

## **Desert Mountain Energy Corp. (DME-V)**

# A Return to AZ May Be in the Cards

Desert Mountain provided an update on recent advancements at both its New Mexico and Arizona assets. While the progress in New Mexico has been slow due to facility issues that should now be behind it, there appears to be a light at the end of the tunnel for DME in Arizona.

Value in AZ may be brought back into the fold. Ever since DME moved its helium processing facility from Arizona to New Mexico in summer 2023, it has been working in the background with regulatory agencies and lawmakers to allow helium production in Arizona. We understand legislation to that effect is close as there is bipartisan support a bill in that regard. Although a law supporting helium production is still months away, DME has been in discussions with Beam Earth and Hethos Ltd. For the potential to build a hydrogen powered plant similar in design to DME's original plant in order to process helium and hydrogen at the McCauley field. Recall that DME has drilled 8 wells at McCauley with helium concentrations of 3%-4%.

1st helium sales from New Mexico expected this quarter. DME has experienced numerous delays in getting its helium processing plant operational at its West Pecos field, but those issues should be behind the company now. The 1st sale of helium is expected in February with a truckload of helium sales coming every 18-21 days thereafter. DME is also actively negotiating a new natural gas contract for its West Pecos production, which would presumably allow for higher production of natural gas and helium.

One-time revenue adjustment hits FQ4/24 results. The company's FQ4/24 (Sept) results were behind our expectations due to a one-time adjustment requested by the new auditors involving a change from the previous owners to DME that resulted in negative net revenue for the quarter. DME ended FYE24 with \$1.3 million of working capital surplus, down from a \$12.6 million surplus a year prior as the \$3.9 million cost to relocate and start the plant was materially higher than expected. We expect minimal capex over the next couple of quarters now that the plant is operational. A potential sale of its solar assets in Arizona for US\$5-US\$7 million would shore up the balance sheet. FYE24 reserves showed a 14% increase in reserves to 15.4 bcf, but the reserves value was little changed due to a lower gas price assumption. DME's 2p NAV was down to \$0.08/sh due almost entirely to the reduction in working capital surplus.

**Conclusion & Recommendation**: We are encouraged to see progress in Arizona regarding He production as we contend that area holds much higher potential for DME. Although timing for getting back to operations in AZ is uncertain, it could be with minimal capital outlay for DME if Beam Earth can secure funding for a plant. Under that scenario, there is massive upside to our forecasts. For now, our estimates are based on the New Mexico operations. We have trimmed our price target to \$0.50, which tracks to a 7.5x EV/EBITDA multiple of our F2026 forecasts. We maintain our Spec Buy rating.

Operational Update						
Spec Buy (unc	:h)	\$0.50	(was \$0.60)			
Recent/Closing Price 12-month Target Price Potential Return 52 Week Price Range		\$0	.27 .50 5% - \$0.47			
Estimates						
YE: Sept 30  Nat Gas prod (mmcf/d)  Helium prod (mcf/d)  Revenue (\$M)  EBITDA (\$M)	1.4 0 \$0.9 (\$3.6)	1.7 11 \$4.9 (\$0.5)	FY26E  2.8  24  \$12.0  \$5.7			
EPS (FD)	(\$0.05)	(\$0.02)	\$0.04			
Valuation						
YE: Sept 30 EV/EBITDA		<b>FY25E</b> -49.8x	<b>FY26E</b> 4.2x			
EV/MCFPD		\$2,397,867	\$1,010,700			
P/E		neg	0.0x			
Shares Outstanding  Basic  Fully Diluted  Market Cap (C\$M)  Basic		90.3 113.4 \$24.4				
Fully Diluted		\$30.6				
FQ4/24 Net Debt/(Cash) (\$	SM)	\$(1.3)				
Enterprise Value (\$M)		\$23.1				
Desert Mountain Energy is fo production of primary heliu All prices in C	m and noble	e exploration, dev gases in the U.S. therwise state	Southwest.			
0.04 0.25 0.02 0 0.21 Aug 24 Sep 24 — Price		ov 24 Dec 24	0.25 Jan 25			



