

# Royal Helium Ltd. Enters Into Agreement To Acquire Imperial Helium Corp.

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SASKATOON, SK and CALGARY, AB, May 2, 2022 /CNW/ - [Royal Helium Ltd.](#) (TSXV: RHC) ("Royal") and Imperial Helium Corp. (TSXV: IHC) ("Imperial" or "IHC") are pleased to announce that they have entered into an agreement dated May 2, 2022 (the "Arrangement Agreement") to effect the arm's length acquisition of Imperial by Royal through a plan of arrangement (the "Arrangement"). Under the terms of the Arrangement, Imperial Shareholders (as defined herein) will receive 0.614 of a Royal common share (each whole share, a "Royal Share") for each Imperial common share ("Imperial Share") held, which equates to a 10.01% premium to Imperial shareholders based on the closing price for Imperial and Royal on April 29, 2022.

## Strategic Highlights and Benefits of the Arrangement

The board of directors and executive management teams of both Royal and Imperial believe that the Arrangement will provide significant benefits to the shareholders of both companies. The Arrangement:

- represents an attractive opportunity for Imperial Shareholders to own shares in a larger, more liquid publicly traded entity at an exchange ratio that implies a 10.01% premium to the current trading price of Imperial Shares;
- allows Imperial Shareholders to participate in the exploration and development growth upside with Royal's 1 million+ acre helium land base comprised of over 10 separate potential helium fairways that has seen over \$20 million of capital investment to date in the form of magnetic surveys, seismic surveys, geoscience and exploration drilling;
- creates a larger entity with increased access to capital to enable the financing of ongoing exploration, development and processing plant expenditures;
- represents the accretive acquisition of two ready-to-produce helium wells to bring on production along with Royal's Climax wells;
- increases Royal's near-term production assets and expected early cash flow;
- creates a logical consolidator of additional helium exploration and development opportunities with Imperial Shareholders expected to realize the benefit of being early shareholders;
- creates an entity with significant indicative helium capacity enabling the expedition of offtake discussions and increased opportunity to monetize assets;
- materially reduces Royal and Imperial's aggregate general and administrative costs;
- creates an entity of a scale that is expected to be more relevant to international investors with the combination creating one of the largest diversified helium companies listed on a Canadian exchange; and
- reduces the exploration risk of Imperial Shareholders by offering upside exposure to all of Royal's exploration lands.

Andrew Davidson, President and Chief Executive Officer of [Royal Helium Ltd.](#) states, "We are excited to have entered into this agreement with Imperial. The Steveville property, along with all of the other properties that Imperial has been targeting, make an accretive addition to Royal's near-term Climax field as well as adding to the expansive properties currently held by Royal. This acquisition would allow Royal to initiate production and significant cash flow from multiple fields near term, accelerate its production profile and enhance future growth for all shareholders."

Kyler Hardy, Co-Chairman of Imperial Helium Corp. commented, "Imperial sees this agreement as an opportunity to be a part of a bigger and stronger helium exploration and development company. Following Royal's successful exploration campaign at Climax, they have completed some tremendous work to make helium production in Canada a near term reality and the addition of the Steveville property will further assist in achieving this goal. The combined company will be very well positioned to offer stable supply of helium to the world's largest market at a time when existing supplies are challenged by geopolitical events."

## Summary of the Arrangement

Pursuant to the Arrangement Agreement, Royal has agreed to acquire all of the issued and outstanding Imperial Shares (including Imperial Shares issuable on the vesting and conversion of preferred shares of Imperial) by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "BCBCA") and the terms of a final order of the Supreme Court of British Columbia (the "Court") under Section 291 of the BCBCA. Pursuant to the terms of the Arrangement, shareholders of Imperial (the "Imperial Shareholders") will receive 0.614 (the "Exchange Ratio") of a Royal Share, for every Imperial Share held. Imperial Shareholders will retain a meaningful stake in the combined entity and exposure to the continued success of the combined company.

Following the Arrangement, each outstanding warrant to purchase an Imperial Share (the "Imperial Warrants") outstanding shall receive upon the exercise of such Imperial Warrant, in lieu of each Imperial Share to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the fraction of a Royal Share represented by the Exchange Ratio that the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the effective time of the Arrangement, such holder had been the registered holder of the number of Imperial Shares to which the holder was theretofore entitled upon the exercise of such Imperial Warrant. Pursuant to the Arrangement, outstanding stock options to acquire Imperial Shares will be exchanged for options to acquire Royal Shares, at numbers and exercise prices adjusted for the Exchange Ratio, and exercisable for a period of 30 days following closing.

The Arrangement Agreement contains representations and warranties for the benefit of each of Royal and Imperial, conditions relating to Imperial Shareholder, Court and regulatory approvals, material adverse changes and compliance with the Arrangement Agreement as are in each case customary in comparable transactions of this nature.

Completion of the Arrangement is subject to a number of conditions being satisfied or waived by one or both of Royal and Imperial at or prior to closing of the Arrangement, including approval of the Imperial Shareholders, together with any requisite minority approvals, the receipt of all necessary regulatory and Court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature.

Details of this arm's-length Arrangement will be disclosed in a management information circular of Imperial, which will be mailed to Imperial Shareholders and will also be available on SEDAR at [www.sedar.com](http://www.sedar.com). A copy of the Arrangement Agreement will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

It is expected that the special meeting of Imperial Shareholders (the "Meeting") to approve the proposed Arrangement will be held in the second half of June 2022 and, if approved at the Meeting, it is expected that the Arrangement would close shortly thereafter.

