FIRST HELIUM INC.
Management Discussion and Analysis ("MDA")
Three months ended June 30, 2023 (FISCAL Q1 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 three months ended June 30, 2023. This MD&A is dated August 29, 2023 and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended March 31, 2023 ("fiscal 2023 financial statements").

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise noted, all dollar figures included herein and in this MD&A are quoted in Canadian dollars. This MD&A was prepared by management and the Board of Directors of First Helium approved this MD&A on August 29, 2023.

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 Advisories" and "Forward-looking Statements" sections at the end of this MD&A for further information.

In the following discussion, the three months ended June 30, 2023 may be referred to as "first quarter of fiscal 2024", "Q1 fiscal 2024", "current quarter", and "the quarter". The comparative three months ended June 30, 2022, may be referred to as "first quarter of fiscal 2023", "Q1 fiscal 2023", and "prior year's quarter".

HIGHLIGHTS

First Helium has entered into a long-term "take-or-pay" helium supply agreement (the "Agreement") with a major global industrial gas supplier (the "Purchaser") to sell helium gas production from its Worsley Property. The Company has agreed to sell to the Purchaser 80% (with an ability to potentially sell up to 100%) of its produced helium volumes, subject to maximum monthly and annual volume quantities, in accordance with a specified per unit volume pricing schedule. Depending on the pace of helium production growth at Worsley, the Agreement is worth up to US$100 million in potential revenue to First Helium over the first five years of production.

Through its three successful wells, the Company has confirmed its geologic model based on 3D seismic data and is nearing completion of its evaluation of the 3D Seismic Program shot in early 2023 over its newly acquired Worsley lands. This new seismic program has the potential to generate several new high priority drill targets in the same Leduc reef complex as the initial three wells.

FUNDS FLOW AND NET LOSS

($ except as otherwise noted)	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Revenue	**360,741**	4,272,508
Royalty expense	**(85,480)**	(1,331,807)
Operating expense	**(95,881)**	(362,679)
Transportation expense	**(43,836)**	(312,416)
Operating netback	**135,544**	2,265,606
General and administrative	**(599,715)**	(431,907)
Interest expense (income)	**(14,163)**	24,165
Funds flow	**(478,334)**	1,857,864
Share-based compensation	**(72,529)**	(174,149)
Depletion and amortization	**(334,736)**	(711,149)
Accretion expense	**(9,071)**	(7,412)
Net (loss) income	**(894,670)**	965,154

Funds flow in the three months ended June 30, 2023 was an outflow of ($0.5) million, a decrease of $2.3 million from the three months ended June 30, 2022 inflow of $1.9 million. For the three months ended June 30, 2023 (fiscal Q1 2024, revenue was $0.4 million from oil volumes of 43 bbl/d, contributing to the decrease in the comparative period, Q1 fiscal 2023, with revenue of $4.3 million from oil volumes of 369 bbl/d. Revenue between these periods decreased by $3.9 million, offset by lower royalties and operating expense and transportation expense totalling $1.8 million. Since the inception of its initial two wells in calendar year 2022, the Company has generated over $12 million of oil revenue.

For the three months ended June 30, 2023, First Helium incurred a net loss of $0.9 million, compared to net income of $1.0 million in the three months ended June 30, 2022. The reduction in net income of $1.9 million was primarily due to lower revenues, net of royalties and operating and transportation expenses of $2.1 million. This is augmented by lower depletion expense of $0.4 million.

FINANCIAL INFORMATION $ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Production – oil (bbl/d)	**43**	369
Petroleum revenue ($/boe)	**92.69**	127.07
Royalties ($/boe)	**(21.96)**	(39.61)
Operating expense ($/boe)	**(24.63)**	(10.79)
Transportation ($/boe)	**(11.26)**	(9.29)
Operating netback ($/boe)	**34.83**	67.38
Funds flow (used in) from operations (1)	**(478,334)**	1,857,864
Capital expenditures	**198,115**	1,045,359
Working capital	**(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) *Working capital (deficit) is calculated as current assets less current liabilities, excluding the current portion of financial lease and asset retirement obligations.*

REVENUE $ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Revenue	**360,741**	4,272,508
Royalties	**(85,480)**	(1,331,807)
Operating expense	**(95,881)**	(362,679)
Transportation	**(43,836)**	(312,416)
Operating netback	**135,544**	2,265,606

Oil volumes have decreased in the first quarter or three months ended June 30, 2023 compared to the three months ended June 30, 2022, from 369 boe to 43 boe due natural declines and higher water cut. Production is expected to remain at this level until further capital development.