# Operating & Financial Summary

Price   \$0.27   Shores O/5 - basic (mm)   90.3   P/FFC (diluted)   90.3   P/FFC (diluted)   90.5	-49.0x 4.2 -74.3x 4.2 neg 6.7 neg 6.7 s14,953 \$8,14  F2025E F2026 \$7.86 \$11.28 (\$0.52) \$0.30 (\$1.47) \$1.4 \$5.87 \$9.55 (\$6.71) \$4.22 \$0.00 \$0.00 (\$0.52) \$5.47 \$95.37) (\$90.00 (\$1.92) \$1.12 \$0.00 \$0.00 (\$1.92) \$1.12 \$0.00 \$0.00 (\$1.92) \$3.43	-74.3x neg \$14,953 \$14,953 \$14,953 \$14,953 \$14,953 \$1,471 \$5.87 \$6.711 \$0.32 \$0.00 \$0.52 \$0.00 \$0.00 \$0.00	569% 348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	EV/EBITDA P/FFO (diluted) P/E EV/production (\$/mcf/d)  Price/ PDP NAV Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe) Revenue Royalties Operating & Trans Operating Netback G&A Interest	90.3 60.8 113.4 \$24 \$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Price Shares O/S – basic (mm) Shares O/S – float (mm) Shares O/S – f.d. (mm) Market cap (\$mm) Enterprise value (\$mm) 52-week range Total projected return  COMMODITY PRICES
Shares O/S - basic (mm)	-74.3x 4.2 neg 6.7 s14,953 \$8,14  F2025E F2026 \$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 \$5.87 \$9.57 (\$6.71) (\$4.22 \$0.32 \$0.12 \$0.32 \$0.12 \$0.00 \$0.00 (\$0.52) \$5.47 \$995.37) (\$90.00 (\$1.92) (\$1.12 \$0.00	-74.3x neg \$14,953 \$14,953 \$14,953 \$14,953 \$14,953 \$1,471 \$5.87 \$6.711 \$0.32 \$0.00 \$0.52 \$0.00 \$0.00 \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	P/FFO (diluted) P/E EV/production (\$/mcf/d)  Price/ PDP NAV Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe) Revenue Royalties Operating & Trans Operating Netback G&A Interest	90.3 60.8 113.4 \$24 \$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Shares O/S – basic (mm) Shares O/S – float (mm) Shares O/S – f.d. (mm) Market cap (\$mm) Enterprise value (\$mm) 52-week range Total projected return  COMMODITY PRICES
Shares O/S - float (mm)   113.4   EV/production (\$/mcf/d)   \$1	neg 6.7 \$14,953 \$8,14 \$14,953 \$8,14 \$14,953 \$8,14 \$11,28	neg \$14,953 F2025E \$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	P/E EV/production (\$/mcf/d)  Price/ PDP NAV Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe) Revenue Royalties Operating & Trans Operating Netback G&A Interest	60.8 113.4 \$24 \$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Shares O/S – float (mm) Shares O/S – f.d. (mm) Market cap (\$mm) Enterprise value (\$mm) 52-week range Total projected return  COMMODITY PRICES
Shares O/S - f.d. (mm)   Shares O/S - f.d. (	F2025E F2026 \$7.86 \$11.28 \$(\$0.52) \$0.30 \$(\$1.47) \$1.4 \$5.87 \$9.53 \$(\$6.71) \$4.22 \$0.32 \$0.12 \$0.30 \$0.01 \$95.37 \$90.00 \$0.52) \$5.47 \$95.37 \$90.00 \$0.00 \$0.00 \$0.00 \$0.00 \$1.92) \$1.12 \$0.00 \$0.00 \$1.92) \$1.12 \$1.92 \$1.12 \$	\$14,953 \$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	EV/production (\$/mcf/d)  Price/ PDP NAV Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe) Revenue Royalties Operating & Trans Operating Netback G&A Interest	113.4 \$24 \$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Shares O/S – f.d. (mm) Market cap (\$mm) Enterprise value (\$mm) 52-week range Total projected return  COMMODITY PRICES
Market cap (\$mm)	F2025E F2026 \$7.86 \$11.26 (\$0.52) (\$0.30 (\$1.47) \$1.4 \$5.87 \$9.57 (\$6.71) (\$4.27 \$0.32 \$0.12 \$0.00 \$0.00 (\$0.52) \$5.47 \$95.37) (\$90.00 (\$1.92) (\$1.12 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$1.920 \$1.12 \$1.920 \$1.12	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Price/ PDP NAV Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe) Revenue Royalties Operating & Trans Operating Netback G&A Interest	\$24 \$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Market cap (\$mm) Enterprise value (\$mm) 52-week range Total projected return  COMMODITY PRICES
Section   Sect	\$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 (\$5.87 \$9.5) (\$6.71) (\$4.22 \$0.00 \$0.00 (\$0.52) \$5.41 (\$9.00 \$0.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$0.00 \$0.00 \$0.00 (\$0.18 \$0.00	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe)  Revenue Royalties Operating & Trans Operating Netback G&A Interest	\$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Enterprise value (\$mm) 52-week range Total projected return COMMODITY PRICES
