

The following Management Discussion and Analysis (“MD&A”) is management’s assessment of the financial and operating results of First Helium Inc. (“**First Helium**” or the “Company”) for the six months ended September 30, 2024. This MD&A is dated November 29, 2024 and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended March 31, 2024 (“fiscal 2024 financial statements”).

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Except as otherwise noted, all dollar figures included herein and in this MD&A are quoted in Canadian dollars. This MD&A was prepared by management and the Board of Directors of First Helium approved this MD&A on November 29, 2024. This MD&A contains non-GAAP measures, abbreviations and forward-looking information relating to future events and the Company’s future performance. Please refer to “Non-GAAP Measures”, “Abbreviations and BOE Advisory” and “Forward Looking Statements” sections at the end of this MD&A for further information.

In the following discussion, the three months ended September 30, 2024 may be referred to as “second quarter of fiscal 2025”, “Q2 fiscal 2025”, “current quarter”, and “the quarter”. The comparative three months ended September 30, 2023 may be referred to as “second quarter of fiscal 2024”, “Q2 fiscal 2024”.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with helium and gas exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the common share, price and volume and other reports and filings with the applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations are disclosed in the Company’s documents filed from time to time via the Company’s website along with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements. Additional risk factors can be found in the prospectus filed on June 28, 2021 (www.sedarplus.com). This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

HIGHLIGHTS

The Company announced the closing of its upsized non-brokered private placement financing which was previously announced in the Company’s press release dated October 16, 2024 and October 21, 2024. First Helium issued 60,666,671 units (“Units”) at a price of \$0.06 per Unit for gross proceeds of \$3,640,000. Each Unit consists of one common share (a “**Share**”) in the capital of First Helium and one common share purchase warrant (a “**Warrant**”). Each Warrant is exercisable to acquire one Share at a price of \$0.09 per Share for a period of 36 months, expiring October 30, 2027. The Warrants are subject to an acceleration clause. The Company intends to use the net proceeds from the Offering to fund additional asset development and operating expenses on its Worsley project, as well as for general working capital.

First Helium has completed its field survey activities and selected the surface location for its Leduc anomaly test well planned for drilling this winter. The survey will be used to prepare necessary regulatory applications for drilling approval. The well location has been selected based on a thorough evaluation of recently acquired proprietary 3D

seismic data where the Company has identified a significant anomaly in the Leduc Formation which it believes to be prospective for oil. To date, the Company has drilled two successful Leduc oil wells at Worsley, including the 1-30 and 4-29 Leduc oil pool discoveries, respectively, which together have produced more than 113,000 barrels of light oil, generating in excess of \$13.4 million in revenue and \$8 million in cash flow.

FUNDS FLOW AND NET LOSS

Funds flow used in operations was \$0.5 million in the three months ended September 30, 2024 compared to funds flow used in operations of \$0.4 million in the three months ended September 30, 2023. The lower funds flow used between the two quarters was due to lower revenues, offset by lower expenditures. Revenue was \$0.2 million in the three months ended September 30, 2024 compared to revenue of \$0.3 million in three months ended September 30, 2023, a decrease of \$0.1 million due to decline in oil production. The revenue change was the main factors to the increase in funds flow used in operations from \$0.4 million to \$0.5 million in the current fiscal quarter. Funds flow used in operations was \$1.0 million in the six months ended September 30, 2024 compared to funds flow used in operations of \$0.9 million in the six months ended September 30, 2023, mainly due to \$0.4 million lower revenue, augmented by lower royalties and lower G&A of 0.1 million respectively. Since the inception of its initial two wells in calendar year 2022, the Company has generated over \$13.4 million of oil revenue to fund exploration opportunities.

For the three months ended September 30, 2024, the Company incurred a net loss of \$0.7 million, compared to net loss of \$0.7 million in the three months ended September 30, 2023 with similar factors as described above. For the six months ended September 30, 2024, the net loss of 1.5 million was comparable to 1.6 million in the six months ended September 30, 2023, The lower net income by \$0.1 million was primarily due to lower revenues.

