in which RHC holds interests that are unknown to RHC at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with RHC's direct and indirect operations. To the extent such approvals are required and not obtained, RHC may be curtailed or prohibited from continuing its helium exploration operations or from proceeding with planned exploration or development of its properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of natural resource properties may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.
Amendments to current laws, regulations and permits governing operations and activities of helium companies, or more stringent implementation thereof, could have a material adverse impact on RHC and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Requirement for permits and licenses

The operations of RHC require it to obtain licenses for operating, permits, and in some cases, renewals of existing licenses and permits from authorities in Saskatchewan. RHC believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of RHC to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies.

Insurance and uninsured risks

RHC's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, mechanical failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to helium properties and / or production facilities, personal injury or death, environmental damage to the properties of RHC, or the properties of others, delays in exploration, development and production activities, monetary losses and possible legal liability.

Although RHC maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with helium operations. RHC may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production activities is not generally available to RHC or to other companies in the helium industry on acceptable terms. RHC might also become subject to liability for pollution or other hazards that may not be insured against or which RHC may elect not to insure against because of premium costs or other reasons. Losses from these events may cause RHC to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance that the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

Price volatility of publicly traded securities

In recent years, the securities markets throughout the world, including in the United States and Canada, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

The value of securities qualified hereunder will be affected by market volatility. An active public market for the common shares might not be sustained. If an active public market for the common shares is not sustained, the liquidity of a shareholder's investment may be limited and the share price may decline.

Conflicts of interest

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate law.

Caution Regarding Forward-Looking Statements

Certain statements contained in this report constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions and statements relating to matters that are not historical facts constitute "forward looking information" within the meaning of applicable Canadian securities legislation. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated. Such forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this report should not be unduly relied upon. These statements are made only as of the date of this report.

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company's ability to meet its working capital needs at the current level for the period ending March 31, 2024, subject to the Company identifying suitable assets or businesses to acquire or merge with requiring additional financing.	The operating activities of the Company for the period ending March 31, 2024, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
The potential of RHC's permits and leases to contain economic helium reserves. See "Helium Prospects" below.	Financing will be available for future exploration and development of RHC's leases; the actual results of RHC's exploration and development activities will be favourable; operating, exploration, development and production costs will not exceed RHC's	Helium market prices volatility; uncertainties involved in interpreting geological and geophysical data; the possibility that future exploration results will not be consistent with RHC's expectations; availability of financing for and actual results of RHC's exploration and

	expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to RHC; applicable political and economic conditions will be favourable to RHC; the market prices for helium and applicable interest and exchange rates will be favourable to RHC.	development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest and exchange rates fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff and obtain all required permits in a timely manner on acceptable terms.
Management's outlook regarding future trends.	Financing will be available for the Company's operating activities.	Changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

Additional Information:

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca and the Company's website at www.royalheliumltd.com.

Andrew Davidson, CEO