

Royal Helium Closes \$5.5 Million "Bought Deal" Private Placement of Subscription Receipts

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SASKATOON, Jan. 10, 2023 - [Royal Helium Ltd.](#) (TSXV: RHC) (TSXV: RHC.WT) (OTCQB: RHCCF) ("Royal" or the "Company") is pleased to announce the closing of its previously announced "bought deal" private placement of 5,500 non-transferrable subscription receipts (each a "Subscription Receipt") at an issue price of \$1000 per Subscription Receipt for aggregate gross proceeds of \$5,500,000 (the "Offering"). The Offering was led by Eight Capital (the "Underwriter").

Each Subscription Receipt is convertible into one unsecured convertible debenture unit of the Company (each, a "Debenture Unit"), upon the completion of certain Escrow Release Conditions (as defined herein). Each Debenture Unit shall consist of one 14% unsecured convertible debenture in the principal amount of \$1,000 (a "Convertible Debenture") with a maturity date of December 31, 2025 (the "Maturity Date") and 3,846 common share purchase warrants (each, a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one common share (a "Share") of the Company (a "Warrant Share"), at an exercise price of \$0.32 per Warrant Share for a period of 36 months. The Company may elect to accelerate the expiry date of the Warrants in the event the volume-weighted average trading price (the "VWAP") exceeds \$0.65 per Share for 20 consecutive trading days.

The Convertible Debentures will be convertible at the holder's option into Shares at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the date fixed for redemption of the Convertible Debentures at a conversion price of \$0.26 per Share (the "Conversion Price").

Interest on the Convertible Debentures, underlying the Debenture Units, will accrue commencing on the escrow release date at a rate of 14% per annum and shall be payable semi-annually in arrears, beginning on June 30, 2023. At the Company's option, provided no event of default has occurred and is continuing and provided all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Shares are listed), interest may be paid in cash or paid-in-kind through the issuance of freely tradable Shares. The number of Shares to be issued in satisfaction of the Company's interest obligation shall be calculated based on the four day VWAP of the Shares commencing 2 trading days immediately prior to the notice from the Company that it has elected to satisfy its interest obligations in Shares.

The gross proceeds from the sale of the Subscription Receipts, less the expenses related to the Offering (the "Escrowed Proceeds") were deposited and will be held in escrow by Computershare Trust Company of Canada ("Computershare"), as subscription receipt agent, pending satisfaction of the Escrow Release Conditions, all in accordance with the terms of the subscription receipt agreement entered into among the Company, the Underwriter and Computershare. The Company shall pay the Underwriter a cash fee equal to 6.0% of the gross proceeds of the Offering (the "Underwriting Fee") on the satisfaction of the Escrow Release Conditions.

The proceeds shall be released from escrow, upon notice to Computershare on or prior to 5:00 pm (Calgary time) on February 28, 2023 (the "Release Deadline"), if: (i) the Company enters into a definitive credit agreement pursuant to which the Company shall receive additional financing of not less than \$15 million; and (ii) the Company and the Underwriter (on its own behalf and on behalf of any syndicate) deliver such notice to Computershare confirming that the conditions set forth in (i) have been met (together, the "Escrow Release Conditions"). In the event that the Escrow Release Conditions are not met by the Release Deadline, the Escrowed Proceeds held by Computershare, plus all interest and income, if any, earned thereon, will be returned to the holders of Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled.

The net proceeds of the Offering will be used to fund capital expenditures related to the Company's

Steveville production facilities and for general corporate purposes.

The Subscription Receipts and the Convertible Debentures and the Warrants comprising the Debenture Units will not be listed on any stock exchange, though the Company has received the conditional approval of the TSX Venture Exchange (the "TSXV") to list the Shares issuable upon conversion of the Convertible Debenture on the TSXV.

The Subscription Receipts and the Convertible Debentures and the Warrants comprising the Debenture Units (and any Shares issuable upon conversion or exercise thereof, as applicable) are subject to a four-month and one day statutory hold period under applicable Canadian securities laws, ending May 11, 2023.

About Royal Helium Ltd.

Royal controls over 1,000,000 acres of prospective helium land across southern Saskatchewan and southeastern Alberta. 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. Royal's helium reservoirs are carried primarily with nitrogen. Nitrogen is not considered a greenhouse gas ("GHG") and therefore has a low GHG footprint when compared to other jurisdictions that rely on large scale natural gas production for helium extraction. Helium extracted from wells in Saskatchewan and Alberta can be up to 99% less carbon intensive than helium extraction processes in other jurisdictions.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

This news release includes certain statements that may be deemed to be "forward-looking statements". All statements in news this release, other than statements of historical facts, that address events or developments that management of the Company expects, are forward-looking statements, including, the Company's intended use of the net proceeds of the Offering. Although management believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. The Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change. Factors that could cause actual results to differ materially from those in forward-looking statements, include market prices, exploration and development successes, continued availability of capital and financing, and the Company's operating conditions. Please see the public filings of the Company at www.royalhelium.com for further information.

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