(\$ except as otherwise noted)	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Revenue	154,899	265,600	272,889	626,341
Royalty expense	(21,141)	(36,513)	(37,378)	(121,993)
Operating expense	(180,273)	(180,744)	(295,473)	(276,625)
Transportation expense	(7,215)	(31,946)	(23,206)	(75,782)
Operating netback	(53,730)	16,397	(83,168)	151,941
General and administrative	(492,845)	(465,097)	(915,637)	(1,064,812)
Interest income (expense)	1,800	2,198	7,497	(11,965)
Funds flow (used in) operations	(544,775)	(446,502)	(991,308)	(924,836)
Share-based compensation	-	(37,425)	(193,869)	(109,954)
Depletion and amortization	(158,736)	(222,736)	(276,472)	(557,472)
Accretion expense	(7,195)	(10,690)	(17,105)	(19,761)
Net loss	(710,706)	(717,353)	(1,478,754)	(1,612,023)

(1) Funds flow (used in) from operations is a non-GAAP measure and is the result of cash flow from operating activities excluding asset retirement costs, transaction costs, and changes in non-cash working capital.

REVENUE

Oil volumes have decreased in the fiscal second or three months ended September 30, 2024 to 18 boe/d, a 32% decrease compared to the three months ended September 30, 2023, due to natural declines. Comparative periods for three months ended September 30, 2023 was 27 boe/d. Production is expected to remain at this level until further capital development in the Worsley field.

Revenue was \$0.2 million in the three months ended September 30, 2024, a decrease of 42%, consistent with production decrease compared to the three months ended September 30, 2023 and 15% decrease in realized oil price. Realized oil price decreased by 15% from \$106.89/bbl in the fiscal Q2 2024 compared to \$91.03/bbl in the current fiscal Q2 2025. Edmonton Light oil price decreased by 9% compared to the three months ended September 30, 2023, from \$107.29/bbl to \$98.43/bbl.

ROYALTIES

\$ except otherwise noted	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Royalties	21,141	36,513	37,378	121,993
Royalties % of revenue	13.7%	13.8%	13.7%	19.5%

For the three months ended September 30, 2024, royalty expense was \$0.1 million, decrease by 42% from the three months ended September 30, 2023 and consistent with the decrease in revenues. For the six months ended, royalties decreased by \$0.1 million, corresponding to the decrease in revenues between the same periods and lower production

profile. The average royalty percentage is expected to range remain at the same levels in the remainder of the year unless commodity prices changes significantly.

FINANCIAL INFORMATION

\$ except otherwise noted	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Production – oil (bbl/d)	18	27	16	35
Revenue (\$/boe)	91.03	106.89	94.95	98.22
Royalties (\$/boe)	(12.42)	(14.69)	(13.01)	(19.13)
Operating expense (\$/boe)	(105.94)	(72.74)	(102.81)	(43.38)
Transportation (\$/boe)	(4.24)	(12.86)	(8.07)	(11.88)
Operating netback (\$/boe)	(31.58)	6.60	(28.94)	23.83

OPERATING & TRANSPORTATION EXPENSES

Costs incurred to move saleable product to the custody transfer point are considered transportation expenses and are typically driven by a throughput rate. Operating expense in the three months ended September 30, 2024 was \$0.2 million, consistent with the three months ended September 30, 2023. On a per barrel basis, operating expense in the three months ended September 30, 2024 increased significantly as the production base decrease of 32% between the two fiscal periods inversely impacted the expense on a per barrel basis.

Transportation for the three months ended September 30, 2024 was 77% lower compared to the three months ended September 30, 2023, corresponding to the decrease in production and lower tariffs in the current fiscal quarter. Transportation for the six months ended September 30, 2024 over 60% lower due to lower fuel charges in the industry in fiscal 2025 compared to fiscal 2024.

\$ except otherwise noted	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Operating expense	180,273	180,744	295,473	276,625
Transportation	7,215	31,946	23,206	75,782
Operating & transportation	187,488	212,690	318,679	352,407
Operating expense (\$/boe)	105.94	72.74	102.81	43.38
Transportation (\$/boe)	4.24	12.86	8.07	11.88
Operating & transportation (\$/boe)	110.18	85.60	110.88	55.26

GENERAL AND ADMINISTRATIVE EXPENSE (“G&A EXPENSE”)

\$ except otherwise noted	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Personnel	259,269	327,696	513,153	707,641
Investor relations and marketing	160,852	113,482	284,327	278,257
Professional fees	14,800	14,185	26,409	109,698
Software and office operations	57,924	56,359	105,748	114,588
General and administrative-gross	492,845	511,722	929,637	1,210,184
Overhead recoveries	-	(46,625)	(14,000)	(145,372)
General and administrative expense	492,845	465,097	915,637	1,064,812

G&A expense for the second quarter of 2025 and second quarter of 2024 was \$0.5 million and \$0.5 million, respectively. Personnel was lower by \$0.2 million in the six months ended September 30, 2024 as one of the officers resigned effective March 2024. On a go forward basis in fiscal 2025, G&A expense is expected to be reflective of the current quarter.