Second	\$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 (\$5.87 \$9.5) (\$6.71) (\$4.22 \$0.00 \$0.00 (\$0.52) \$5.41 (\$9.00 \$0.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$0.00 \$0.00 \$0.00 (\$0.18 \$0.00	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe)  Revenue Royalties Operating & Trans Operating Netback G&A Interest	\$23 22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Enterprise value (\$mm) 52-week range Total projected return COMMODITY PRICES
\$0.22 - \$0.47	\$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 (\$5.87 \$9.5) (\$6.71) (\$4.22 \$0.00 \$0.00 (\$0.52) \$5.41 (\$9.00 \$0.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$0.00 \$0.00 \$0.00 (\$0.18 \$0.00	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	348% 350% F2024A \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Price/ 1P NAV Price/ 2P NAV  NETBACKS (\$/mcfe)  Revenue Royalties Operating & Trans Operating Netback G&A Interest	22 - \$0.47 <b>89%</b> <b>F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		52-week range Total projected return COMMODITY PRICES
Price   2P NAV   350%   Price   2P NAV   Price   2P NAV   Price   2P NAV   Price   2P NAV   Price	\$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 (\$5.87 \$9.5) (\$6.71) (\$4.22 \$0.00 \$0.00 (\$0.52) \$5.41 (\$9.00 \$0.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$0.00 \$0.00 \$0.00 (\$0.18 \$0.00	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	350%  F2024A  \$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Price/ 2P NAV  NETBACKS (\$/mcfe)  Revenue Royalties Operating & Trans Operating Netback G&A Interest	<b>89% F2026E</b> \$80.00 \$3.56 \$550	<b>F2025E</b> \$73.76 \$3.39	\$77.81		Total projected return  COMMODITY PRICES
WTI (US\$/bbl)         \$78.56         \$77.81         \$73.76         \$80.00         Revenue         \$18.31         \$1.70         \$3.47         \$2.40         \$3.39         \$3.56         Royalties         (\$0.37)         \$0.00         (\$550)         \$550         Operating & Trans         (\$13.46)         (\$52.52)         \$2.52<	\$7.86 \$11.28 (\$0.52) (\$0.30 (\$1.47) (\$1.4 (\$5.87 \$9.5) (\$6.71) (\$4.22 \$0.00 \$0.00 (\$0.52) \$5.41 (\$9.00 \$0.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$0.00 \$0.00 \$0.00 (\$0.18 \$0.00	\$7.86 (\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	\$1.70 \$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$18.31 (\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Revenue Royalties Operating & Trans Operating Netback G&A Interest	\$80.00 \$3.56 \$550	\$73.76 \$3.39	\$77.81		
Helium (us\$/mcf)   \$3.47   \$2.40   \$3.39   \$3.56   Royalties   \$(\$0.37)   \$0.00   \$0.00	(\$0.52) (\$0.30 (\$1.47) (\$1.4 \$5.87 (\$9.5) (\$6.71) (\$4.2) \$0.00 \$0.00 (\$0.52) \$5.4 \$95.37) (\$90.00 (\$1.92) (\$1.12 \$0.00 \$0.00 (\$1.92) (\$1.32 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	(\$0.52) (\$1.47) \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	\$0.00 (\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	(\$0.37) (\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Royalties Operating & Trans Operating Netback G&A Interest	\$3.56 \$550	\$3.39	•	\$78.56	WTI (US\$/bbl)
Helium (IUS\$/mcf)	(\$1.47) (\$1.4 \$5.87 (\$9.5) (\$6.71) (\$4.2) \$0.32 \$0.12 \$0.00 \$0.00 (\$0.52) \$5.4 \$95.37) (\$90.00 (\$1.92) (\$1.12 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$3.00 \$3.04) \$3.45	\$1.47 \$5.87 (\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	(\$2.52) (\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	(\$13.46) \$4.48 (\$81.83) \$4.06 \$5.37	Operating & Trans Operating Netback G&A Interest	\$550		40.40		
Fx (C\$/US\$)         \$0.74         \$0.73         \$0.73         \$0.75         Operating Netback         \$4.48         (\$0.82)         \$0.82         \$0	\$5.87 \$9.5: (\$6.71) (\$4.2: \$0.32 \$0.1: \$0.00 \$0.00 (\$0.52) \$5.4: \$95.37) (\$90.00 (\$1.92) (\$1.1: \$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.4:	\$5.87 (\$6.71) \$0.32 <u>\$0.00</u> (\$0.52) (\$95.37) (\$1.92) \$0.00	(\$0.82) (\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	\$4.48 (\$81.83) \$4.06 <u>\$5.37</u>	Operating Netback G&A Interest		<b>¢ COO</b>	\$2.40	\$3.47	
