

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

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## INTRODUCTION

This management discussion and analysis ("**MD&A**") of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of First Helium Inc. (the "**Company**" or "**First Helium**") for the years ended March 31, 2021 and 2020. In order to better understand this MD&A, it should be read in conjunction with the audited financial statements of the Company and related notes for the years ended March 31, 2021 and 2020.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and filed with appropriate regulatory authorities in Canada. Except as otherwise disclosed, all dollar figures included therein and in this MD&A are quoted in Canadian dollars, unless otherwise stated.

The Company was not a reporting issuer until the period subsequent to December 31, 2020 and was not required to prepare interim financial statements. Therefore, quarterly results prior to the three months period ended December 31, 2020 are not available.

This MD&A is current to July 28, 2021.

## 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 mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Common Shares (as defined herein) price and volume and other reports and filings with the applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time via the Company's website along with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

All Common Share amounts have been adjusted for a 10:1 Common Share consolidation which became effective on November 27, 2020.

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

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## OVERVIEW

First Helium is a helium exploration company and incorporated under the laws of the Province of British Columbia on May 10, 2016. The Company's principal office is located at Suite 550, 800 West Pender Street, Vancouver, BC, V6C 2V6.

The Company's principal activity is the acquisition, exploration and evaluation of helium property interests in Alberta, Canada.

## HIGHLIGHTS & RECENT DEVELOPMENTS

On September 17, 2020, the Company completed a non-brokered private placement and issued 1,589,192 common shares at a price of \$0.40 per Common Share for gross proceeds of \$635,678.

On November 16, 2020, the Company completed a non-brokered private placement and issued 14,786,823 Common Shares at a price of \$0.07 per Common Share for gross proceeds of \$1,035,078.

During the year ended March 31, 2021, convertible debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,008 Common Shares at a price of \$0.40 per Common Share. The \$0.40 per Common Share conversion price was based on debenture settlement agreements entered by both parties.

During the year ended March 31, 2021, the Company reclassified a total of \$7,500 subscriptions received in advance in connection with a non-brokered private placement. The \$7,500 was reclassified to accounts payable and accrued liabilities for the year ended March 31, 2021.

On March 2, 2021, the Company closed an unsecured convertible debentures ("CD2") financing in the amount of \$2,800,000. The CD2 are unsecured, mature on March 2, 2022, bear an interest rate of 8% per annum, and are payable in cash upon maturity. The CD2 are automatically convertible into units at \$0.30 per unit immediately prior to the listing of common shares on the TSX Venture Exchange (the "Exchange"). Each unit will consist of one common share and one non-transferable whole common share purchase warrant ("CD2 Warrant"). Each CD2 Warrant will entitle the subscriber to purchase one additional common share of the Company at a price of \$0.50 per share for a period of 24 months from listing of the Company's common shares on the Exchange. The Company incurred cash transaction costs totalling \$271,619 and issued 492,801 finders' warrants, exercisable at \$0.50 per common share for 24 months. The fair value of the finders' warrants was \$52,220 and was recorded as transaction costs. During the year ended March 31, 2021, interest expense was \$18,666 (2020 - \$Nil). The CD2 were converted subsequent to the year ended March 31, 2021.

On March 15, 2021, the Company completed a non-brokered private placement and issued 4,857,200 subscription receipts ("NBSR") at a price of \$0.35 per subscription receipt for gross proceeds of \$1,460,720. Each NBSR issued will be automatically exchanged for one common share and one-half of one common share purchase warrant (each whole warrant, a "NBPP Warrant"). Each NBPP Warrant will entitle the holder thereof to purchase one common share at a price of \$0.50 per share for a period of 24 months from the date of listing of the Company's common shares on the Exchange. The Company incurred cash finders' fees totalling \$129,180 and issued 427,155 finders' warrants, exercisable at \$0.50 per common share for 24 months. The fair value of the finders' warrants was \$45,264. The Company recorded the finders' fees and finders' warrants totaling \$174,444 as deferred financing costs as at March 31, 2021.