SHARE-BASED COMPENSATION

\$ except otherwise noted	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Share-based compensation	-	37,425	193,869	109,954

The Company estimates the fair value of incentive awards based on a Black-Scholes model for the determination of non-cash related share-based compensation and the expense is recorded over the expected life of the option based

on vesting. The share-based compensation expense in the six months ended September 30, 2024 reflects the warrants issued to certain management and directors in April 2024.

DEPLETION

Depletion expense was \$0.2 million for the six months ended September 30, 2024, 29% lower than \$0.3 million for the six months ended September 30, 2023, reflective of the production change. Depletion was based on property, plant and equipment and estimated future development costs of \$2.7 million associated with proved and probable reserves in the Worsley area (\$2.7 million at March 31, 2024).

As at September 30, 2024, there were no indicators of impairment identified since the last impairment test performed as at March 31, 2023. An impairment test was carried out at March 31, 2023 on its Worsley Oil cash-generating unit ("CGU"). Recoverable value was estimated based on value in use from proved and probable oil reserves. It was determined that the estimated recoverable value of \$3.6 million was below its carrying value of \$7.8 million. The before tax discount rates applied in the calculation as at March 31, 2023 were 20 percent. An impairment charge of \$4.2 million was recognized at March 31, 2023. No reversal indicators existed as at March 31, 2024 and September 30, 2024.

SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2024, the number of common shares issued and outstanding was 153,232,353 (March 31, 2024 – 87,059,353). As the date of this MD&A, the number of common shares outstanding was 213,899,024 and the number of warrants outstanding was 140,027,351.

The following are options and warrants outstanding as at September 30, 2024:

Options by grant date and expiry	Options outstanding	Options exercisable	Weighted average remaining (year)	Exercise Price per Option
2021-May-27 expiry 2026-May-27	5,675,000	5,675,000	1.7	\$ 0.35
2022-Jan-31 expiry 2026-May-27	100,000	100,000	1.7	\$ 0.35
	5,775,000	5,775,000	1.7	\$ 0.35

Warrants by expiry date	Number of Warrants	Weighted average remaining (year)	Exercise Price per Warrant
2024-Dec-22	12,486,700	0.2	\$ 0.300
2027-Apr-04	66,677,980	2.5	\$ 0.075
	79,164,680	2.1	\$ 0.110

On April 4, 2024, the Company closed the non-brokered private placement of 66,173,000 units at a price of \$0.05 per unit for gross proceeds of \$3,308,650. Each unit consists of one common share and one common share purchase warrant ("Warrant"). The 66,173,000 Warrant issued are exercisable at a price of \$0.075 per common shares and will expire April 4, 2027. The Warrants are not subject to acceleration. The proceeds will be used to fund asset development and general working capital. A total of 504,980 warrants were issued as share compensation for finders fees. Of the total subscriptions, \$1,985,000 was received from certain related parties. Of the subscription of \$3,308,650, cash of \$2,417,800 was received prior to March 31, 2024 with remaining \$890,850 received on closing April 4, 2024.

CAPITAL EXPENDITURES

Capital expenditures for the three months ended September 30, 2024 was minimal with acquisition of certain undeveloped lands in the Worsley area.

	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Land and lease	39,750	-	39,750	-
Drilling	-	13,953	7,000	27,955
Exploration	(3,583)	16,876	3,290	154,969
Facilities	-	27,346	9,312	73,366
Total capital expenditures	36,167	58,175	59,352	256,290

TAXES

Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilized. As at September 30, 2024 and March 31, 2024, the Company has not recognized a deferred income tax asset. Non-capital losses of \$20.8 million has expiries from 2037 to 2045.

As at	September 30, 2024	March 31, 2024
Canadian oil & gas property expenditures	650,423	804,345
Canadian development expenditures	4,419,225	4,419,225
Canadian exploration expenditures	2,262,563	2,262,563
Undepreciated capital cost	804,345	650,948
Financing costs	217,562	1,017,682
Non-capital losses	20,804,218	18,976,183
Total tax pools	29,158,336	28,130,946

WORKING CAPITAL

Working capital surplus (deficit) is used to assess efficiency, liquidity, and general financial strength. Working capital is calculated as current assets less current liabilities, excluding financial instruments marked to market and the current portion of financial lease and asset retirement obligations.

