INTRODUCTION

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, 2022. This MD&A is dated November 29, 2022 and should be read in conjunction with the audited financial statements as at and for the year ended March 31, 2022. The Company's consolidated 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 disclosed, all dollar figures included therein and in this MD&A are quoted in Canadian dollars, unless otherwise stated. The Board of Directors of First Helium approved this MD&A on November 29, 2022.

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 exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Common Shares (as defined herein) 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*.

OVERVIEW

First Helium is a Canadian company focused on the exploration, development and production of helium across western Canada to meet growing demand in the high-tech global market. Petroleum and natural gas are produced as part of its operations. On July 12, 2021, the Company began trading on the TSXV Exchange under the symbol HELI.

First Helium holds over 60,000 acres (gross) along the highly prospective Worsley trend in northern Alberta, and 276,000 acres in the southern Alberta helium fairway, near existing helium production. In addition to continuing its ongoing exploration and development drilling at Worsley, the Company has identified a number of high impact helium exploration targets on the prospective Southern Alberta helium fairway lands to set up a second core exploration growth area for the Company.

HIGHLIGHTS FROM THE SIX MONTHS ENDED SEPTEMBER 30, 2022

Building on its successful 15-25 helium discovery well at the Worsley project, the Company has identified numerous follow-up drill locations and acquired an expansive infrastructure system to facilitate future exploration and development of helium across its Worsley land base. Cash flow from its successful oil wells at Worsley will help support First Helium's ongoing helium exploration and development growth strategy.

On August 10, 2022, the Company was successful in acquiring 25,600 acres at the Crown land sale. These rights are contiguous with the Company's existing holdings in the Worsley area and solidify its dominant position on the trend for Devonian prospects. The request for the posting of these lands was made by the Company based on extensive evaluation of additional trade 2D seismic acquired along with further geological mapping.

On May 4, 2022, the Company announced that it had brought the 4-29 light oil well into production on April 8, 2022. During the month, the Company produced the well at an average daily rate of 144 barrels per day of 35 degree light oil.

The Company has drilled and cased the 14-23 horizontal well for future completion as a potential gas well, with helium content, that would coincide with the planned installation of a helium processing facility at Worsley.

During the six months ended September 30, 2022, 3,325,380 shares were issued upon exercise of warrants for net proceeds of $1,609,332. In connection with the issuance, a total of $69,445 was reallocated from reserves to share capital.

The Company received independent reserve estimates indicating Total Proved plus Probable ("2P") gross reserves of 505,100 barrels of light oil with corresponding NPV 10% of $24.6 million, for its oil properties at Worsley at March 31, 2022.

PROPERTIES AND EXPLORATION PROGRAMS

Worsley

The Company has assets located in the Worsley area in northern Alberta, Canada. The properties lie along the northern flank of the geological structure called the Peace River Arch ("PRA"). There are numerous clastic and carbonate formations with structural, stratigraphic and hydrodynamic traps along the flanks of the PRA. Gas analyses in various wells performed over the decades have established economic helium concentrations in the vicinity of the PRA and most notably along the Worsley Trend. Wells along the Worsley Trend have historically produced significant amounts of helium along with the targeted hydrocarbons; however, the helium was not recovered during production.

Subsequent to the testing and acquisition of the 15-25-87-3W6 gas well ("Worsley Well"), the Company acquired a 100% interest in additional hectares at the Alberta Crown P&NG auctions, including 3,163 acres in July and October 2021. In total, the Company now holds 60,320 acres of Alberta P&NG rights in the general Peace River arch area.

The Company continued detailed evaluation of the various productive formations on its properties to target specific holdings for additional technical work and to identify prospective acquisition candidates. An existing 3D seismic program in the area around the Worsley Well and adjoining sections was acquired and reinterpreted. The Company also completed an additional 3D seismic program offsetting the Worsley Well. This interpretation and evaluation allowed the Company to select a drilling location at 1-30-87-2W6 ("1-30"), acquired the surface location and regulatory licensing and drilled the well in November 2021. The well was completed, and flow tested 419 barrels per day of 35-degree API light oil from the Leduc Formation over a test period of 72 hours on a minimal drawdown. Commencing in late December 2021, a production facility was constructed and 1-30 was brought into production in January 2022 at a daily production rate of approximately 400 barrels per day. The successful drilling and significant oil production realized from the 1-30 well has enhanced the Company's confidence in its geological and geophysical modeling for the Leduc Formation. The Company has identified an additional 5 drill locations within the acquired 3D seismic program. The first of these locations drilled was the 4-29-87-2W6 ("4-29") in March 2022. This well was drilled on a separate structure from the 1-30 and resulted in another successful oil well. The 4-29 was brought on production in April 2022 at a rate of 144 barrels of oil per day. The remaining locations will be prioritized based on capital resource allocation.

