FIRST HELIUM INC.
Management Discussion and Analysis ("MDA")
Fiscal year ended March 31, 2024

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 year ended March 31, 2024. This MD&A is dated July 29, 2024 and should be read in conjunction with the Company's annual consolidated financial statements "financial statements") as at and for the year ended March 31, 2024.

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 July 26, 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 March 31 may be referred to as "fourth quarter of fiscal 2024", "Q4 fiscal 2024", "current quarter", and "the quarter". The comparative three months ended March 31, 2023 may be referred to as "fourth quarter of fiscal 2023", "Q4 fiscal 2023".

FORWARD LOOKING STATEMENTS

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

HIGHLIGHTS

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.

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 across its Worsley land base. Cash flow from its successful oil wells at Worsley has helped support First Helium's ongoing exploration and development growth strategy. Further potential oil drilling locations have also been identified on the Company's Worsley land base.

The Company completed a non-brokered private placement whereby it issued 66,173,000 Units (the "Units") for total gross proceeds of up to $3.3 million. Each Unit was 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. The Warrants are not subject to acceleration. The Private Placement, subject to the receipt of all necessary regulatory approvals, was closed on April 4, 2024. The Company intends to use the net proceeds from the Private Placement for the development and exploration activities and for working capital and general corporate purposes.

FUNDS FLOW AND NET LOSS

	Three months ended March 31		Year ended March 31	
($ except as otherwise noted)	**2024**	2023	**2024**	2023
Revenue	**200,864**	712,982	**1,130,809**	8,216,893
Royalty expense	**(24,129)**	(248,139)	**(186,961)**	(2,467,021)
Operating expense	**(116,552)**	(117,876)	**(505,094)**	(1,082,936)
Transportation expense	**(29,698)**	(90,225)	**(144,680)**	(724,726)
Operating netback	**30,485**	256,742	**294,074**	3,942,210
General and administrative	**(373,776)**	(624,605)	**(1,941,419)**	(2,206,247)
Interest (income)	**4,874**	5,638	**294**	80,091
Funds flow (used in) from operations	**(338,417)**	(362,225)	**(1,647,051)**	1,816,054
Share-based compensation	**(37,018)**	(93,694)	**(184,397)**	(461,626)
Other expense	**(199,520)**	-	**(199,520)**	-
Depletion and amortization	**(292,736)**	(2,383,451)	**(1,124,944)**	(4,022,000)
Impairment	**-**	(4,230,000)	**-**	(4,230,000)
Accretion expense	**(8,152)**	(9,498)	**(39,643)**	(35,337)
Net loss	**(875,843)**	(7,078,868)	**(3,195,555)**	(6,932,909)

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

Funds flow used in operations was $0.3 million in the three months ended March 31, 2024 compared to funds flow used in operations of $0.4 million in the three months ended March 31, 2023. The lower funds flow used between the two quarters was due to lower revenues, offset by lower expenditures. Revenue was $0.2 million in the three months March 31, 2024 compared to revenue of $0.7 million in three months March 31, 2023, a decrease of $0.5 million due to decline in oil production. The revenue change, offset by lower royalties of $0.2 million and lower G&A expense of $0.2 million were the main factors to the lower funds flow used. Since the inception of its initial two wells in calendar year 2022, the Company has generated over $13.0 million of oil revenue to fund exploration opportunities.

For the three months ended March 31, 2024, the Company incurred a net loss of $0.9 million, compared to net loss of $7.1 million in the three months ended March 31, 2023. The variance of $6.2 million was primarily due to lower operating netback of $0.2 million, lower general and administration expenses $0.3 million as well as lower depletion expense of $2.0 million and no impairment expense the current fiscal year of 2024.

Net loss and funds flow for the twelve months or year ended March 31, 2024 were impacted by the same factors as described above.

REVENUE

Oil volumes have decreased in the fiscal fourth quarter or three months ended March 31, 2024 to 24 boe/d, a 70% decrease, due natural declines and increase in water cut. Comparative periods for twelve months ended March 31, 2024 and twelve months ended March 31, 2023 were 32 and 183 boe/d respectively, a 83% decrease. Production is expected to remain at this level until further capital development in the Worsley field.

Revenue was $0.2 million in the three months ended March 31, 2024, a decrease of 72%, due to the production decline and a decrease of realized oil price. Realized oil price decreased by 6% from $98.42/bbl in the fiscal Q4 2023 compared to $92.32/bbl in the current fiscal Q4 2024, reflective of a stronger commodity price environment in the prior fiscal year. Edmonton Light oil price decreased by 4% compared to the three months ended March 31, 2023, from $99.73/bbl to $95.60/bbl.

