

Total Helium Ltd.

Management's Discussion and Analysis
of Financial Condition and Results of Operations
For the six months ended September 30, 2023 and 2022



Management's Discussion and Analysis

The following discussion is management's assessment and analysis of the results and financial condition of Total Helium Ltd. (the "Company" or "Total Helium") and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and related notes for the six months ended September 30, 2023 and 2022. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and follows the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements. All figures are reported in thousands of Canadian dollars unless otherwise indicated.

The effective date of this report is November 9, 2023.

Caution Regarding Forward Looking Information

Certain information in this Management Discussion and Analysis (this "MD&A"), including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial), business prospects (including the timing and development of drilling and the success of exploration activities), opportunities, the business plans of the Company, including advancement of the Pinta South Project, and other statements that are not historical facts. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause 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 and risks include, but are not limited to, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data, the possibility that future exploration results will not be consistent with the Company's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mining industry, the impact of COVID-19, as well as those risk factors listed in the "Risk Factors" section below.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information (see "Risks and Uncertainties"). Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

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Description of Business

The Company was incorporated on April 27, 2006 under the Business Corporations Act of British Columbia and its shares were listed on the TSX Venture Exchange ("TSX-V") on March 6, 2008. The Company is currently listed on the TSX-V under the trading symbol "TOH". The head office of the Company is located at Suite 3123, 595 Burrard Street, Vancouver, BC, Canada V7X 1J1. The registered and records office of the Company is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3E8. As at the date of this report, the Company's principal business activity is helium exploration, production and storage solutions.

On November 9, 2021, the Company completed the acquisition (the "Acquisition") of all of the outstanding share capital of Brooks Range Corporation ("Brooks Range"). The Company acquired Brooks Range from Brooks Energy Company (the "Vendor") in consideration for a one-time cash payment of US\$1,150. Upon completion of the Acquisition, the current business of Brooks Range has become the business of the Company.

Concurrent to the Acquisition, the Company completed a financing of 12,500,000 subscription receipts for gross proceeds of \$12,500.

On May 1, 2023, the Company completed the acquisition of a joint venture interest in the Pinta South Helium Project in Arizona. The Company has acquired an interest in existing helium production as well as a working interest in a large-scale helium exploration and production program in the Holbrook Basin (the "Pinta South Project"). The purchase and sale agreement was entered into between Brooks Range Corporation, a wholly-owned subsidiary of the Company, Pinta South Operating Company, LLC, Butler Minerals I, LLC and Mid America Exploration LLC.

Pursuant to the terms of the transaction, the Company acquired a 20% interest in 2 producing wells and a 50% interest in eight additional existing wells which are being connected to a helium processing plant for a total purchase price of US\$12,000. Under the terms of the purchase and sale agreement, and subsequent amendments, the purchase price was satisfied through a one-time cash payment of US\$8,000 and the issuance of 10,810,812 common shares of the Company at a deemed price of \$0.50. In connection with completion of the transaction, the Company has arranged to contribute funding in the amount of US\$2,000 towards a capital development program for the Pinta South Project.

To satisfy the cash portion of the purchase price, the capital development program for the Pinta South Project, and costs associated with completion of the transaction, the Company completed a brokered private placement. The Company issued a total of 25,000,000 special warrants at a price of \$0.50 per special warrant for gross proceeds of \$12,500.

Each special warrant was automatically exercised into one unit. Each unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$0.75 at any time up to May 1, 2025.

In consideration for their services, the agent received a cash commission of \$750, a corporate finance fee of 500,000 common shares in the Company and 1,500,000 compensation special warrants. Each compensation special warrant was automatically exercised into one (1) compensation option (a "Compensation Option"). Each compensation option will entitle the holder to purchase one unit at a price of \$0.50 per unit. A unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$0.75 at any time up to May 1, 2025.

The Company issued 324,324 common shares of the Company at a deemed price of \$0.50 per common share as a fee to a service provider controlled by a director of the Company, who assisted by providing administration services in connection with the transaction.