Revenue was $0.4 million in the three months ended June 30, 2023 based on realized oil price of $92.69/boe. Realized oil price decreased by 27% from $127.07 in the quarter ended June 30, 2022 compared to $92.69 in the current quarter ended June 30, 2023, reflective of a stronger commodity price environment in the first half of the calendar 2022 compared to the current calendar 2023.

ROYALTIES $ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Royalties	**85,480**	1,331,807
Royalties % of revenue	**23.7%**	31.2%

For the three months ended June 30, 2023, royalty expense was $0.1 million, decrease by 94% from the three months ended June 30, 2022 and consistent with the decrease in revenues.

The royalty percentage decreased in the three months ended June 30, 2023 compared to the three months ended June 30, 2022 as a function of lower realized price in the current fiscal period and lower production levels.

The average royalty percentage is expected to range from 25 to 30% as commodity prices continue to fluctuate in fiscal 2024.

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 June 30, 2023 was $0.1 million. On a dollar basis, operating expense decreased as a direct result of the production volume decline. On a per barrel basis, operating expense increased to

$24.63 in the three months June 30, 2023, a 128% increase from $10.79/boe in the second quarter of fiscal 2023. The production base decrease of 88% between the two periods impacts the expense on a per barrel basis. Operating expense is consistent with expectation of $20 to $25 per barrel.

Transportation expense for the three months ended June 30, 2023 was $0.1 million. On a per barrel basis, transportation expense was $11.26 for the three months ended June 30, 2023, compared to $9.29 per barrel for the prior quarter three months ended June 30, 2022. The increase reflects higher fuel charges in the industry in the current year. Transportation expense is expected to range from $11 to $12 per barrel.

$ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Operating expense	**95,881**	362,679
Transportation expense	**43,836**	312,416
Operating & transportation	**139,717**	675,095
Operating expense ($/boe)	**24.63**	10.79
Transportation ($/boe)	**11.26**	9.29
Operating & transportation ($/boe)	**35.90**	20.08

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

$ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Personnel	**379,944**	119,389
Investor relations and marketing	**164,775**	208,148
Professional fees	**95,513**	66,556
Software and office operations	**58,230**	37,814
General and administrative-gross	**698,462**	431,907
Overhead recoveries	**(98,747)**	-
General and administrative expense	**599,715**	431,907

G&A expense for the first quarter of 2024 and first quarter of 2023 was $0.6 million and $0.4 million, respectively. Personnel and software were higher in the current fiscal period due to higher activity levels. On a go forward basis in 2023, G&A expense is expected to be reflective of the current quarter.

DEPLETION

Depletion expense was $0.3 million and $0.7 million for the three months ended June 30, 2023 and June 30, 2022 respectively. 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 lower in the three months ended June 30, 2023 primarily due to lower production compared to the three months ended June 30, 2022.

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 June 30, 2023.

SHARE-BASED COMPENSATION

$ except otherwise noted	**Three months ended June 30, 2023**	Three months ended June 30, 2022
Share-based compensation	**72,529**	174,149

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 months ended June 30, 2023 was lower by $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.

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.

Subsequent to June 30, 2023 and as at the date of this report, warrants issued with expiry dates from July 5, 2023 to July 15, 2023 have been expired, leaving a balance of 12,486,700 with expiry of December 22, 2024 related to the December 2022 non-brokered private placement. The following are options and warrants outstanding as at June 30, 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	2,837,500	2.9	$	0.35
2021-May-27 expiry 2024-May-27	150,000	150,000	0.9	$	0.35
2022-Jan-31 expiry 2026-May-27	100,000	50,000	2.9	$	0.35
	5,925,000	3,037,500	2.9	$	0.35

Warrants by expiry date	**Number of Warrants**	**Weighted average remaining (year)**	**Exercise Price per Warrant**	
2023-Jul-05	6,853,646	0.0	$	0.50
2023-Jul-08	8,529,609	0.0	$	0.50
2023-Jul-12	512,906	0.0	$	0.35
2023-Jul-15	854,844	0.0	$	0.50
2024-Dec-22	12,486,700	1.5	$	0.30
	29,237,705	1.5	$	0.41

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 June 30, 2023, the Company has not recognized a deferred income tax asset. Tax pools total $24 million. Non-capital losses of $12.3 million expire in the years 2037 to 2043.

CAPITAL EXPENDITURES

	Three months ended June 30, 2023	Three months ended June 30, 2022
Land and lease cost	**138,093**	-
Drilling	**-**	831,161
Exploration	**14,002**	214,198
Facilities	**46,020**	-
Total capital expenditures	**198,115**	1,045,359

Capital expenditures for the three months ended June 30, 2023 of $0.2 million were comprised of seismic acquisition and exploration analysis of $0.1 million and engineering planning on the modular helium processing facility.