In addition to exploration and development on the lands surrounding the Worsley Well and the 1-30 and 4-29 wells, the Company has been aggressively exploring its other holdings on the other Worsley properties. In August of 2021 and April

2022, the Company purchased a total of approximately 180 km of trade 2D seismic over a portion of its eastern most holdings on the Worsley area. This seismic has been evaluated and is being used to guide further land acquisition, 3D seismic positioning, and drilling locations

In September 2021, the Company purchased a trade 3D seismic program over holdings to the west of the Worsley Property to support geological mapping which had identified the location at 14-23-87-5W6 ("14-23"). On August 24, 2022, the Company completed the drilling of, and cased the 14-23 horizontal well for future completion as a potential gas well with helium content. Completion of 14-23 will coincide with the planned installation of a helium processing facility at Worsley.

In addition to the ongoing geological formation evaluation and drilling operations, the Company has acquired an extensive pipeline system in the Worsley area. Three separate acquisitions resulted in 40 kilometers of pipelines. The lines are designed for gathering natural gas either containing helium for transport to a central helium extraction facility, or to transport natural gas that has had the helium extracted. This gives the Company flexibility to locate a central facility at various locations along the pipeline system. The acquisition also included 1,920 acres (1,690 acres net) of land and 6 suspended wells, one of which has produced gas with 0.83% of helium content and is tied into and has previously produced gas into the newly acquired pipeline system. Engineering design evaluation of a central helium extraction facility continues to progress and will continue to evolve as drilling results are achieved.

On August 10, 2022, the Company was successful in acquiring 25,600 acres at the Alberta crown land sale. These rights are contiguous with the Company's existing holdings on the Worsley Trend and solidify its dominant position on the Trend. The request for the posting of these lands was made by the Company based on extensive evaluation of additional trade 2D seismic acquired along with further geological mapping.

The Company has completed the design and layout of a 7,000+ acre 3D seismic program over the acquired lands. This program will tie into the existing purchased trade data and the 3D program shot by the Company in March of 2021. Shooting of this program is provisionally set for the winter of 2022-2023.

Southern Alberta

On May 26, 2021, the Company entered into a Seismic Review and Option Agreement with a large land holder in southern Alberta. The agreement granted the Company exclusive access to 882,710 acres of helium rights, 932 square kilometers of 3D seismic and 500 kilometers of 2D seismic. Under the terms of the agreement, the Company had six months to evaluate the holdings with the objective of extending certain lands for an additional period under further option. On November 26, 2021, the Company elected to extend 276,842 acres of land for a further 2 years under pre negotiated terms.

The ongoing geological and geophysical evaluation has resulted in the identification of several drill locations on the Southern Alberta Property. One location has been finalized and an additional 4 locations are in various stages of development. The exploration model for the first Warner-Jenson location is based on the nearby Knappen property which has produced approximately 48,000 mcf of helium from April 2020 to the end of September 2022. The Company's proposed location on the Warner-Jenson Property is 60 km west of Knappen, here production is from porous and permeable dolomites draped over a pre-existing Precambrian high.

PRODUCTION

	Three months ended September 30, 2022	Six months ended September 30, 2022
Crude oil (boe/d)	**157**	263
Realized price $/boe	137.97	130.34
Royalties $/boe	(49.93)	(42.71)
Transportation expense $/boe	(11.67)	(5.38)
Operating expense $/boe	(18.37)	(14.82)
Operating netback $/boe	58.00	67.44

	Three months ended September 30, 2022	Six months ended September 30, 2022
Revenue $	1,991,602	6,264,110
Royalties $	(720,721)	(2,052,528)
Transportation expense $	(168,455)	(258,426)
Operating expense $	(265,148)	(712,049)
Operating netback $	837,278	3,241,107

In the Worsley area, two wells were completed and brought on production in January and April 2022 respectively. Volumes have decreased in Q2 2022 to facilitate the pump installation to optimize production. Production averaged 156 boe/d for the three months ended September 30, 2022 and 263 boe/d for the six months ended September 30, 2022 and. The production mix was 100% oil. As the first well came on production in January 2022, there are no comparative quantitative analysis for the prior fiscal year.

