FIRST HELIUM INC.
Management Discussion and Analysis ("MDA")
Fiscal Q3 2024 December 31, 2023

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 nine months ended December 31, 2023. This MD&A is dated February 29, 2024 and should be read in conjunction with the Company's unaudited interim consolidated financial statements as at and for the fiscal third quarter ended December 31, 2023.

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 February 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 December 31 may be referred to as "third quarter of fiscal 2024", "Q3 fiscal 2024", "current quarter", and "the quarter". The comparative three months ended December 31, 2022, may be referred to as "third quarter of fiscal 2023", "Q3 fiscal 2023", and "prior year's quarter".

HIGHLIGHTS

An evaluation of the Company's proprietary new 3D seismic program, which is on trend with, and within the same reef complex as the Company's three successful wells, has resulted in additional similar potential drilling targets for Leduc oil, and natural gas with potential helium content. In addition, First Helium has identified numerous other highly prospective multi-zone, oil, helium and natural gas exploration and development opportunities across its extensive Worsley land base. This includes the completion and testing of a previously drilled horizontal well for natural gas with potential helium content to establish a potential regional play. This operation has been prioritized, given capital availability.

The Company has also recently completed the required design work on its helium and natural gas production facility ("Production Facility") and has received firm price indications from specialized manufacturers in connection with the fabrication and delivery of long lead-time gas processing equipment. The Company is proceeding to secure key equipment vendors and other service providers in preparation for construction, targeted to commence in 2024, with expected on-stream timing within 9 to 12 months of project commencement. First Helium is evaluating financing alternatives to fund the installation of the Production Facility. These include, but are not limited to, debt, project financing, leasing, and midstream processing solutions.

The Company intends to complete a non-brokered private placement (the "Private Placement") whereby the Company will issue up to 60,000,000 Units (the "Units") for total gross proceeds of up to $3.0 million. Each Unit will be issued at a price of C$0.05 and consist of one common share of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one additional Common Share (a "Warrant Share") at a price of C$0.075 per Warrant Share for a period of 36 months from the closing of the Offering. The Warrants will not be subject to acceleration. The Company intends to use the net proceeds from the Private Placement to fund additional asset development and operating expenses on its Worsley project, as well as for general working capital.

FUNDS FLOW AND NET LOSS

($ except as otherwise noted)	Three months ended December 31 2023	2022	Nine months ended December 31 2023	2022
Revenue	**303,604**	1,239,801	**929,945**	7,503,911
Royalty expense	**(40,839)**	(166,354)	**(162,832)**	(2,218,882)
Operating expense	**(111,917)**	(397,773)	**(388,542)**	(965,060)
Transportation expense	**(39,200)**	(209,763)	**(114,982)**	(634,501)
Operating netback	**111,648**	465,911	**263,589**	3,685,468
General and administrative	**(502,831)**	(707,696)	**(1,567,643)**	(1,581,642)
Interest expense (income)	**7,385**	12,087	**(4,580)**	74,453
Funds flow (used in) from operations	**(383,798)**	(229,698)	**(1,308,634)**	2,178,279
Share-based compensation	**(37,425)**	(96,891)	**(147,379)**	(367,932)
Depletion and amortization	**(274,736)**	(157,400)	**(832,208)**	(1,638,549)
Accretion expense	**(11,730)**	(8,918)	**(31,491)**	(25,839)
Net (loss) income	**(707,689)**	(492,907)	**(2,319,712)**	145,959

(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.

Funds flow used in operations was $0.4 million in the three months ended December 31, 2023, a increase of $0.1 million compared to funds flow used in operations of $0.2 million in the three months ended December 31, 2022. For the three months ended December 31, 2023 or fiscal Q3 2024, revenue was $0.3 million compared to revenue of $1.2 million in fiscal Q3 2023. Revenue between these periods decreased by $0.9 million, mainly due to decline in production from average 125 barrels per day to 34 barrels per day. Revenue change, offset by lower royalties of $0.1 million, and lower operating expense and transportation expense of $0.2 million and lower G&A expense of $0.2 million, resulted in the decrease in funds flow across the two periods. Since the inception of its initial two wells in calendar year 2022, the Company has generated over $12.5 million of oil revenue to fund exploration opportunities.

For the three months ended December 31, 2023, the Company incurred a net loss of $0.7 million, compared to net loss of $0.5 million in the three months ended December 31, 2022. The variance was primarily due to lower revenues, net of royalties and operating and transportation expenses.

Net loss and funds flow for the nine months ended December 31, 2023 were impacted by the same factors as described above.

