

FIRST HELIUM INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1. REPORTING ISSUER

First Helium Inc.
Suite 550 – 800 West Pender Street,
Vancouver, British Columbia, V6C 2V6
(the “Company”)

ITEM 2. DATE OF MATERIAL CHANGE

December 7, 2021

ITEM 3. PRESS RELEASE

News release announcing the material change was published on December 7, 2021 for distribution through Globe Newswire, and filed on SEDAR (www.sedar.com).

ITEM 4. SUMMARY OF MATERIAL CHANGE

On December 7, 2021, the Company announced that it has drilled, completed and tested the Company’s first exploration well on the Company’s Worsley Property (the “1-30”).

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

On December 7, 2021 the Company announced that it has drilled, completed and tested the Company’s first exploration well on the Company’s Worsley Property (the “1-30”). Upon completion, the 1-30 flowed 419 barrels per day (“bbl/d”) of 35-degree API light oil from the Leduc Formation over a test period of 72 hours on a minimal drawdown. First Helium is preparing to bring the 1-30 into production in early Q1 2022 at a daily production rate of approximately 400 bbl/d.

- Preparations underway to put the well into production at a cost of approximately CA\$500,000, with first cash flow expected by the end of the first quarter of 2022;
- Oil production from the well will be transported by truck to select receipt terminals and marketed via third-party marketing agreements;
- Cash flow from the well will be deployed to accelerate the exploration and development of helium gas over the Company’s 79,000 acres of land along the Worsley Trend as well as cover ongoing corporate G&A costs; and
- Based on current pricing for light oil, and an estimated production rate of 400 bbl/d, First Helium estimates the payback of the well to be approximately six months.

1-30 Highlights

Drilled based on a detailed 3D seismic evaluation, the 1-30 confirms the Company’s geologic model over the area; based on the Company’s assessment of economic Leduc wells along the Worsley Trend, approximately 20% have been light oil producers, the balance have been natural gas producers. Key features of the 1-30 include:

- Production tested at 419 barrels per day of 35-degree API light oil, flowed over a period of 72 hours with minimal drawdown;
- At a total drill and complete cost of approximately CA\$1.9 million, production test results for the 1-30 suggest that it is an exceptional vertical oil well in the WCSB;
- The 1-30 will provide the Company with flexibility in securing funding to continue with its primary strategic objective which is to explore and develop its landholdings on the helium rich Worsley Trend; and
- Once production on the 1-30 is established, the Company intends to engage its independent reserve engineering consultant to evaluate the 1-30 well for inclusion in yearend corporate contingent resource and reserve estimates in accordance with 51-101 guidelines. This would include an independent estimate of the net present value of the reserves associated with the 1-30.

ITEM 6. RELIANCE ON SUBSECTION 7.1(3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7. OMITTED INFORMATION

No information has been omitted.

ITEM 8. EXECUTIVE OFFICER

For further information, please contact Jeff Dare, Corporate Secretary, by telephone at 1-604-235-4053.

ITEM 9. DATE OF REPORT

DATED at Vancouver, B.C., this 14th day of December, 2021.