PRODUCTION   F2023A   F2024A   F2025E   F2026E   Interest   \$4.06   \$1.00   \$5.37   \$5.036   \$5.07   \$1.00   \$5.036   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00   \$5.037   \$1.00	(\$6.71) (\$4.2: \$0.32 \$0.1: \$0.00 \$0.00 (\$0.52) \$5.4: \$95.37) (\$90.00 (\$1.92) (\$1.1: \$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.4:	(\$6.71) \$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	(\$6.24) \$1.00 (\$0.36) (\$6.42) (\$0.92)	(\$81.83) \$4.06 \$5.37	G&A Interest	\$0.75	\$500	\$600	-	Helium (US\$/mcf)
PRODUCTION   F2023A   F2024A   F2025E   F2026E   NGL (bbl/d)   - 0 9 25   Other   \$5.37 (\$0.36) 2 \$	\$0.32 \$0.12 \$0.00 \$0.00 (\$0.52) \$5.42 \$95.37) (\$90.00 (\$1.92) (\$1.12 \$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.45	\$0.32 \$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	\$1.00 (\$0.36) (\$6.42) (\$0.92)	\$4.06 <u>\$5.37</u>	Interest		\$0.73	\$0.73	\$0.74	Fx (C\$/US\$)
NGL (bbl/d)         -         0         9         25         Other         \$5.37         (\$0.36)         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.37         \$3.36         \$3.37         \$3.37         \$3.36         \$3.37         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.37         \$3.36         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.36         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37         \$3.37<	\$0.00 \$0.00 (\$0.52) \$5.41 (\$95.37) (\$90.00 (\$1.92) (\$1.12 (\$0.00 \$0.00 (\$0.00 \$3.04) \$3.44 (\$3.04) \$3.44	\$0.00 (\$0.52) (\$95.37) (\$1.92) \$0.00	(\$0.36) (\$6.42) (\$0.92)	\$5.37						
Natural Gas (mmcf/d) 0.2 1.4 1.7 2.8	(\$0.52) \$5.4: \$95.37) (\$90.00: (\$1.92) (\$1.1: \$0.00 \$0.00: \$0.00 (\$0.18: (\$3.04) \$3.4:	(\$0.52) (\$95.37) (\$1.92) \$0.00 \$0.00	<b>(\$6.42)</b> (\$0.92)		Othor	F2026E	F2025E	F2024A	F2023A	
Nat Gas (mmcf/d)	\$95.37) (\$90.00 (\$1.92) (\$1.12 \$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.45	(\$95.37) (\$1.92) \$0.00 <u>\$0.00</u>	(\$0.92)	(\$67.92)	Onlei				-	
Nat Gas (mmcf/d)         0.2         1.4         1.7         2.8         Stock based compensation         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.00)         (\$32.08)         (\$2.00)         (\$2.	(\$1.92) (\$1.12 \$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.45	(\$1.92) \$0.00 <u>\$0.00</u>			Cash Flow Netback	2.8	1.7	1.4	0.2	Natural Gas (mmcf/d)
Avg concentration	\$0.00 \$0.00 \$0.00 (\$0.18 (\$3.04) \$3.43	\$0.00 <u>\$0.00</u>	(\$2.00)	-	DD&A					
Helium (mcf/d)         0         0         11         24         Deferred tax         \$0.00         <	\$0.00 (\$0.18 (\$3.04) \$3.4 F2023A F2024	<u>\$0.00</u>		(\$32.08)	Stock based compensation	2.8	1.7	1.4	0.2	Nat Gas (mmcf/d)
He/MM Basic Shares   1.9   15.3   19.0   32.4   Earnings Netback   (\$203.54)   (\$9.29)   (\$9.29)   (\$9.29)   (\$9.29)	(\$3.04) \$3.43 F2023A F2024		\$0.04	(\$97.53)	Other non-cash	0.8%	0.7%	n/a	n/a	Avg concentration
Production Growth         -         782%         20%         67%         RESERVES (mmcf)         F2022A         F2022A         F2022A         F2022A         F2022A         F2022A         F2022A         F2024A         F2025E         F2026E         Proved (1P)         -         12           Revenue         1.0         0.9         4.9         12.0         Proved + Probable (2P)         -         13           Royalties         (0.0)         0.0         (0.3)         (0.3)         PDP NAV (\$/Share)         -         5           Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7           Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -	F2023A F2024	(\$3.04)	\$0.00	\$0.00	Deferred tax	24	11	0	0	Helium (mcf/d)
Frod Growth Per Share         -         -         24%         71%         PDP         -         3           FINANCIAL (\$mm)         F2023A         F2024A         F2025E         F2026E         Proved (1P)         -         12           Revenue         1.0         0.9         4.9         12.0         Proved + Probable (2P)         -         13           Royalties         (0.0)         0.0         (0.3)         (0.3)         PDP NAV (\$/Share)         -         5           Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7           Interest         0.2         0.5         0.2         0.1         F2024 QRILY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -		(\$5.04)	(\$9.29)	(\$203.54)	Earnings Netback	32.4	19.0	15.3	1.9	He/MM Basic Shares