FINANCIAL INFORMATION

$ except otherwise noted	Three months ended December 31 2023	2022	Nine months ended December 31 2023	2022
Production – oil (bbl/d)	**34**	125	**34**	217
Revenue ($/boe)	**98.02**	107.40	**98.15**	125.90
Royalties ($/boe)	**(13.19)**	(14.41)	**(17.19)**	(37.23)
Operating expense ($/boe)	**(36.13)**	(34.46)	**(41.01)**	(16.19)
Transportation ($/boe)	**(12.66)**	(18.17)	**(12.14)**	(10.65)
Operating netback ($/boe)	**36.05**	40.36	**27.82**	61.83

REVENUE

Oil volumes have decreased in the fiscal third quarter or three months ended December 31, 2023 compared to the three months ended December 31, 2022, from 125 boe/d to 34 boe/d, a 73% decrease, due natural declines and change in water cut. Comparative periods for nine months ended December 31, 2023 and nine months ended December 31, 2022 were 34 and 217 boe/d respectively, a 84% decrease. Production is expected to remain at this level until further capital development in the Worsley field.

Revenue was $0.3 million in the three months ended December 31, 2023, a decrease of 76%, due to the production decline and a decrease of realized oil price. Realized oil price decreased by 9% from $107.40/boe in the fiscal Q3 2023 compared to $98.02/boe in the current fiscal Q3 2024, reflective of a stronger commodity price environment in the prior fiscal year. WTI oil reference price decreased in the three months ended December 31, 2023, impacting Edmonton Light oil price, a decrease of 9% compared to the three months ended December 31, 2022.

Realized oil price decreased by 22% from the nine months ended December 31, 2023 of $98.15/boe to the nine months ended December 31, 2022 of $115.90/boe, reflective of the lower oil reference price in the same comparative periods.

ROYALTIES

$ except otherwise noted	Three months ended December 31 2023	2022	Nine months ended December 31 2023	2022
Royalties	**40,839**	166,354	**162,832**	2,218,882
Royalties % of revenue	**13.5%**	13.4%	**17.5%**	29.6%

For the nine months ended December 31, 2023, royalty expenses was $0.2 million, compared to $2.2 million for the nine months ended December 31, 2022. The decrease of 93% is consistent with the decrease in revenues, a function of lower realized price in the current fiscal period and lower production levels. Factors for the three months ended December 31, 2023 compared to the three months ended December 31, 2022 are impacted by the same factors as described above.

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

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 for the three months ended December 31, 2023 was $0.2 million. On a per barrel basis, operating expense in the three months ended December 31, 2023 of $36.13/boe was comparable to $34.46/boe in the three months ended December 31, 2022. The production base decrease of 73% between the two fiscal periods would inversely impact the expense on a per barrel basis. However, the three months ended December 31, 2023 per barrel was similar to the three months ended December 31, 2022 as the prior period had high water volumes leading to higher disposal costs. The current fiscal year was lower due to the savings from the completion of the salt water disposal well commissioned in January 2023.

On a per barrel basis, transportation expense was $12.66 for the three months ended December 31, 2023, compared to $18.17 per barrel for the prior quarter three months ended December 31, 2022. The prior quarter three months ended December 31, 2022 included an clean oil trucking cost adjustment stemming from a prior period of $0.1 million.

Transportation for the nine months ended December 31, 2023 was $0.1 million or $12.14/boe compared to $0.6 million or $10.65/boe for the nine months ended December 31, 2022. The increase reflects higher fuel charges in the industry in the current fiscal year. Transportation expense is expected to range from $11 to $12 per barrel.

$ except otherwise noted	Three months ended December 31 2023	2022	Nine months ended December 31 2023	2022
Operating expense	**111,917**	397,773	**388,542**	965,060
Transportation	**39,200**	209,763	**114,982**	634,501
Operating & transportation	**151,117**	607,536	**503,524**	1,599,561
Operating expense ($/boe)	**36.13**	34.46	**41.01**	16.19
Transportation ($/boe)	**12.66**	18.17	**12.14**	10.65
Operating & transportation ($/boe)	**48.79**	52.63	**53.15**	26.84

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

$ except otherwise noted	Three months ended December 31 2023	2022	Nine months ended December 31 2023	2022
Personnel	**274,452**	420,522	**838,344**	773,622
General and consulting costs	**37,194**	87,163	**180,943**	170,819
Investor relations and marketing	**152,823**	181,715	**431,080**	573,421
Professional fees	**40,139**	30,877	**149,837**	130,832
Software and office operations	**54,248**	69,819	**168,836**	187,848
General and administrative-gross	**558,856**	790,096	**1,769,040**	1,836,542
Overhead recoveries	**(56,025)**	(82,400)	**(201,397)**	(254,900)
General and administrative expense	**502,831**	707,696	**1,567,643**	1,581,642

G&A expense for the three months end December 31, 2023 and three months end December 31, 2022 was $0.5 million and $0.7 million, respectively. Personnel costs were higher in the three months ended December 31, 2022 with a retroactive increase of management fee of $0.2 million. G&A expense for the nine months end December 31, 2023 was $1.6 million, consistent with the nine months ended December 31, 2022. In the nine months ended December 31, 2023, $0.2 million of personnel costs were directly capitalized to exploration projects compared to $0.3 million in the prior period due to lower capital activity in fiscal 2024. On a go forward basis in 2024, G&A expense is expected to be reflective of the current quarter.