Realized oil price decreased by 21% from the twelve months ended March 31, 2024 of $97.07/bbl to the twelve months ended March 31, 2023 of $122.92/bbl, reflective of the lower oil reference price in the same comparative periods. Edmonton Light oil price decreased by 14%, from $115.25/bbl for the twelve months ended March 31, 2023 to $98.86/bbl for the twelve months ended March 31, 2024.

FINANCIAL INFORMATION	Three months ended March 31		Year ended March 31	
$ except otherwise noted	**2024**	2023	**2024**	2023
Production – oil (bbl/d)	**24**	80	**32**	183
Revenue ($/boe)	**92.32**	98.42	**97.07**	122.92
Royalties ($/boe)	**(11.09)**	(34.25)	**(16.05)**	(36.91)
Operating expense ($/boe)	**(53.57)**	(16.27)	**(43.36)**	(16.20)
Transportation ($/boe)	**(13.65)**	(12.46)	**(12.42)**	(10.84)
Operating netback ($/boe)	**14.01**	35.44	**25.24**	58.97

ROYALTIES	Three months ended March 31		Year ended March 31	
$ except otherwise noted	**2024**	2023	**2024**	2023
Royalties	**24,129**	248,139	**186,961**	2,467,021
Royalties % of revenue	**12.0%**	34.8%	**16.5%**	30.0%

For the twelve months ended March 31, 2024, royalty expense was $0.2 million, compared to $2.5 million for the twelve months ended March 31, 2023. The decrease of 92% is consistent with the decrease in revenues of 72% and lower royalty rate due to lower production levels. Factors for the three months ended March 31 2024 compared to the three months ended March 31, 2023 are impacted lower production levels.

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. On a per barrel basis, operating expense in the three months ended March 31, 2024 of $53.57/boe was higher than the three months ended March 31, 2023 $16.27/boe. The production base decrease of 70% between the two fiscal periods would inversely impact the expense on a per barrel basis.

On a per barrel basis, transportation expense was $13.65 for the three months ended March 31, 2024, compared to $12.46 for the prior quarter three months ended March 31, 2023. Transportation for the twelve months ended March 31, 2024 was $0.1 million or $12.42/boe compared to $0.7 million or $10.84/boe for the twelve months ended March 31, 2023. The increase reflects higher fuel charges in the industry in the current fiscal year. Transportation expense is expected to range from $12 to $14 per barrel.

	Three months ended March 31		Year ended March 31	
$ except otherwise noted	**2024**	2023	**2024**	2023
Operating expense	**116,552**	117,876	**505,094**	1,082,936
Transportation	**29,698**	90,225	**144,680**	724,726
Operating & transportation	**146,250**	208,101	**649,774**	1,807,662
Operating expense ($/boe)	**53.57**	16.27	**43.36**	16.20
Transportation ($/boe)	**13.65**	12.46	**12.42**	10.84
Operating & transportation ($/boe)	**67.22**	28.73	**55.77**	27.04

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A EXPENSE")

	Three months ended March 31		Year ended March 31	
$ except otherwise noted	**2024**	2023	**2024**	2023
Personnel	**233,291**	420,522	**1,071,635**	1,157,493
General and consulting costs	**30,717**	87,163	**211,660**	256,086
Investor relations and marketing	**73,013**	181,715	**504,093**	787,205
Professional fees	**31,796**	30,877	**181,633**	222,416
Software and office operations	**46,958**	69,819	**215,794**	207,113
General and administrative-gross	**415,775**	790,096	**2,184,815**	2,630,313
Overhead recoveries	**(42,000)**	(82,400)	**(243,397)**	(424,066)
General and administrative expense	**373,775**	707,696	**1,941,418**	2,206,247

G&A expense for the three months end March 31, 2024 and three months end March 31, 2023 was $0.3 million and 0.7 million, respectively. G&A expense for the twelve months end March 31, 2024 was $1.9 million, $0.2 million lower than the twelve months ended March 31, 2023. In the twelve months ended March 31, 2024, $0.2 million of personnel costs were directly capitalized to exploration projects compared to $0.4 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.

SHARE-BASED COMPENSATION

	Three months ended March 31		Year ended March 31	
$ except otherwise noted	**2024**	2023	**2024**	2023
Share-based compensation	**37,018**	93,694	**184,397**	461,626

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 year ended March 31, 2024 of 60% than the prior fiscal year March 31, 2023 of $0.1 million as most of the expense related to the pre-existing options was recognized through the first three years of the issuance date.

