ROYAL HELIUM LTD.

(Formerly RHC Capital Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

- **Dated July 26, 2019**

Introduction

This Management's Discussion and Analysis of the financial condition and results of operation ("MD&A") of Royal Helium Ltd. (formerly RHC Capital Corporation) (the "Company" or "RHC" "we" or "us") has been prepared based upon information available to the Corporation as at July 26, 2019 and should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto as at and for the three and six months ended June 30, 2019 and the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2018. All financial data in this MD&A is reported in Canadian dollars, is stated in thousands of dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 three-month period ending June 30, 2019, 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 three-month period ending June 30, 2019, 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 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 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;	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 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. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

RHC's Strategic Objectives

RHC is focused primarily on helium production from its newly acquired helium leases in Saskatchewan (see "Acquisition of Royal Helium Corporation"). 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 through analysis of existing well data, seismic and geological data and is associated with some of the highest known helium concentrations in Saskatchewan. 45% of the Company's properties are on 21 year helium leases from the Government of Saskatchewan and all are in close vicinity to highways, roads, cities and oil & gas infrastructure. Helium is a non-substitutable and non-renewable commodity needed in may high-tech and health care industries, with specific applications in rocketry, semiconductors, electronics, and in super cooling for MRI's. As these sectors continue to expand, the demand for helium expands in concert.

Saskatchewan is a strategic location for the exploration for and production of helium. Helium is created through the breakdown of uranium and thorium. Saskatchewan is well recognized as a world leading jurisdiction for uranium deposits and production.

On February 27, 2017, the Company began trading on the NEX board of the TSX Venture Exchange ("TSX-V") under the trading symbol "RHC.H". On July 25, 2017, the Company resumed trading on the TSX-V under the trading symbol "RHC".

Previously, the Company was engaged in the acquisition, exploration, development and production of oil and natural gas reserves in North America.

These condensed consolidated interim financial statements include the accounts of RHC together with its wholly owned subsidiary, Royal Helium Exploration Limited ("Royal Helium").

Highlights

During the six months ended June 30, 2019:

- The Company completed the sale and transfer of the Torq oil and gas assets and received its environmental deposit refund from the Saskatchewan Ministry of Economy.
- Completed a technical, geological and economic study of the core properties
- Engaged in a 2D seismic data acquisition and interpretation program

Helium Prospects

Helium Market

The current global market is estimated to be ~8 Billion Cubic feet ("cf") annually, with the price of bulk liquid helium rising by more than 100% in the past ten years. Pricing information is generally determined through private contracts for both liquid and gaseous forms, though liquid helium tends to sell at a significant premium to the gaseous equivalent volume. The US Bureau of Land Management (BLM) does, however, post recent and historical auction results for crude helium sales from its reserves (https://www.blm.gov/programs/energy - and - minerals/helium/federal - heliumoperations).

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 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 metal. 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.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any 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.

Proposed Transactions

The Company routinely evaluates various business development opportunities that could entail farm-ins, farm-outs, acquisitions, trades and / or divestitures The Company does not have any new or proposed transactions contemplated as of the date of this report.

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 immediate future.

Selected Annual Financial Information

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

	6 Months Ended June 30, 2019 ($)	12 Months Ended December 31, 2018 ($)	5 Months Ended December 31, 2017 ($)
Revenue for the period	-	-	-
Net loss for the period	74	2,396	292
Basic and diluted loss per share	0.00	0.02	0.00
Total assets	2,299	2,795	5,042
Total long-term liabilities	-	-	538

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 ($)	Income (loss)	
		Total ($)	Per Share ($)
June 30, 2019	-	1	0.00
March 31, 2019	-	(74)	(0.00)
December 31, 2018	-	(2,059)	(0.01)
September 30, 2018	-	(88)	(0.00)
June 30, 2018	-	(94)	(0.00)
March 31, 2018	-	(155)	(0.00)
December 31, 2017	-	(218)	(0.00)
October 31, 2017	-	(74)	(0.00)
July 31, 2017	-	(338)	(0.00)

Results of Operations

Six months ended June 30, 2019 and 2018

RHC's net loss totaled $73,946 for the six months ended June 30, 2019, with basic and diluted loss per share of $0.00 compared to a net loss of $248,709 with basic and diluted loss per share of $0.00 for the six months ended June 30, 2018. The decrease of $174,763 in net loss was principally because:

- For the six months ended June 30, 2019, management negotiated debt settlements with vendors at significant discounts from the balance owing for immediate cash payment. The gain recorded from debt settlements was $83,633.
- For the six months ended June 30, 2019, salary and salary related expenses decreased by $32,016 to $nil. The decrease is attributable to their being no employees in the current year compared to just one in the prior period. The Company relies on consultants in its operations.
- For the six months ended June 30, 2019, legal and professional decreased $6,911 to $18,159. The decreased cost relates to when the Company requires legal and professional services. Such services are required in business transactions and general business matters.
- For the six months ended June 30, 2019, audit and accounting decreased $9,159 to $12,720. The decrease is attributed to the Company using existing consultants for accounting services at no additional cost to the Company. In the prior period, the Company relied on additional consultants to complete accounting services.
- For the six months ended June 30, 2019, stock based compensation expense decreased $63,873 to $nil. The decrease is attributed to no stock options being issued in the period.
- For the six months ended June 30, 2019, general office and other Increased $20,829 to $126,700. The increase is attributed to the Company increasing business activities.