As at:	September 30, 2024	March 31, 2024
Cash	150,453	157,787
Accounts receivable	43,504	119,601
Prepays and deposits	84,917	110,791
Accounts payable and accrued liabilities	(1,439,435)	(1,088,215)
Working capital (deficit)	(1,160,561)	(700,036)

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of \$1.2 million at September 30, 2024 (March 31, 2024 - \$0.7 million). The Company is working to raise equity to conduct the two test wells this winter. Future liquidity will be dependent on the ability to access equity or debt markets to drive future expansion from its portfolio of exploration lands and funds generation from development wells. First Helium is in need of farm-in or joint venture opportunities to accelerate development of its prospective drilling inventory.

Subsequent to September 30, 2024, the Company intends to issue complete a non-brokered private placement (the "Private Placement") whereby the Company will issue up to 60,666,671 Units (the "Units") for total gross proceeds of up to \$3,640,000. The Company intends to use the net proceeds from the Private Placement for the development and exploration activities and for working capital and general corporate purposes. The closing of the Private Placement was October 30, 2024 are subject to the receipt of all necessary regulatory approvals, including the approval of the Exchange. Each unit consists of one common share and one purchase warrant. Each warrant is exercisable to acquire one share at the price of \$0.09 per share for a period of 36 months, expiring October 30, 2027. All securities issued pursuant to the Private Placement will be subject to a four-month hold period in accordance with applicable Canadian securities laws.

CONTRACTUAL OBLIGATIONS

First Helium has various indemnifications in place in the ordinary course of business, none of which, as assessed by management, are expected to have a significant impact on the Company's financial statements. These obligations are of a recurring, consistent nature and impact the Company's cash flows in an ongoing manner. The Company has an office lease agreement with a term ending November 30, 2024 and on a month-to-month basis post November 30, 2024. The lease has been recorded as a financial liability and a right of use asset in the consolidated balance sheet of \$0.1 million as at September 30, 2024 (\$0.1 million as at March 31, 2024).

RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. The Company also provides compensation through participation in the stock option plan.

	Three months ended September 30		Six months ended September 30	
	2024	2023	2024	2023
Accounting and compliance ⁽ⁱ⁾	34,500	34,500	69,000	69,000
Management fees ⁽ⁱⁱ⁾	150,000	202,500	300,000	405,000
Share-based compensation	-	32,186	190,527	94,561
Total	184,500	269,186	559,527	568,561

- (i) Accounting and compliance fees were paid to a company controlled by a spouse of an officer of the Company in the amount of \$69,000 for the six months ended September 30, 2024 (six months ended September 30, 2023 - \$69,000).
- (ii) For the six months ended September 30, 2024, the Company incurred \$300,000 (six months ended September 30, 2023 - \$405,000) to various officers and directors of the Company.

The balance payable to related parties as at September 30, 2024 was \$0.7 million (as at March 31, 2024 - \$0.4 million).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) INITIATIVES IMPACTING FIRST HELIUM

First Helium operates in jurisdictions that have regulated or have proposed to regulate carbon dioxide and other emissions. While some regulations are in effect, others are at various stages of review, discussion, and implementation. There is uncertainty around how any future legislation will harmonize with provincial regulation, as well as the timing and effects of regulations. Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulatory environment of the crude oil and natural gas business in Canada. Such changes could impose certain costs and risks on the industry; however, First Helium is unable to predict the impact of future legislation or amendments. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flows. First Helium is actively involved with an association of helium explorers and producers and will continue to monitor developments in this area.

Environmental stewardship is a core value at First Helium and abandonment and reclamation investments continue to be made in a prudent and responsible manner with oversight by its Board of Directors. Furthermore, the Company's Board has formed a Governance, ESG, and Occupational Health and Safety Committee to oversee related matters.

Safety of the Company's workforce, including contractors, is paramount. First Helium conducts periodic safety meetings for its field staff to review safety protocols and related issues. During fiscal 2025 and 2024, First Helium had zero lost time injuries and zero recordable injuries and is compliant with government guidelines pertaining to COVID-19.