The Company plans to further develop its exploration prospects in this area and proceed with the construction of a scalable modular processing facility to produce helium.

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, 2022	March 31, 2023	**June 30, 2023**
Cash	5,530,473	165,274	**116,115**
Accounts receivable	1,770,532	177,668	**159,214**
Prepaids and deposits	361,779	88,068	**47,568**
Accounts payable and accrued liabilities	(2,645,348)	(1,402,716)	**(668,376)**
Working capital (deficit)	5,017,436	(971,706)	**(345,479)**

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of $0.3 million at June 30, 2023 (March 31, 2023 - $1.0 million). The 2022-2023 capital program and the seismic acquisition program in March 2023 was 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.

First Helium has entered into a long-term "take-or-pay" helium supply agreement with a major global industrial gas supplier (the "Purchaser") to sell helium gas production from its Worsley helium property. The Company has agreed to sell to the Purchaser 80% with an ability to potentially sell up to 100% of its produced helium volumes, subject to monthly and annual volume quantities, in accordance with a specified per unit volume pricing. This will serve to mitigate risk on helium pricing for the first five years of production.

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. First Helium has contractual obligations in the normal course of operations including operating agreements, royalty obligations and lease rental obligations. 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.The office lease has been recorded as a financial liability and a right of use asset in the consolidated balance sheet of $0.1 million as at June 30, 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 June 30, 2023	Three months ended June 30, 2022
Accounting and compliance (i)	**34,500**	28,500
Management fees (ii)	**202,500**	174,000
Investor relations (iii)	**-**	30,000
Share-based compensation	**62,375**	147,752
Total	**299,375**	380,252

(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 for the three months ended June 30, 2023 (three months ended June 30, 2022 $28,500).

(ii) For the three months ended June 30, 2023, the Company incurred $202,500 (three months ended June 30, 2022 of $174,000) to various officers and directors of the Company.

(iii)During the three months ended June 30, 2022, the Company incurred general and administrative expense of $30,000 and none in the current fiscal year to date to a former officer of the Company for investor relations and corporate development.

The balance payable to related parties as at June 30, 2023 was $86,543 (March 31, 2023 - $71,000). During the three months ended June 30, 2023, proceeds of $1,335,000 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 2022, 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.

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 oil and gas field equipment may adversely affect the Company's ability to undertake exploration, development and construction projects. The oil and gas 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. The collection of accounts receivable may be affected by counterparty-specific issues or industry factors such as commodity price fluctuations and other economic conditions. Management believes the risk is mitigated by entering into transactions with reputable counterparties and partners when possible. At June 30, 2023, 46% of the total outstanding accounts receivable pertain to receivables from petroleum purchasers (March 31, 2023 – 65%). As of June 30, 2023, $5,741 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:	**June 30, 2023**	**March 31,2023**
Revenue receivable	**72,902**	**115,650**
GST and other receivable	**86,312**	**62,018**
Accounts receivable	**159,214**	**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 months ended June 30, 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

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

Quarter Ended ($ except as otherwise noted)	**Three months ended June 30, 2023**	Three months ended March 31, 2023	Three months ended December 31, 2022	Three months ended September 30, 2022
Production volumes (boe/d)	**43**	80	125	157
Averaged realized price ($/boe)	**$ 92.69**	$ 98.42	$ 107.40	$ 137.97
Revenue	**360,741**	712,982	1,239,801	1,991,602
Funds flow (used in) from operations [(1)]	**(434,645)**	(362,224)	(229,698)	550,113
Cash flow (used in) provided by operating activities	**(733,344)**	(371,954)	309,035	2,911,051
Capital expenditures	**198,115**	1,467,276	1,158,913	8,781,052
Total assets	**16,823,170**	17,066,125	25,119,922	23,390,552
Net working capital (deficit) [(2)]	**(345,479)**	(971,706)	1,006,002	17,114

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

Quarter Ended ($ except as otherwise noted)	Three months ended June 30, 2022	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended September 30, 2021
Production volumes (boe/d)	369	332	-	-
Averaged realized price ($/boe)	$ 127.07	$ 119.41	-	-
Revenue	4,272,508	3,568,808	-	-
Funds flow from (used in) operations (1)	1,857,864	2,812,602	(595,537)	(667,888)
Cash flow provided by (used in) operating activities	2,497,116	2,497,116	(577,065)	(1,497,981)
Capital expenditures	1,045,359	3,209,151	3,152,151	240,647
Total assets	21,883,856	20,310,579	13,196,898	12,905,925
Net working capital (2)	7,448,022	4,762,307	2,980,969	7,582,210

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

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" 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. Additional risk factors can be found in the prospectus filed on June 2021 (www.sedar.com). This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

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