DEPLETION

Depletion expense was $0.3 million for the three months ended December 31, 2023. Depletion was based on property, plant and equipment and estimated future development costs of $2.6 million associated with proved and probable reserves in the Worsley area ($2.6 million - March 31, 2023). Depletion expense was $0.8 million and $1.6 million in the nine months ended December 31, 2023 and December 31, 2022 respectively, primarily due to lower production between the two fiscal periods.

As at March 31, 2023, indicators of impairment reversal were identified as a result of the reduction in its oil reserves since the last impairment test performed as at March 31, 2022. 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 of the Worsley Oil CGU 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. No reversal indicators existed at December 31, 2023.

SHARE-BASED COMPENSATION

	Three months ended December 31		Nine months ended December 31	
$ except otherwise noted	**2023**	2022	**2023**	2022
Share-based compensation	**37,425**	96,891	**147,379**	367,932

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 three and nine months ended December 31, 2023 was lower by approximately 60% as majority of the non-cash expense related to the pre-existing options was recognized through the first three years of the issuance date.

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 number of common shares outstanding was 87,059,353. The following are options and warrants outstanding as at December 31, 2023:

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	4,256,250	2.4	$	0.35
2021-May-27 expiry 2024-May-27	150,000	150,000	0.4	$	0.35
2022-Jan-31 expiry 2026-May-27	100,000	75,000	2.4	$	0.35
	5,925,000	**4,481,250**	**2.4**	**$**	**0.35**

Warrants by expiry date	Number of Warrants	Weighted average remaining (year)	Exercise Price per Warrant	
2024-Dec-22	12,486,700	1.0	$	0.30
Balance	**12,486,700**	**1.0**	**$**	**0.30**

CAPITAL EXPENDITURES

	Three months ended December 31		Nine months ended December 31	
	2023	2022	**2023**	2022
Land and lease cost	**12,401**	22,624	**12,401**	1,033,544
Drilling	**6,679**	1,029,174	**34,634**	5,157,135
Completion & recompletions	**-**	29,685	**-**	2,147,203
Exploration	**35,325**	26,079	**190,294**	417,862
Facilities	**31,974**	57,145	**105,340**	1,172,357
Total capital expenditures	**86,379**	1,164,707	**342,669**	9,928,101
Property acquisitions (1)	**-**	(5,797)	**-**	11,861
Total with property acquisitions	**86,379**	1,158,910	**342,669**	9,939,962

(1) property acquisitions, net of asset retirement obligation and transaction costs.

Capital expenditures for the three months ended December 31, 2023 was $0.1 million and $0.3 million for nine months ended December 31, 2023. The Company has recently completed the required design work on its helium and natural gas Production Facility and has received firm price indications from specialized manufacturers in connection with the fabrication and delivery of long lead-time gas processing equipment. The Company is proceeding to secure key equipment vendors and other service providers in preparation for construction, targeted to commence in calendar 2024, with expected on-stream timing within months of project commencement.

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 December 31, 2023, the Company has not recognized a deferred income tax asset. Tax pools balance is approximately $25 million with non-capital losses of $12.3 million having expiries from 2037 to 2043.

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:	March 31, 2023	**December 31, 2023**
Cash	165,274	**148,221**
Accounts receivable	177,668	**98,956**
Prepaids and deposits	88,068	**148,678**
Accounts payable and accrued liabilities	(1,402,716)	**(1,075,285)**
Working capital (deficit)	(971,706)	**(679,430)**

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of $0.7 million at December 31, 2023 (March 31, 2023 - $1.0 million). The fiscal 2023 capital program and the seismic acquisition program in March 2023 were mainly funded by cash flows from operations. The Company is working to secure facility financing to begin the installation of a modular processing facility to produce helium gas. Future liquidity will be dependent on funds generation from development wells and the ability to access equity markets to drive future expansion from its portfolio of exploration lands. First Helium continues to look at farm-in or joint venture opportunities to accelerate development of its prospective drilling inventory.