Three months ended June 30, 2019 and 2018

RHC's net income totaled $504 for the three months ended June 30, 2019, with basic and diluted income per share of $0.00 compared to a net loss of $94,171 with basic and diluted loss per share of $0.00 for the three months ended June 30, 2018. The decrease of $94,675 in net loss was principally because:

- For the three months ended June 30, 2019, management negotiated debt settlements with vendors at significant discounts from the balance owing for immediate cash payment. The gain recorded from debt settlements was $83,633.
- For the three months ended June 30, 2019, salary and salary related expenses decreased by $19,658 to $nil. The decrease is attributable to their being no employees in the current year compared to just one in the prior period. The Company relies on consultants in its operations.
- For the three months ended June 30, 2019, legal and professional increased $6,190 to $10,883. The increased cost relates to when the Company requires legal and professional services. Such services are required in business transactions and general business matters.
- For the three months ended June 30, 2019, audit and accounting decreased $3,552 to $6,360. The decrease is attributed to the Company using existing consultants for accounting services at no

additional cost to the Company. In the prior period, the Company relied on additional consultants to complete accounting services.

- For the three months ended June 30, 2019, stock based compensation expense decreased $26,250 to $nil. The decrease is attributed to no stock options being issued in the period.
- For the three months ended June 30, 2019, general office and other increased $32,228 to $65,886. The increase is attributed to the Company increasing business activities and changing compensation structure as new management transitions into the Company

Liquidity and Financial Position

At June 30, 2019, RHC had $185,318 in cash and cash equivalents (December 31, 2018 - $44,988) and working capital deficiency of $104,703 (December 31, 2018 – working capital deficiency of $69,815).

Cash used in operating activities was $319,490 for the six months ended June 30, 2019 compared to cash used of $338,283 in the six months ended June 30, 2018. Operating activities were affected by the net loss of $73,946, $83,633 gain on debt settlement and the negative change in non-cash working capital balances of $161,911.

Cash provided in investing activities was $173,440 for the three months ended June 30, 2019 compared to $539,970 net cash used for the three months ended June 30, 2018. The increase in net cash provided is the result of the Company receiving a refund of its environmental liability deposit and reducing its exploration activities.

Adopted Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.
Effective (proposed) for annual periods beginning on or after January 1, 2019:

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of the above standards on its consolidated financial statements other than increased disclosure.

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, amounts 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.

(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. The Company anticipates that it will continue to have adequate liquidity to fund its financial liabilities through its future cash flows.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had a cash and cash equivalents balance of $185,318 (December 31, 2018 - $44,988) to settle current liabilities of $310,204 (December 31, 2018 - $1,018,626).

(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 periods ended June 30, 2019 and 2018.

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 June 30, 2019, the Company may not be compliant with Policy 2.5 because the Company has negative working capital. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

Related Party Transactions

The following table summarizes transactions with related parties:

For the six months ended June 30,	2019 ($)	2018 ($)
Consulting fees – Andrew Davidson	30,000	48,000
Consulting fees – Tom MacNeill	30,000	-
Consulting fees – Jeff Sheppard	30,000	-
Consulting fees – Scott Newman	-	48,333
Consulting fees – John Jeffrey	-	48,000
Key management compensation	-	90,411
Exploration – Axiom Exploration	-	6,584
Total	**90,000**	**241,328**

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:

For the six months ended June 30,	2019 ($)	2018 ($)
Short-term benefits	90,000	177,455
Share-based payments	-	63,873
Total	**90,000**	**241,328**

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 June 30, 2019, the Company had $75,470 (December 31, 2018 – $157,650), included in accounts payable and accrued liabilities, owing to its key management personnel. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Share Capital

As of the date of this MD&A, the Company had 181,031,947 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Expiry Date	Exercise Price (CDN)	Total Options	Vested Options
November 1, 2027	$0.15	500,000	500,000
March 19, 2028	$0.09	100,000	100,000
		600,000	**600,000**

Subsequent Events

Subsequent to the period, all of the warrants outstanding at June 30, 2019 expired unexercised.

Additional Disclosure for Venture Issuers Without Significant Revenue

For the six months ended June 30,	2019	2018
Salary and salary related	$ -	$ 32,016
Legal and professional	18,159	25,070
Audit and accounting	12,720	21,879
Stock-based compensation	-	63,873
General office and other	126,700	105,871
	$ 157,579	**$ 248,709**

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.
In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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 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.

Additional Information:

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Andrew Davidson, President and CEO