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Investment in Joint Venture

The following tables summarize the capitalized costs associated with the Company's investment in joint venture assets:

	Pinta South Project	Total
	\$	\$
Acquisition Costs		
Balance, March 31, 2023		-
Additions	16,356	16,356
Balance, September 30, 2023	16,356	16,356
Development Costs		
Balance, March 31, 2023	-	-
Additions	2,587	2,587
Balance, September 30, 2023	2,587	2,587
Carrying Value		
Balance, March 31, 2023	-	-
Balance, September 30, 2023	18,943	18,943

Pinta South Project

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As of September 30, 2023, the Company has contributed funding of US\$1,561 (CDN\$2,110) towards the capital development program for the Pinta South Project.

Exploration and Evaluation Asset

Helisium Project

The Helisium Project consists of approximately 86,000 acres of oil and gas leases (subject to 12.5% underlying royalty) in the states of Kansas and Colorado.

During the year ended March 31, 2023, the Company impaired the Helisium Project in the state of Colorado and Kansas in the amount of \$12,139 (2022: \$Nil) as the Company is no longer proceeding with this asset.

During the six months ended September 30, 2023, the Company incurred \$71 in expenses related to the Helisium Project.

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Operational Update

Management Change

On October 30, 2023, Robert Johnston, currently a director of the Company was appointed interim CEO of the Company.

Mr. Johnston established Atalaya Resources, LLC, in 2014. The private oil and gas exploration company operated in Western Oklahoma and the Texas Panhandle. The company was sold in 2022. Mr. Johnston retired from Apache Corporation in 2014 as Executive Vice President. His positions at Apache included Vice President of the Central Region, responsible for the Anadarko Basin, Permian Basin, and East Texas Basin; Country Manager Apache Argentina, responsible for Neuquén Basin, Austral Basin, and Cuyo Basin; Exploitation Manager, Apache Canada, responsible for Alberta and Saskatchewan; and Development Manager, Apache Egypt, responsible for Khalda concession of the Western Desert. Mr. Johnston began his career in 1982 as a geologist with Apache Corporation. Mr. Johnston received a Bachelor of Science degree from The University of Tulsa. Mr. Johnston has served as a Director of the Company since November, 2021.

With Mr. Johnston's appointment, the Company has accepted the resignation of Mr. Robert B. Price as CEO and Director of the Company and would like to thank him for his contributions and wish him every success in his future endeavours.

Special Concession

The 25% working interest owner and project operator, Butler Minerals 1 LLC, in the Pinta South Project has agreed to "carry" the Company in the drilling of the next five Shinarump wells in the Pinta South Project area. The estimated expenditure for a Shinarump well is approximately \$200 to drill, case and equip with a wellhead and associated surface equipment. The carry excludes completion work, construction of pipeline to transport gas from a successful well to a processing plant. Drilling the first of the five carry wells is expected to commence by mid December, subject to weather and drilling permits.

Other than as amended by this special concession to drill the five carry wells, all other terms of the joint operating agreement will remain the same.

Pinta South Project

To date, 9 wells have been connected to a newly constructed 6-mile pipeline, transporting gas to Ranger Development, LLC's third-party processing facility with production being sold to a large industrial gas company via an offtake agreement.

There are 10 additional wells in various stages of completion and pipeline connection. The current offtake agreement covers the first 10 wells, after which production will be sold on the spot market.

Two of the 9 connected wells have consistently produced 232 Mcf/d with high helium concentrations between 7.58% and 7.83%. During the initial testing phase of three additional wells, total production rose to 450 Mcf/d in line with expectations.

The monsoon season in Arizona caused several flash flooding events where water washed out roads, hindering completion and production efforts. Since then, the roads have been rerouted to allow for allseason access to the South Pinta Helium Field. Despite this initial delay in bringing increased production online the Company is confident it has developed long term solutions to mitigate weather related delays in the future.