The Company intends to complete a non-brokered private placement (“Private Placement”) to issue up to 60,000,000 Units (“Units”) for total gross proceeds of up to $3.0 million at a price of $0.05 and consist of one common share in the capital of the company and a common share purchase warrant. The closing of the Private Placement are expected to occur in Q4 of fiscal 2024 and is subject to the receipt of all necessary regulatory approvals, including the approval of the Exchange. All securities issued pursuant to the Private Placement will be subject to a four-month hold period in accordance with applicable Canadian securities laws. The Company intends to use the net proceeds from the Offering for the development and exploration activities and for working capital and general corporate purposes.

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, recorded as a financial liability and a right of use asset in the consolidated balance sheet of $0.1 million as at December 31, 2023 ($0.2 million as at March 31, 2023).

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 December 31		**Nine months ended December 31**	
	2023	2022	**2023**	2022
Accounting and compliance (i)	**34,500**	46,500	**103,500**	103,500
Management fees (ii)	**202,500**	278,000	**607,500**	614,000
Investor relations (iii)	**-**	30,000	**-**	90,000
Share-based compensation	**32,186**	83,065	**126,747**	315,500
Total	**269,186**	437,565	**837,747**	1,123,000

(i) Accounting and compliance fees were paid to a company controlled by a spouse of an officer of the Company in the amount of $34,500 and $103,500 for the three and nine months ended December 31, 2023 (three and six months ended September 30, 2022 - $28,500 and $57,000 respectively).

(ii) For the three months ended December 31, 2023, the Company incurred $202,500 (three months ended December 31, 2022 of $278,000) of management fees to various officers and directors of the Company. Management fee for the prior period was higher due to a one-time increase. For the nine months ended December 31, 2023, management fees was $607,500 reflective of contract increases compared to the nine months ended December 31, 2022 of $614,000.

(iii) During the three and nine months ended December 31, 2022, the Company incurred general and administrative expense of $30,000 and $90,000 and none in the fiscal 2024 to a former officer of the Company for investor relations and corporate development.

The balance payable to related parties as at December 31, 2023 was $220,407 (as at March 31, 2023 - $71,000). During the nine months ended December 31, 2023, proceeds of $1,985,000 were received from certain related parties to be included in the next financing completed by the Company. The funds were used for general corporate purposes and are not expected to be repaid.

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 2024 and 2023, First Helium had zero lost time injuries and zero recordable injuries. First Helium 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, 2023 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 December 31, 2023, 81% of the total outstanding accounts receivable pertain to receivables from petroleum purchasers (March 31, 2023 – 65%). As of December 31, 2023, $nil of the accounts receivable balance has been outstanding greater than 90 days (March 31, 2023 - $5,741) with all amounts estimated to be collectable.

As at:	**December 31, 2023**	March 31, 2023
Revenue receivable	**79,885**	115,650
GST and other receivable	**19,071**	62,018
Accounts receivable	**98,956**	177,668

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 three and nine months ended December 31, 2023 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 December 31, 2023**	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023
Production volumes (boe/d)	**34**	27	43	80
Averaged realized price ($/boe)	**$ 98.02**	$ 106.89	$ 92.69	$ 98.42
Revenue	**303,604**	265,600	360,741	712,982
Funds flow (used in) operations [(1)]	**(383,798)**	(446,502)	(478,334)	(354,808)
Cash flow (used in) operating activities	**(203,638)**	(565,601)	(733,344)	(371,954)
Capital expenditures	**86,379**	58,175	198,115	1,467,276
Total assets	**16,637,033**	16,701,940	16,823,170	17,066,125
Net working capital (deficit) [(2)]	**(679,430)**	(228,750)	(345,479)	(971,706)

[(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 December 31, 2022	Three months ended September 30, 2022	Three months ended June 30, 2022	Three months ended March 31, 2022
Production volumes (boe/d)	125	157	369	332
Averaged realized price ($/boe)	$ 107.40	$ 137.97	$ 127.07	$ 119.41
Revenue	1,239,801	1,991,602	4,272,508	3,568,808
Funds flow from (used in) operations [(1)]	(229,698)	550,113	1,857,864	2,812,602
Cash flow (used in) provided by operating activities	(1,030,372)	4,250,458	(24,511)	2,497,116
Capital expenditures	1,164,710	7,718,035	1,045,359	3,209,151
Total assets	25,119,922	23,390,552	21,883,856	20,310,579
Net working capital [(2)]	1,006,002	17,114	7,086,565	4,762,307

[(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
mbbls	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*.

CORPORATE OFFICES	DIRECTORS
Suite 550, 800 West Pender Street	Todd Holmstrom
Vancouver, BC Canada V6C 2V6	Calvin Watson
www.firsthelium.com	Edward Bereznicki
Suite 1225, 635 – 8th Avenue SW	Robert Scott
Calgary, AB Canada T2P 3M3	