RISK FACTORS AND RISK MANAGEMENT

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. A number of risk factors will apply due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early-stage exploration properties with no known resources or reserves). Refer to the Company's annual consolidated financial statements and management's discussion and analysis for the year ended March 31, 2024 for more details filed on www.sedarplus.com.

Prices and markets

The Company's operational results and financial condition, and therefore the amount of funds available for capital expenditures, are dependent on the prices received for its petroleum production. Prices for oil, natural gas, and helium are subject to large fluctuations in response to relatively minor changes in the supply of, and demand, for oil, natural gas and helium, market uncertainty and a variety of additional factors beyond the control of the Company. A material decline in prices could result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil, natural gas or helium and a reduction in the volumes of First Helium's reserves. Management might also elect not to produce from certain wells at lower prices.

The ability of First Helium to market its oil, natural gas, and helium may depend upon its ability to acquire space on pipelines or rail cars that deliver oil and natural gas to commercial markets and off-take arrangements. Deliverability uncertainties related to the distance that First Helium's reserves are to pipelines, processing and storage facilities,

operational problems affecting pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and helium and many other aspects of the exploration business may also affect the Company.

These factors could result in a material decrease in First Helium's expected net production revenue and a reduction in its oil, gas and helium acquisition, development and exploration activities. Any substantial and extended decline in the price of oil, natural gas, and helium would have an adverse effect on the Company's carrying value of its assets and its access to capital markets, borrowing capacity, revenues, profitability, and funds from operations.

Inflation and cost management

First Helium's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. First Helium's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows. The cost or availability of field equipment may adversely affect the Company's ability to undertake exploration, development and construction projects. The energy industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows.

Reserve estimates

The reserves and recovery information contained in First Helium's independent reserves evaluation is only an estimate. The actual production and ultimate reserves from the properties may be greater or less than the estimates prepared by the independent reserves evaluator. The reserves report was prepared using certain commodity price assumptions. If lower prices for crude oil, natural gas and NGLs are realized by First Helium and substituted for the price assumptions utilized in those reserves reports, the present value of estimated future net cash flows as well as the amount of the reserves would be reduced, and the reduction could be significant.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Although First Helium believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on First Helium's business, financial condition, results of operations and prospects.

Credit risk

Credit risk is the potential financial loss to the Company if customers or counterparties to a financial instrument are unable to meet their contractual obligations. Management believes the risk is mitigated by entering into transactions with reputable counterparties and partners when possible. At September 30, 2024, 61% of the total outstanding accounts receivable pertain to receivables from petroleum purchasers (March 31, 2024 – 70%). As of September 30, 2024, none of the accounts receivable balance has been outstanding greater than 90 days (March 31, 2024 - \$11,308) with all amounts estimated to be collectable.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the six months ended September 30, 2024, include the valuation of exploration and evaluation assets, property, plant and equipment, asset retirement costs, and the valuation of share-based payments.

SELECTED QUARTERLY INFORMATION

Quarters (\$ except as otherwise noted)	Three months ended September 30, 2024	Three months ended June 30, 2024	Three months ended March 31, 2024	Three months ended December 31, 2023
Production volumes (boe/d)	18	13	24	34
Averaged realized price (\$/boe)	\$ 91.03	\$ 100.64	\$ 92.32	\$ 98.02
Revenue	154,899	117,990	200,864	303,604
Funds flow (used in) operations ⁽¹⁾	(544,775)	(446,533)	(338,417)	(383,798)
Cash flow (used in) operating activities	120,297	(571,988)	(504,717)	(203,638)
Capital expenditures, net dispositions	(39,750)	(23,184)	(58,168)	86,379
Total assets	15,734,137	15,835,025	16,023,355	16,637,033
Net working capital (deficit) ⁽²⁾	(1,160,561)	(546,607)	(700,036)	(679,430)

⁽¹⁾ Funds flow from (used in) operations is a non-GAAP measure and is the result of cash flow from operating activities excluding asset retirement costs, transaction costs, and changes in non-cash working capital.

⁽²⁾ Net Working capital (deficit) is calculated as current assets less current liabilities, excluding the current portion of financial lease and asset retirement obligations.