DEPLETION

Depletion expense was $0.3 million and $1.1 million for the three and twelve months ended March 31, 2024. Depletion was based on property, plant and equipment and estimated future development costs of $2.7 million associated with proved and probable reserves in the Worsley area ($2.7 million at March 31, 2023). The Company has cash generating units that are aligned to its core development areas.

As at March 31, 2024, there were no indicators of impairment identified since the last impairment test performed as at March 31, 2023. An impairment test was carried out at March 31, 2023 on its Worsley Oil cash-generating unit (“CGU”). Recoverable value was estimated based on value in use from proved and probable oil reserves. It was determined that the estimated recoverable value of $3.6 million 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. An impairment charge of $4.2 million was recognized at March 31, 2023. No reversal indicators existed at March 31, 2024.

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 153,232,353. The following are options and warrants outstanding as at March 31, 2024 and date of this MD&A:

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	2.2	$	0.35
2021-May-27 expiry 2024-May-27[(a)]	150,000	150,000	0.2	$	0.35
2022-Jan-31 expiry 2026-May-27	100,000	75,000	2.2	$	0.35
	5,925,000	**4,481,250**	**2.1**	**$**	**0.35**

(a) Expired on May 27, 2024.

Warrants by expiry date	Number of Warrants	Weighted average remaining (year)	Exercise Price per Warrant	
2024-Dec-22	**12,486,700**	0.7	$	0.30

On April 4, 2024, the Company closed the non-brokered private placement of 66,173,000 units at a price of $0.05 per unit for gross proceeds of $3,308,650. Each unit consists of one common shares and one common share purchase warrant (“Warrant”). The 66,173,000 Warrant issued are exercisable at a price of $0.075 per common shares and will expire April 4, 2027. The Warrants are not subject to acceleration. The proceeds will be used to fund asset development and general working capital. As at March 31, 2024, the Company received subscription orders totalling gross $3,308,650 before issuance costs of $362,604 in connection with its equity financing. Of the total subscriptions, $1,985,000 was received from certain related parties. Of the subscription of $3,308,650, cash of $2,417,800 was received prior to March 31, 2024 with remaining $890,850 received on closing April 4, 2024.

CAPITAL EXPENDITURES

Capital expenditures for the three months ended March 31, 2024 was $0.2 million and $0.5 million for twelve months ended March 31, 2024. The Company disposed $0.2 million of tubulars in the three months ended March 31, 2024. The Company has 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. Pending financing of the Production Facility, the Company will proceed to secure key equipment vendors and other service providers in preparation for construction, targeted to commence in calendar 2025, with expected on-stream timing within 12 months of project commencement.

	Three months ended March 31		Year ended March 31	
	2024	2023	**2024**	2023
Land and lease cost	**3,373**	360	**15,774**	1,033,904
Drilling	**39,544**	437,632	**74,178**	5,594,767
Completion & recompletions	**-**	11,441	**-**	2,158,644
Exploration	**-**	933,806	**190,294**	1,351,668
Facilities	**114,165**	69,184	**219,505**	1,241,541
Total capital expenditures	**157,082**	1,452,423	**499,751**	11,380,524
Property acquisitions (dispositions) [(1)]	**(215,250)**	14,853	**(215,250)**	26,714
Total with property acquisitions (dispositions)	**(58,168)**	1,467,276	**284,501**	11,407,238

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

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 March 31, 2024, the Company has not recognized a deferred income tax asset. Tax pools balance is approximately $28.1 million with non-capital losses of $19.0 million having expiries from 2037 to 2044.

Tax Pools As at	**March 31, 2024**	March 31, 2023
Canadian oil & gas property expenditures	**804,345**	-
Canadian development expenditures	**4,419,225**	8,156,754
Canadian exploration expenditures	**2,262,563**	1,936,705
Undepreciated capital cost	**650,948**	2,453,334
Financing costs	**1,017,682**	-
Non-capital losses	**18,976,183**	12,258,433
Total tax pools	**28,130,947**	24,805,226

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, 2024**	March 31, 2023
Cash	**157,787**	165,274
Accounts receivable	**119,601**	177,668
Prepaids and deposits	**307,292**	88,068
Accounts payable and accrued liabilities	**(1,284,716)**	(1,402,716)
Working capital (deficit)	**(700,036)**	(971,706)

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $0.7 million at March 31, 2024 (March 31, 2023 - $1.0 million). The Company is working to secure facility financing to begin the installation of the Production Facility to produce helium gas and to development its Worsley asset base. Future liquidity will be dependent on the ability to access equity or debt markets to drive future expansion from its portfolio of exploration lands and funds generation from development wells. First Helium is in need of farm-in or joint venture opportunities to accelerate development of its prospective drilling inventory.