During the testing phase, produced water overwhelmed separators and blocked the 6-mile pipeline. This led to the re-configuration of pumping equipment and some surface equipment, including modified separation equipment and electrical equipment. Additionally, the 6-mile pipeline has been purged, cleaned, inspected and is now running smoothly.

The Company determined that during the testing period of the 7 additional wells, where the wells were shut in on several occasions due to weather and issues with equipment (as above), has resulted in damage to connectivity between the wellbore and the reservoir, resulting in restricted helium flow. Therefore, the Company has initiated additional completion

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activities to include acidizing 2 of the 7 wells to improve connectivity from the boreholes to the reservoir in view of enhancing production rates.

Kansas Operations

First Kansas Production Well: Boltz 35B

In January 2022, the company drilled and completed its first Kansas production well, Boltz 35B. Gas analysis from the well indicates concentrations of 0.72% helium, 54.70% methane, and 2.67 GPM of NGLs. The production rate fluctuated between 100-180 Mcfpd.

Production from the well is currently halted as the Company revises its strategy for these Kansas wells.

Second Kansas Production Well: Miller 9D

Situated over 20 miles north of Boltz 35B, the second production well, Miller 9D, was drilled and completed in February 2022. Operational findings indicated that not all potentially productive Miller 9D formations were stimulated, leading to a second stimulation operation in May 2022 that successfully stimulated four additional formations.

Gas rates from Miller 9D's fluctuated between 180-300 Mcfpd. Like the Boltz 35B well, production from Miller 9D is currently halted as the Company revises its strategy for these Kansas wells.

Helium Storage

In addition to its drilling operations, Total Helium is spearheading the creation of a unique helium storage facility. The location of a future underground cavern storage facility has been identified, with geological analysis complete and the permitting process underway. Total Helium's storage project is designed to enhance U.S. independence from foreign helium supplies. Unlike the revenue stream from oil and gas production, which depletes over time, helium storage revenue will be non-depleting, steady, and enduring for many decades. Water rights crucial for constructing the salt cavern storage facility, which involves using water to hollow out the salt forming the storage cavern, have been secured. Total Helium worked in collaboration with a local water rights holder to negotiate an agreement respectful of the land and mindful of water as a precious resource. Additionally, geological and engineering studies for the project have been completed.

Total Helium, in collaboration with its industrial gas partners, is methodically advancing the helium storage project at minimal cost, while simultaneously facilitating the expansion of the Pinta South Project.

Overall Performance and Results of Operations

Total assets increased to \$19,287 at September 30, 2023, from \$3,128 at March 31, 2023. The change in assets was primarily due to an increase in joint venture assets of \$18,943 as the Company completed a joint venture interest in the Pinta South Project. The decrease in cash was primarily due to \$12,789 used for investing activities, offset by \$11,483 of proceeds received from the brokered private placement, \$406 advanced from a line of credit, and \$1,655 cash used from operating activities.

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company recorded revenue of \$84 from helium and methane gas sales from the Helisium Project and Pinta South Project.

During the three months ended September 30, 2023, the Company recorded net loss of \$1,515, compared to \$418 during the three months ended September 30, 2022. The net loss was primarily due to:

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- General and administration expense of \$762 (2022: \$180). General and administration expenses increased as the Company is no longer capitalizing certain administrative expenses related to the Denver office after the Pinta South acquisition.
- Share-based compensation of \$865 (2022: \$347). Share-based compensation in the current period relates to share-based compensation recognized from the vesting of options granted in July 2023.

Six months ended September 30, 2023 and 2022

During the six months ended September 30, 2023, the Company recorded revenue of \$167 from helium and methane gas sales from the Helisium Project and Pinta South Project.