On March 18, 2021, the Company completed a brokered private placement and issued 21,371,086 subscription receipts ("BSR") at a price of \$0.35 per subscription receipt for gross proceeds of \$7,479,880. Each BSR issued will be automatically exchanged for one common share and one-half of one common share purchase warrant (each whole warrant, a "BPP Warrant"). Each BPP Warrant will entitle the holder thereof to purchase one common share at a price of \$0.50 per share for a period of 24 months from the date of listing of the Company's shares on the Exchange. The Company incurred cash commission totalling \$733,391, corporate finance fees of \$45,199, legal

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

---

fees of \$153,660, agent fees of \$19,583, and will issue 1,709,687 broker warrants. Each broker warrant will entitle the holder to acquire one broker warrant unit at an exercise price of \$0.35 per common share for 24 months. Each broker warrant unit will be comprised of one common share and one-half of one broker underlying warrant. Each broker underlying warrant will entitle the holder to acquire one common share at an exercise price of \$0.50 per common share for 24 months. The Company recorded the fees totaling \$951,833 as deferred financing costs as at March 31, 2021. As at March 31, 2021, \$7,064,412 of the proceeds received from the brokered private placement was presented under cash held in trust.

During the year ended March 31, 2021, the total gross proceeds received of \$8,940,600 was presented under share subscriptions received in advance and will be transferred to share capital when the shares are issued.

On May 19, 2021, the Company acquired an additional 1,216 hectares of land located on the Worsley Trend at a Crown land sale.

On April 15, 2021, the Company adopted an incentive stock option plan to allow the Company to grant stock options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares in the capital of the Company. All options are subject to vesting terms as determined by the Board of Directors. The expiry date for each option shall be set by the Company at the time of granting and shall not be more than ten years after the grant date.

On May 27, 2021, the Company granted 5,800,000 incentive stock options to certain directors, officers and consultants of the Company. The exercise price of the options is \$0.35 per share and the expiry date is five years from the date of grant. 25% of the options will vest on the date of grant and the balance will vest equally over the next three years.

On May 27, 2021, the Company granted 250,000 incentive stock options to certain consultants of the Company. The exercise price of the options is \$0.35 per share and the expiry date is three years from the date of grant. The options will vest equally over 18 months.

In July 2021, the Company issued 35,823,438 common shares and 22,709,291 warrants to convert the \$2,800,000 CD2 and \$78,546 in accrued interest, the \$1,700,020 NBSR and the \$7,479,880 BSR. The 22,709,291 warrants are exercisable at a price of \$0.50 per common share and expire 24 months after their dates of issuances.

On July 8, 2021, the Company issued 214,285 common shares to a consultant for services rendered.

On July 12, 2021, the Company began trading on the Exchange under the symbol HELI.

## **PROPERTIES, CLAIMS AND EXPLORATION PROGRAMS**

### Worsley Trend and Worsley Property

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

On September 11, 2017, the Company entered into a farmout option agreement with Cequence Energy Ltd. ("Cequence") whereby the Company could acquire a 100% interest in the Worsley Well and 256 hectares of associated P&NG rights by performing, at its sole cost and expense, a production test on the Worsley Well. The Worsley Well is a helium project located north of Grand Prairie, Alberta. In December of 2017 through to March of 2018 the Company performed an extended productivity and build-up test on the Worsley Well and subsequently

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

---

elected to acquire Cequence's 100% undivided interest in the Worsley Property, subject to overriding royalties of 10% on natural gas, 5-10% on crude oil, and 2.5% on inert gases (including helium). Cequence is not a related party of the Company under International Accounting Standards 24.

Subsequent to the testing of the Worsley Well, the Company acquired 100% interests in additional hectares at the Alberta Crown P&NG auctions. In total, the Company now holds 32,055 hectares of Alberta P&NG rights. The Company continued detailed evaluation of the various productive formations along the Worsley Trend to target specific holdings for additional technical work and to identify prospective acquisition candidates. An existing 3D seismic program in the area around the Worsley Well and adjoining sections was acquired and reinterpreted. The Company also completed an additional 3D seismic program offsetting the Worsley Well and will be processing, merging, and interpreting the program in the second or third quarter of 2021.

### SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended March 31, 2021, 2020 and 2019. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS and the related notes thereon.