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 March 31, 2024 ($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 March 31		Year ended March 31	
	2024	2023	**2024**	2023
Accounting and compliance (i)	**34,500**	34,500	**138,000**	138,000
Management fees (ii)	**185,000**	201,000	**792,500**	815,000
Investor relations (iii)	**-**	30,000	**-**	120,000
Share-based compensation	**49,579**	80,400	**176,326**	395,900
Total	**269,079**	345,900	**1,106,826**	1,468,900

(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 $138,000 for the three and twelve months ended March 31, 2024 (three and twelve months ended March 31, 2023 - $34,500 and $138,000 respectively).

(ii) For the three months ended March 31, 2024, the Company incurred $185,000 (three months ended March 31, 2023 of $201,000) of management fees to various officers and directors of the Company. For the twelve months ended March 31, 2024 management fees was $792,500 compared to the twelve months ended March 31, 2023 of $815,000.

(iii) During the three and twelve months ended March 31, 2023, the Company incurred general and administrative expense of $30,000 and $120,000 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 March 31, 2024 was $377,000 (as at March 31, 2023 - $71,000). Included in this balance was $150,000 was borrowed from an officer of the Company on March 21, 2024 and repaid on April 16, 2024 with an interest rate of 5.5%.

During the twelve months ended March 31, 2024, proceeds of $1,985,000 were received from certain related parties which were included in the equity financing which closed on April 4, 2024. The funds were used for general corporate purposes.

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 and is compliant with government guidelines pertaining to COVID-19.

RISK FACTORS AND RISK MANAGEMENT

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

Prices and markets

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

The ability of First Helium to market its oil, natural gas, and helium may depend upon its ability to acquire space on pipelines or rail cars that deliver oil and natural gas to commercial markets and off-take arrangements. Deliverability uncertainties related to the distance that First Helium's reserves are to pipelines, processing and storage facilities, operational problems affecting pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and helium and many other aspects of the exploration business may also affect the Company.

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

Inflation and cost management

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

Reserve estimates

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

Environmental

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

Credit risk

Credit risk is the potential financial loss to the Company if customers or counterparties to a financial instrument are unable to meet their contractual obligations. Management believes the risk is mitigated by entering into transactions with reputable counterparties and partners when possible. At March 31, 2024, 70% of the total outstanding accounts receivable pertain to receivables from petroleum purchasers (March 31, 2023 – 65%). As of March 31, 2024, $11,308 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:	**March 31, 2024**	March 31, 2023
Revenue receivable	**83,430**	115,650
GST and other receivable	**36,171**	62,018
Accounts receivable	**119,601**	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 twelve months ended March 31, 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 March 31, 2024**	Three months ended December 31, 2023	Three months ended September 30, 2023	Three months ended June 30, 2023
Production volumes (boe/d)	**24**	34	27	43
Averaged realized price ($/boe)	**$ 92.32**	$ 98.02	$ 106.89	$ 92.69
Revenue	**200,864**	303,604	265,600	360,741
Funds flow (used in) operations [1]	**(338,417)**	(383,798)	(446,502)	(478,334)
Cash flow (used in) operating activities	**(504,717)**	(203,638)	(565,601)	(733,344)
Capital expenditures, net dispositions	**(58,168)**	86,379	58,175	198,115
Total assets	**16,219,856**	16,637,033	16,701,940	16,823,170
Net working capital (deficit) [2]	**(700,036)**	(679,430)	(228,750)	(345,479)

[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 March 31, 2023	Three months ended December 31, 2022	Three months ended September 30, 2022	Three months ended June 30, 2022
Production volumes (boe/d)	80	125	157	369
Averaged realized price ($/boe)	$ 98.42	$ 107.40	$ 137.97	$ 127.07
Revenue	712,982	1,239,801	1,991,602	4,272,508
Funds flow (used in) from operations [1]	(354,808)	(229,698)	550,113	1,857,864
Cash flow (used in) provided by operating activities	(371,954)	(1,030,372)	4,250,458	(24,511)
Capital expenditures, net	1,467,276	1,164,710	7,718,035	1,045,359
Total assets	17,066,125	25,119,922	23,390,552	21,883,856
Net working capital (deficit) [2]	(971,706)	1,006,002	17,114	7,086,565

[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*.

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