During the six months ended September 30, 2023, the Company recorded net loss of \$2,486, compared to \$1,307 during the six months ended September 30, 2022. The net loss was primarily due to:

- General and administration expense of \$1,774 (2022: \$344). General and administration expenses increased as the Company is no longer capitalizing certain administrative expenses related to the Denver office after the Pinta South acquisition. In addition, the Company paid an administrative success fee of \$162 on the Pinta South acquisition.
- Share-based compensation of \$871 (2022: \$1,129). Share-based compensation in the current period relates to share-based compensation recognized from the vesting of options granted in April 2022 and July 2023.

Summary of Quarterly Results

The following is a summary of quarterly financial information prepared in accordance with IFRS:

	Q2 September 2023	Q1 June 2023	Q4 March 2023	Q3 December 2022
Revenue	\$ 84	\$ 83	\$ 54	\$ 11
Net loss	(1,515)	(971)	(9,680)	(197)
Basic and diluted loss per share	(0.01)	(0.01)	(0.18)	(0.00)

Weighted average number of common shares outstanding	102,393,542	90,181,830	65,758,406	65,758,406
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	Q2 September 2022	Q1 June 2022	Q4 March 2022	Q3 December 2021
Revenue	\$ 43	\$ 22	\$ -	\$ -
Net income (loss)	(418)	(889)	(998)	(2,817)
Basic and diluted income per share	(0.01)	(0.01)	(0.02)	(0.06)

Weighted average number of common shares outstanding	65,758,406	65,743,799	65,583,806	60,226,663
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Quarterly results will vary in relation to the Company's activities. The increase in loss in Q3 2021 and Q4 2022 was primarily due to increased legal and audit fees related to the acquisition and increase in share-based compensation due to the vesting of options in those periods. The losses in Q1 2022 to Q4 2023 were partially offset by consulting income recognized during the period. Q1 2022 to Q4 2023 included sales from helium and methane gas production. The loss in Q4 2023 was primarily related to writing off properties in Kansas and Colorado related to the Helsius Project. The loss in Q1 2023 was primarily related to increase general and administration costs as the Company finalized the purchase of its Pinta South Project. The loss in Q2 was primarily related to an increase in share-based compensation due to the vesting of options granted during the period.

Liquidity and Capital Resources

As at September 30, 2023, the Company had a working capital deficit of \$737 (March 31, 2023: \$2,686 working capital). During the six months ended September 30, 2023, the Company finalized the purchase of the Pinta South Project. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing.

To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. Future activities are expected to be financed through helium pre-purchase payments and additional equity and/or debt financing or other financing methods, as deemed appropriate by management. The Company is constantly seeking opportunities in the natural resource industry. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to complete or obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

On September 21, 2023, the Company entered into a business loan agreement for a maximum amount of US\$500. The line of credit bears interest at US prime plus 1%.

As at September 30, 2023, the Company had drawn \$406 (US\$300) on this line of credit (March 31, 2023 \$Nil).

The line of credit is guaranteed by a shareholder of the Company. The Company is required to maintain standard affirmative covenants associated with the line of credit.

Outstanding Share Data

As at the date of this MD&A, there were 102,393,542 common shares issued and outstanding, 5,357,900 share options outstanding, and 39,000,000 warrants outstanding and exercisable.

Related Party Transactions

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The Company's transactions below include related party transactions not disclosed elsewhere in these financial statements and are in the normal course of business and all amounts due to related parties are non-interest bearing and payable on demand.

- a) Included in amounts payable and accrued liabilities at September 30, 2023 was \$Nil (March 31, 2023: \$Nil) due to officers, directors and former officers and directors of the Company.
- b) Remuneration of directors and key management of the Company was as follows:

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	Six months ended, September 30, 2023	Six months ended, September 30, 2022
	\$	\$
Consulting and management fees	367	176
Rent	6	6
Share-based compensation	614	886
	987	1,068

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the business in which it is engaged, including risk factors relating to Brooks Range's current business. Risk factors relating to the Company include, but are not limited to the factors set out in the Listing Application dated November 8, 2021. Risk factors include, but are not limited to the following.