	F2021	F2020	F2019
Revenues	\$ Nil	\$ Nil	\$ Nil
Net income (loss)	\$ (523,676)	\$ (560,296)	\$ (271,806)
Earnings (loss) per Common Share	\$ (0.03)	\$ (0.06)	\$ (0.03)
Total assets	\$ 15,789,410	\$ 2,155,241	\$ 1,643,799
Total liabilities	\$ 3,886,104	\$ 1,491,761	\$ 519,610

During the fiscal year ended March 31, 2021, the Company undertook a 20.7 square km proprietary 3D seismic program. In addition, the company acquired 64 hectares of land at a crown land sale November 2020.

During the fiscal year ended March 31, 2020, the Company added to its management team and further advanced the development of its Worsley Property.

During the fiscal year ended March 31, 2019, the Company participated in Alberta Crown land auctions and successfully acquired a 100% interest in additional P&NG rights along the Worsley geological trend, located in Alberta, Canada.

### DISCUSSION OF FINANCIAL AND OPERATING RESULTS

#### For the year ended March 31, 2021

The Company brought on a new management team which included a new President & CEO, a new Vice-President of Engineering and a new Vice-President of Geosciences. The Company also made changes to its Board of Directors.

During the year, the Company reported net loss of \$523,676. The primary contributors to the loss were:

- accounting and compliance expenses of \$114,150;
- interest expenses of \$147,656 related to the convertible debt; and
- professional fees of \$114,179 mainly attributable to the legal services incurred during the year.

**FIRST HELIUM INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the years ended March 31, 2021 and 2020

For the year ended March 31, 2020

The Company continued its exploration activities on the Worsley Property and the recently acquired Worsley Trend properties.

During the year, the Company reported net loss of \$560,296, which were mainly attributable to:

- accounting and compliance expenses of \$114,000;
- management fees of \$158,000;
- investor relations of \$30,786;
- interest expense of \$61,541 related to the convertible debt; and
- professional fees of \$109,059 as a result of legal fees incurred.

For the three months ended March 31, 2021

During the three months ended March 31, 2021, the Company reported net loss of \$180,583. The primary contributors to the loss were:

- accounting and compliance expenses of \$28,500;
- management fee of \$36,550;
- interest expense of \$18,666 related to the interest earned in convertible debt; and
- professional fees of \$74,390 mainly attributable to the legal services incurred from financings.

Exploration and evaluation expenditures

	<b>Worsley Property</b>		<b>Worsley Trend</b>	<b>Total</b>
Balance, March 31, 2019	1,385,047	\$	247,388	1,632,435
Acquisition	11,491		106,856	118,347
Exploration	252,306		20,929	273,235
Asset retirement obligation	106,308		-	106,308
Balance, March 31, 2020	1,755,152	\$	375,173	2,130,325
Acquisition	2,159		111,403	113,562
Exploration	313,006		1,482,837	1,795,843
Balance, March 31, 2021	2,070,317	\$	1,969,413	4,039,730

**SUMMARY OF QUARTERLY RESULTS**

The Company was not a reporting issuer until the period subsequent to December 31, 2020 and was not required to prepare interim financial statements. Therefore, quarterly results prior to December 31, 2020 are not available.

Quarter-end	Revenues	Net Income (Loss)	Total Assets	Shareholder' Equity	Number of Shares Outstanding
March 31, 2021	Nil	\$ (180,583)	\$ 15,789,410	\$ 11,903,306	29,573,647
December 31, 2020	Nil	\$ (153,896)	\$ 3,449,595	\$ 3,182,043	29,573,647

**LIQUIDITY AND CAPITAL RESOURCES**

During the year ended March 31, 2021, the Company was able to raise additional funds through the issuance of convertible debentures and private placements (brokered and non-brokered). Upon listing on the Exchange, the Company will have sufficient working capital to meet its operational growth plans and its general corporate activities for the next twelve months.

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

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For the year ended March 31, 2021

As at March 31, 2021, the Company had a working capital balance of \$7,972,723.

During the year ended March 31, 2021, the Company generated:

- Cash flow deficit from operating activities totaling \$450,113.
- Cash flow deficit from investing activities totaling \$1,545,898.
- Cash flow surplus from financing activities totaling \$12,527,873.