Quarters (\$ except as otherwise noted)	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023	Three months ended December 31, 2022
Production volumes (boe/d)	27	43	80	125
Averaged realized price (\$/boe)	\$ 106.89	\$ 92.69	\$ 98.42	\$ 107.40
Revenue	265,600	360,741	712,982	1,239,801
Funds flow (used in) from operations ⁽¹⁾	(446,502)	(478,334)	(354,808)	(229,698)
Cash flow (used in) from provided by operating activities	(565,601)	(733,344)	(371,954)	(1,030,372)
Capital expenditures, net	58,175	198,115	1,467,276	1,164,710
Total assets	16,701,940	16,823,170	17,066,125	25,119,922
Net working capital (deficit) ⁽²⁾	(228,750)	(345,479)	(971,706)	1,006,002

⁽¹⁾ Funds flow from (used in) operations is a non-GAAP measure and is the result of cash flow from operating activities excluding asset retirement costs, transaction costs, and changes in non-cash working capital.

⁽²⁾ Net Working capital (deficit) is calculated as current assets less current liabilities, excluding the current portion of financial lease and asset retirement obligations.

Additional information relating to the Company is available in the prospectus dated June 28, 2021 on www.sedarplus.com.

NON-GAAP Measures

In this MD&A, we refer to financial measures that do not have any standardized meaning as prescribed by Generally Accepted Accounting Principles (“GAAP”). These non-GAAP financial measures are line items, headings, or subtotals in addition to those required under GAAP, and financial measures disclosed in the notes to the most recent financial statements which are relevant to an understanding of the financial statements and are not presented elsewhere in the financial statements. These measures have been described and presented to provide shareholders and potential investors with additional measures for analyzing our ability to generate funds to finance our operations and information regarding our liquidity. Users are cautioned that non-GAAP financial measures presented by the Company may not be comparable with measures provided by other entities. Below are the non-GAAP measures that First Helium uses in these MD&A.

“Funds flow” or “Funds flow from operations” is calculated by taking “cash flow provided by operating activities” from the financial statements and removing changes in non-cash working capital, transaction costs, and abandonment expenditures. Because funds flow is not impacted by fluctuations in non-cash working capital balances, we believe these measures are more indicative of performance than cash from operating activities. In addition, First Helium excludes transaction costs from the calculation of funds flow as these expenses are generally in respect of capital acquisition transactions. The Company considers funds flow as a key performance measure as it demonstrates the Company’s ability to generate funds necessary to settle liabilities and to fund future growth through capital investment. The determination of funds flow by First Helium may not be comparable to that reported by other companies. The reconciliation between cash flow provided by operating activities on the financial statements, and funds flow can be found in the table above. First Helium may present funds flow per share where per share amounts are calculated using the weighted average shares outstanding consistent with the calculation of net income (loss) per share, which per share amount is calculated under IFRS.

This MD&A uses the term “operating netback(s)”. The Company uses operating netbacks to help evaluate its performance, leverage, liquidity, and comparisons with peers as well as to assess potential acquisitions and divestitures. Management considers netbacks as a key performance measure as it demonstrates the Company’s profitability relative to current commodity prices. They are also used by management in operational and capital allocation decisions. Operating netback is calculated as the average sales price of the Company’s commodities (excluding financial derivative gains and losses) less royalties, transportation costs and operating expenses. Funds flow from operations starts with the operating netback and deducts general and administrative, interest expense, and then adds or deducts any realized gains or losses on financial derivative contracts. There is no GAAP measure that is reasonably comparable to netbacks.

ABBREVIATIONS AND BOE ADVISORY

bbl	Barrel	mmbtu	Million British thermal units
bbls	Barrels	NGLs	Natural gas liquids
bbl/d	Barrels per day	mcf	Thousand cubic feet
boe	Barrels of oil equivalent	mcf/d	Thousand cubic feet per day
boe/d	Barrels of oil equivalent per day	mboe	Thousand boe
GJ	Gigajoules	WCS	Western Canada Select
mmbbls	Thousand barrels	WTI	West Texas Intermediate

Where amounts are expressed as a barrel of oil equivalent (“boe”), or barrel of oil equivalent per day (“boe/d”), natural gas volumes have been converted to barrels of oil equivalent at six (6) thousand cubic feet (“mcf”) to one (1) barrel. Use of the term “boe” may be misleading particularly if used in isolation. The boe conversion ratio of 6 mcf to 1 barrel (“bbl”) of oil or natural gas liquids is based on an energy equivalency conversion methodology primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators’ National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with helium and gas exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the common share, price and volume and other reports and filings with the applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations are disclosed in the Company’s documents filed from time to time via the Company’s website along with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements. This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

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