Early stage – Need for additional funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Cybersecurity

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its information technology (IT) infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. It depends on various IT systems to estimate resources quantities, process and record financial and operating data, analyze seismic and past drilling information, and communicate with employees and third-party partners. The Company's IT systems are increasingly integrated in terms of geography, number of systems, and key resources supporting the delivery of IT systems. The performance of key suppliers is critical to ensure appropriate delivery of key services. Any failure to manage, expand and update the IT infrastructure, any failure in the extension or operation of this infrastructure, or any failure by key resources or service providers in the performance of their services could materially and adversely affect the Company's business, financial condition and results of operations. The ability of the IT function to support the Company's business in the event of a disaster such as fire, flood or loss of any of the office locations and the ability to recover key systems from unexpected interruptions cannot be fully tested. There is a risk that, if such an event occurs, the Company's continuity plan may not be adequate to immediately address all repercussions of the disaster. In the event of a disaster affecting a data center or key office location, key systems may be unavailable for several days, leading to inability to perform some business processes in a timely manner.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration, development and production of metals, any of which could result in damage

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to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs, a reduction in the level of production at producing properties, or require abandonment or delays in the development of new mining properties.

Competition and Agreements with Other Parties

The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and it may have its interest in properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

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Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of interest

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Financial Instruments

Financial Risk Management

Cash, amounts receivable, accounts payable and accrued liabilities, and the line of credit are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate and Credit risk

The Company is exposed to interest rate risk on its business loan agreement to the extent that its line of credit is based on US prime rates of interest.

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, and amounts receivables.

To minimize the credit risk related to cash, the Company places these instruments with a top tier banks in Canada and the United States

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective when managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and maintaining sufficient cash on hand through bank loan financing and issuance of shares.

Currency Risk

The Company is exposed to foreign currency risk because the Company's US subsidiary operations incur operating expenses in US dollars. Therefore, a decrease in the value of the CAD relative to the USD increases the value of expenses in USD terms incurred by the Company's US operations, which increases expenses and decreases the cash flow available to fund operations.

As at September 30, 2023, the Company had cash of \$72, accounts receivable of \$25, accounts payable and accrued liabilities of \$504, and a line of credit of \$406 which were denominated in US dollars related to its US subsidiary.

Sensitivity analysis

The Company's borrowing under the existing line of credit are at variable rates of interest and expose the Company to interest rate risk. The Company has completed a sensitivity analysis to estimate the impact on comprehensive income which a change in interest rates at and during the six-month period ended September 30, 2023 would have had on the Company. The result of this sensitivity analysis indicates that a 0.5% increase (decrease) in the prime interest rates would not have a material impact.

The Company has completed a sensitivity analysis to estimate the impact on comprehensive earnings which a change in foreign exchange rates as at and during the six-month period ended September 30, 2023 would have had on the Company. The result of this sensitivity analysis indicates that a 10% increase (decrease) in the average value of the US dollar relative to the Canadian dollar during the period would have resulted in an increase (decrease) in net loss of approximately \$89.

Additional Disclosure for Venture Issuers without Significant Revenues

Additional disclosure concerning the Company's general and administrative expenses is provided below:

	Six months ended, September 30, 2023	Six months ended, September 30, 2022
	\$	\$
Administrative success fee	162	-
Advisory and consulting	60	60
Investor relations	234	-
Marketing and advertisement	223	194
Professional fees	365	21
Regulatory and transfer agent	101	39
Rent and office	259	30
Salaries and wages	370	-
	1,774	344

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For the six months ended September 30, 2023 and 2022



Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying management's discussion and analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Subsequent Event

On October 23, 2023, the Company cancelled 4,230,000 share options to certain directors, officers, employees, and consultants of the Company. The options were originally granted on July 26, 2023, of which 3,980,000 were exercisable at a price of \$0.50 until July 26, 2033 and 250,000 were exercisable at a price of \$0.50 until July 26, 2028.

Outlook

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.