Revenue was $2.0 million in the three months ended and $6.3 million of the six months ended September 30, 2022. Realized price was helped by the strong commodity price environment.

OPERATING & TRANSPORTATION EXPENSES

Costs incurred to move saleable product to the custody transfer point are considered transportation expenses and are typically at a throughput rate. Transportation expenses include clean oil trucking, trucking of natural gas liquids, and transportation associated with the usage of third-party oil or natural gas sales pipelines.

Transportation expense for the three months and six months ended September 30, 2022 was $168,455 and $258,426 respectively. On a per barrel basis, transportation expense was $11.67 for the three months ended September 30, 2022, the increase was due to underestimates at Q1 2022. Transportation expense is expected to range $9 to $10 per barrel until the water disposal well is put into commission.

Operating expense for the three months and six months ended September 30, 2022 was $265,148 and $712,049 respectively. On a per barrel basis, operating expense increased to $18.37 in the three months ended September 30, 2022 from $14.82 in the six months ended September 30, 2022, 24% mainly due to the drop of production by 40%. As the first well came on production in January 2022, there are no comparative quantitative analysis for the prior fiscal year.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Three months ended September 30, 2022	Six months ended September 30, 2021
Personnel	61,500	123,188
Professional and technical	125,524	254,152
Investor relations and marketing	189,037	394,810
Software & subscriptions	30,807	53,060
Office operations	35,171	48,736
Total	442,039	873,946

G&A expense for the three months ended September 30, 2022 was $442,039, consistent with the six months trend to September 30, 2022. Of the $442,039, approximately 40% is fixed quarter to quarter, with the remaining comprised of investor relations and marketing and professional fees and property investigation. The prior fiscal year was pre-operations, thus G&A expense in the upcoming quarters are expected to be consistent with the recent two quarters.

DEPLETION EXPENSE

The calculation of depletion expense for the six months ended September 30, 2022 was based on property, plant and equipment and estimated future development costs of $1.7 million associated with proved and probable reserves in the Worsley area. The Company has its cash generating units that are aligned to its core development areas.

NET INCOME

First Helium realized net income of $638,866 for the six months ended September 30, 2022. This is a direct result of its first six months of operations with revenues of $6.2 million, net of royalties of $2.1 million and operating expense of $1.0 million, resulting in an operating netback of $3.2 million. From operating netback of $3.2 million, the Company incurred general and administration, investor relations and professional fees of $0.9 million, and recorded non-cash expenses of depletion of $1.5 million and share-based compensation of $0.3 million. For the three months ended September 30, 2022, the Company had a net loss of 326,288. This was mainly due to lower revenues and higher royalty expense in the quarter.

CAPITAL EXPENDITURES

Capital expenditures for the six months ended September 30, 2022 of $8.6 million were comprised of the drilling and completion costs of the second well brought on production in April and the 14-23 helium well drilled but not completed in August 2022. The Company completed the construction of a 100% owned central oil battery in Worsley and is commissioning a water disposal well to optimize operating costs in the oil wells brought onto production in 2022.

On August 10, 2022, the Company was successful in acquiring additional 25,600 acres at the Crown land sale. These rights are contiguous with the Company's existing holdings in the Worsley area and solidify its dominant position on the trend for Devonian prospects.

The Company plans to further develop its exploration prospects in this area and the construction of a scalable modular processing facility to produce helium. The Company acquired over 46 km of natural gas gathering lines from private third-party companies for cash consideration of $54,000 in cash and the assumption of future abandonment and reclamation liabilities to facility development across its core area.

For the six months ended	**September 30, 2022**	September 30, 2021
Land and lease cost	1,008,920	535,148
Exploration	265,323	530,280
Drilling	4,859,251	-
Completion & equipping	1,161,342	-
Facilities	1,305,894	-
Total capital expenditures	8,600,730	1,065,428
Property acquisitions(1)	-	-
Total with property acquisitions	**8,600,730**	1,065,428

(1) Property acquisitions, net of asset retirement obligation.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of $0.1 million at September 30, 2022 (March 31, 2022 - $4.8 million). With cash flows expected from operations, the Company will have sufficient working capital to drive future expansion from its portfolio of exploration lands and prospective inventory. Future liquidity will be dependent on funds flow from operations and the ability to access equity markets. The Company is working to secure facility financing to begin the installation of modular processing facility with scalability to produce helium gas.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In addition to the commitment described below, 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. First Helium has committed to future minimum payments under an operating lease that covers the rental of office space and a proportionate share of operating costs from December 2022 to November 2024.

RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. Remuneration of key management includes the following:

		Six months ended September 30, 2022		Six months ended September 30, 2021
Accounting and compliance fees (i)	$	57,000	$	57,000
Management fees (ii)		336,000		265,050
Investor relations (iii)		60,000		60,000
Share-based compensation		232,435		-
Total	$	685,435	$	382,050

(i) Management, accounting and compliance fees paid to a company controlled by a spouse of an officer of the Company in the amount of $57,000 (2021 - $57,000).

(ii) During the six months ended September 30, 2022, the Company paid or accrued $270,000 (2021 - $259,500) to various officers and directors of the Company which was capitalized as exploration and evaluation assets. As at September 30, 2022, the Company paid or accrued management and directors' fees of $66,000 (2021 - $5,550), which were expensed as management fees.

(iii) During the six months ended September 30, 2022, the Company paid or accrued $60,000 (2021 - $60,000) to a former officer of the Company for investor relations.

(iv) The balance payable to related parties as at September 30, 2022 was $56,799 (March 31, 2022 - $59,104) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended March 31, 2022. 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, 2022 include the valuation of exploration and evaluation assets, property, plant and equipment, and the valuation of share-based payments.

RISKS AND UNCERTAINTIES

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 discussion and analysis for the year ended March 31, 2022 for more details.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

The Company's financial instruments consist of cash, cash held in trust, accounts receivable, sales tax receivable, accounts payable and accrued liabilities, and convertible debentures. The fair values of the Company's financial instruments approximate their carrying value, which is the amount recorded on the consolidated statement of financial position due to their short-term nature. The fair value of the Company's convertible debentures approximates their carrying value due to the instruments measured at a market rate of interest.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, accounts receivable, and short-term investments. The Company's cash and short-term investments are held through a large Canadian financial institution. The majority of credit exposure on accounts receivable pertains to accrued revenues. Receivables from petroleum and natural gas purchasers are normally collected on the 25th day of the month following the calendar month of production. Management believes the risk is mitigated by entering into transactions with reputable counterparties and partners when possible. As at September 30, 2022, none of the accounts receivable have been outstanding greater than 90 days (March 31, 2022 – nil).

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of Common Shares without par value. As at the date of this MD&A, the following Common Shares, options, and share purchase warrants were outstanding:

	Number of shares	Exercise Price	Expiry Date
Issued and outstanding common shares	74,867,353		
Warrants	242,135	$0.50	March 2, 2023
Warrants	337,868	$0.50	March 15, 2023
Warrants	6,853,646	$0.50	July 5, 2023
Warrants	8,529,609	$0.50	July 8, 2023
Warrants	512,906	$0.35	July 12, 2023
Warrants	854,844	$0.35	July 15, 2023
Options	150,000	$0.35	May 27, 2024
Options	5,762,500	$0.35	May 27, 2026
Options	100,000	$0.35	May 27, 2026
Fully diluted	**98,210,861**		

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data reported by the Company for the quarter ended September 30, 2022 and the previous seven quarters.

Quarter-end	Revenues		Net Income (Loss)		Total Assets		Shareholders' Equity	Number of Shares Outstanding
September 30, 2022	$1,991,602	$	(326,288)	$	23,390,552	$	19,284,251	74,867,353
June 30, 2022	$4,272,508	$	965,154	$	21,883,856	$	19,513,647	74,867,353
March 31, 2022	$3,568,808	$	1,699,395	$	20,310,579	$	16,756,262	71,516,973
December 31, 2021	Nil	$	(680,506)	$	13,196,898	$	11,988,657	65,611,370
September 30, 2021	Nil	$	(831,736)	$	12,905,925	$	12,584,556	65,611,370
June 30, 2021	Nil	$	(652,991)	$	15,143,179	$	11,828,255	29,573,647
March 31, 2021	Nil	$	(180,583)	$	15,789,410	$	11,903,306	29,573,647
December 31, 2020	Nil	$	(153,896)	$	3,449,595	$	3,182,043	29,573,647

OTHER MD&A REQUIREMENTS

Additional information relating to the Company is available in the prospectus.

ABBREVIATIONS AND BOE ADVISORY

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.

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