Currently, Royal has 142,741,726 shares outstanding, and will have 203,843,231 shares outstanding once the Arrangement is completed.

There are no finders fees payable in conjunction with the Arrangement.

## Governance

At closing, the board of directors of Royal will be increased to include one additional member from Imperial's board of directors and will be led by Royal's current Chairman, Andrew Davidson. Further, incumbent senior officers, management and employees of Royal shall be retaining their current positions after closing.

## Shareholder Approvals, Support Agreements and Closing

Implementation of the Arrangement will be subject to the approval of Imperial Shareholders at a special meeting to be held in the second half of June 2022, by a majority of not less than two-thirds of the votes cast by Imperial Shareholders.

Management, insiders and directors of Imperial holding approximately 16% of the outstanding Imperial Shares on a diluted basis including outstanding performance shares have entered into support agreements under which they have agreed, among other things, to vote in favour of the Arrangement.

The Arrangement Agreement provides for non-solicitation covenants on the part of Imperial with respect to alternative transactions, subject to its ability to consider, pursuant to the fiduciary obligations of the Imperial board of directors, a proposal for an alternative transaction that meets specified criteria and the right of Royal to match any such proposal, and for the payment of certain fees by Imperial if the Arrangement Agreement is terminated. The Arrangement Agreement includes break fee of \$1,000,000 payable by Imperial to Royal pursuant to the terms of the Arrangement Agreement.

#### Fairness Opinion

Haywood Securities Inc. has provided the board of directors of Imperial with an opinion to the effect that, as of the date of the Arrangement Agreement, the consideration to be received by the Imperial Shareholders under the Arrangement is fair, from a financial point of view, to such Imperial Shareholders.

#### Advisors

Cormark Securities Inc. is acting as the exclusive financial advisor to Royal with respect to the Arrangement. Bennett Jones LLP is acting as Royal's legal advisor.

Eight Capital is acting as financial advisor to Imperial. Borden Ladner Gervais LLP is acting as Imperial's legal advisor.

#### Recommendation of the Imperial Board

The Arrangement Agreement has been approved by the board of directors of Royal and Imperial, and the board of directors of Imperial recommends that the Imperial Shareholders vote in favour of the Arrangement.

#### About Royal Helium Ltd.

Royal controls over 1,000,000 acres of prospective helium land in southwestern and south-east Saskatchewan. All of Royal's lands are in close vicinity to highways, roads, cities and importantly, close to existing oil and gas infrastructure, with a significant portion of its land in close proximity to existing helium producing locations. With stable, rising prices and limited, non-renewable sources for helium worldwide, Royal intends to become a leading North American producer of this high value commodity.

#### About Imperial Helium Corp.

Imperial Helium Corp. is focused on the exploration and development of helium assets in North America, initially through the anticipated commercialization of its Steveville, Alberta helium discovery.

#### Forward-Looking Information

This news release contains certain forward-looking information and statements within the meaning of applicable Canadian securities laws concerning the proposed transaction and the business, operations and financial performance and condition of Royal and Imperial. Forward-looking statements and forward-looking information include, but are not limited to, the successful completion of proposed acquisition; synergies and financial impact of the acquisition; the benefits of the development potential of the properties of Royal and Imperial; the future price of helium; the estimation of reserves and resources; the realization of reserve estimates; the timing and amount of any estimated future production; costs of production; success of exploration activities; market volatility and disruptions in many aspects of Royal's and Imperial's business due to a pandemic virus outbreak, such as COVID-19, resulting from government policies restricting mobility

assembly, or contact to, employees and suppliers across the global supply chain; and currency exchange rate fluctuations. Except for statements of historical fact relating to Royal and Imperial, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of the management of Royal or Imperial at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Royal or Imperial and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include: risks of the helium exploration and development industry; the spread of COVID-19 and its variants and the impact of government policies to ameliorate COVID-19 and its variants; failure of plant, equipment or processes to operate as anticipated; changes in market conditions; risks relating to operations; fluctuating helium prices and currency exchange rates; changes in project parameters; and the possibility of project cost overruns or unanticipated costs.

These factors are discussed in greater detail in Royal's most recent annual information form, and the most recent management's discussion and analysis for each of Royal and Imperial, which are filed on Royal's and Imperial's respective SEDAR profiles and provide additional general assumptions in connection with these statements. Royal and Imperial caution that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Royal and Imperial believe that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon.

#### Contact

[Royal Helium Ltd.](#), Andrew Davidson, President and Chief Executive Officer, Tel: 306-229-2655, Email: [davidson@royalheliumltd.com](mailto:davidson@royalheliumltd.com); Or Dean Nawata, Business Development, Tel: 604-561-2821, Email: [dean@royalheliumltd.com](mailto:dean@royalheliumltd.com), Website: <https://royalheliumltd.com/>; Imperial Helium Corp., Kyle Hardy, Co-Chairman, Tel: 250-877-1394, Email: [khardy@cronincapital.ca](mailto:khardy@cronincapital.ca), Website: <https://imperialhelium.ca/>. Although Royal and Imperial have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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<https://www.rohstoff-welt.de/news/414035--Royal-Helium-Ltd.-Enters-Into-Agreement-To-Acquire-Imperial-Helium-Corp.html>

Neither Royal or Imperial undertakes any obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

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