Proved (1P)   - 12	3,467 5,10	F2023A	F2022A		RESERVES (mmcf)	67%	20%	782%	-	Production Growth
FINANCIAL (\$mm)         F2023A         F2024A         F2025E         F2026E         Proved + Probable (2P)         -         13           Revenue         1.0         0.9         4.9         12.0           Royalties         (0.0)         0.0         (0.3)         (0.3)         PDP NAV (\$/Share)         -         5           Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7         Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -		3,467	-		PDP	71%	24%	-	-	Prod Growth Per Share
Revenue         1.0         0.9         4.9         12.0           Royalties         (0.0)         0.0         (0.3)         (0.3)         PDP NAV (\$/Share)         -         5           Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7         Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -	12,214 14,113	12,214	-		Proved (1P)					
Revenue         1.0         0.9         4.9         12.0           Royalties         (0.0)         0.0         (0.3)         (0.3)         PDP NAV (\$/Share)         -         5           Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7         Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -	13,460 15,370	13,460	-		Proved + Probable (2P)	F2026E	F2025E	F2024A	F2023A	FINANCIAL (\$mm)
Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7         -         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -						12.0	4.9	0.9	1.0	Revenue
Operating         (0.8)         (1.3)         (0.9)         (1.5)         1P NAV (\$/Share)         -         5           G&A         (4.7)         (3.1)         (4.2)         (4.5)         2P NAV (\$/Share)         -         5           EBITDA         (4.4)         (3.6)         (0.5)         5.7         -         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -	\$0.17 \$0.03	\$0.17	-		PDP NAV (\$/Share)	(0.3)	(0.3)	0.0	(0.0)	Royalties
G&A         [4.7]         [3.1]         [4.2]         [4.5]         2P NAV (\$/Share)         -         S           EBITDA         (4.4)         (3.6)         (0.5)         5.7           Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -	\$0.21 \$0.08	\$0.21	_					(1.3)		Operatina
EBITDA         (4.4)         (3.6)         (0.5)         5.7           Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -	\$0.21 \$0.08		_		· · · · · · · · · · · · · · · · · · ·					
Interest         0.2         0.5         0.2         0.1         F2024 QRTLY FORECASTS         Q1A         Q2A           DD&A         (0.3)         (0.5)         (0.4)         (0.8)         NGL (bbl/d)         -         -         -					(1)					
DD&A (0.3) (0.5) (0.4) (0.8) NGL (bbl/d)	Q3A Q4	Q3A	Q2A	Q1A	F2024 ORTLY FORECASTS					
			_	-						
Taxes 0.0 0.0 0.0 (0.2) Nat Gas (mmcf/d) 1.1 1.4	1.5 1.5		1 /	1.1	· · ·					
	1.5		1.4	1.1	i i					
Other (7.1) (1.2) (1.2) Helium (mcf/d) Net Income (\$11.6) (\$4.7) (\$1.9) \$3.7		-	-	-	nelioni (mci/a)	<del></del>				
Revenue (\$MM) \$0.6 \$0.2	\$0.2 -\$0	\$0.2	\$0.2	\$0.6	Revenue (\$MM)	****	(+)	(+ )	(+)	
FFO (mm) (\$3.9) (\$3.5) (\$0.3) \$5.8 EBITDA (\$MM) -\$0.6 -\$1.2	-\$0.9 -\$0		-\$1.2			\$5.8	(\$0.3)	(\$3.5)	(\$3.9)	FFO (mm)
	-\$0.02 -\$0.0				** *					
FFOPS (diluted) (\$0.05) (\$0.04) (\$0.00) \$0.06	· ·	·	·	·						
EPS Fully Diluted (\$0.14) (\$0.05) (\$0.02) \$0.04 Robert Rohlfing CEO & Director		or.	EO & Dirocto			\$0.04	(\$0.02)	(\$0.0E)	(\$0.14)	EPS Fully Diluted
EPS Fully Diluted (\$0.14) (\$0.05) (\$0.02) \$0.04 Robert Rohlfing CEO & Director  Don Mosher President & Director	tor				_	<b>30.04</b>	(30.02)	(30.03)	(30.14)	LI 3 I OIIY DIIOIEG
Net Debt (Surplus) (\$12.6) (\$1.3) \$1.7 (\$0.1) Dr. James Cronoble VP, Exploration & D						(\$0.1)	\$1.7	(\$1.3)	(\$12.6)	Net Debt (Surplus)
D/EBITDA - trailing 3.3x 0.4x NA NA Marta Wasko VP, Geology		2. 2 00101								
D/EBITDA - forward 38.9x NA James Hayes VP, Engineering		na	٠,			177	177			=
Borrowing capacity NA NA Valorie Farley CFO		.⊖			, ,					
Dr. Kelli Ward Director					,			INC	INC	bollowing capacity
						E202/E	E202EE	E20244	E20224	CAPITAL PROCRAM
					,					_
Total Capex (mm) \$17 \$8 \$3 \$4 Michael O'Shea Director										
% of cash flow -427% -221% -834% 68%   Weldon Stout Director			rector	D	weldon stout	68%	-834%	-221%	-42/%	% Of Cash flow

Source: Company reports, Beacon Securities Limited



## **Risks**

- Commodity Price Fluctuations The company has direct exposure to the price for helium, which is an opaque market. Downward movements in this commodity can adversely affect the financial performance of the company. To offset this risk, the company may enter into take-or-pay contracts to manage its exposure to commodity price fluctuations.
- **Financing** Exploring and developing helium may require a combination of debt and equity capital. Our models incorporate fluctuations in net debt and while we may forecast additional equity, there is no certainty that the company can raise equity capital or that any future bank lines will remain static or increase.
- Foreign Exchange & Interest Rates Any movement in either of these rates has the potential to adversely affect the company's financial performance.
- **Cost Overruns** Unexpected drilling, completion and/or operational cost overruns can mitigate the operational and financial performance of the company.
- Country Risk A change in government may lead to policies or laws that are detrimental to the industry or company, which may impact results. As the United States and Canada are democratically elected governments where the rule of law presides, this risk is muted.
- Weather and Seasonal Factors Extreme weather conditions may impact operations that may then influence results.
- Change in Fiscal Regime A change in the royalty or tax rates as they relate to helium production may adversely affect cash flows.
- Well Performance The company may have a higher than normal amount of risk associated with its wells or plays due to the early-stage nature of its asset base. Lower production volumes, higher decline rates and/or dry holes can adversely affect the results of the company, particularly from a potential negative resource or reserve revision perspective. Past performance may not be indicative of future execution.



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As of December 31, 2024	#Stocks	Distribution	l
BUY	68	78.2%	BUY
Speculative Buy	14	16.1%	Speculative Buy
Hold	0	0.0%	Hold
Sell	0	0.0%	Sell
Under Review	5	5.7%	Under Review
Tender	0	0.0%	Tender
Total	87	100%	1

Total 12-month return expected to be > 15%Potential 12-month return is high (> 15%) but given elevated risk, investment could result in a material loss Total 12-month return is expected to be between 0% and 15% Total 12-month return is expected to be negative

Clients are advised to tender their shares to a takeover bid or similar offer

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