For the year ended March 31, 2020

During the year ended March 31, 2020, the Company generated:

- Cash flow deficit from operating activities totaling \$377,137.
- Cash flow deficit from investing activities totaling \$492,008.
- Cash flow surplus from financing activities totaling \$871,062.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have off balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

Key management compensation

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

	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Accounting and compliance fees <sup>(i)</sup>	\$ 114,150	\$ 114,000
Exploration and evaluation expenditures <sup>(ii)</sup>	529,500	84,000
Management fees <sup>(ii)</sup>	64,000	158,000
Rent expense <sup>(iii)</sup>	24,000	24,000
Investor relations <sup>(iv)</sup>	-	27,200
	\$ 731,650	\$ 407,200

(i) Represents management, accounting and compliance fees paid to a company (FT Management Ltd.) with a former common director with the Company.

(ii) During the year ended March 31, 2021, the Company paid or accrued project management fees of \$120,000 (2020 - \$120,000) to a company owned by an officer of the Company, of which \$84,000 (2020 - \$84,000) was capitalized as exploration and evaluation assets and \$36,000 (2020 - \$36,000) was expensed as management fees. During the year ended March 31, 2021, a total of \$445,500 (2020 - \$Nil) was paid or accrued to various officers and directors of the Company which was capitalized as exploration and evaluation assets. The Company also paid or accrued \$28,000 during the year ended March 31, 2021 (2020 - \$24,000) to various directors and a one-time bonus of \$Nil (2020 - \$98,000) to an officer of a Company which were expensed as management fees.

(iii) During the year ended March 31, 2021, the Company incurred rent expense of \$24,000 (2020 - \$24,000) as a result of a shared office space with Riverside Resources Inc., a company with a common officer with the Company. In November 2019, the Company issued 30,000 common shares at a value of \$0.70 per share to settle \$21,000 in accounts payable owed to Riverside Resources Inc.

(iv) During the year ended March 31, 2021, the Company paid or accrued \$Nil (2020 - \$27,200) to a director of the Company for investor relations.

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

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Related party balances

- The balance payable to related parties as at March 31, 2021 was \$234,720 (March 31, 2020 – \$121,716) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms. Breakdown of the balances owing are as follows:

Owing to:	March 31, 2021	March 31, 2020
Former Executive Chairman	\$ -	\$ 43,689
CEO	29,925	-
Company owned by CFO (GSBC Financial Management Inc.)	-	1,682
Company controlled by a former director (Eduardo Yu) of the Company's subsidiary (FT Management Ltd.)	99	43,661
Company with common CFO (Riverside Resources Inc.)	2,100	8,400
Corporate Secretary	2,250	284
VP of Geosciences	15,750	-
VP of Engineering	18,820	-
Thomas O'Neill	160,226	24,000
Todd Holmstrom	668	-
Calvin Watson	4,882	-
	\$ 234,720	\$ 121,716

- During the year ended March 31, 2020, the Company entered into non-interest bearing loan agreements totaling \$8,000 with companies (Corex Management Inc. - \$7,200; FT Management Ltd. - \$800) that are related to the CFO of the Company. All related party loans payable were repaid subsequent to March 31, 2020.

**PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

**CRITICAL ACCOUNTING ESTIMATES**

Please refer to the March 31, 2021 and 2020 audited financial statements.

**CHANGES IN ACCOUNTING POLICIES**

Please refer to the March 31, 2021 and 2020 audited financial statements.

**NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

There are no new standards and interpretations not yet adopted that have not been disclosed.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please refer to the March 31, 2021 and 2020 audited financial statements.

**COMMITMENTS**

There is no new commitment that has not been disclosed.

**FIRST HELIUM INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the years ended March 31, 2021 and 2020

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**OTHER MD&A REQUIREMENTS**

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

**OUTSTANDING SHARE DATA**

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

	<b>Number of shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Issued and outstanding common shares	65,611,370		
Warrants	2,218,024	\$0.35	November 3, 2022
Warrants	492,801	\$0.50	March 2, 2023
Warrants	427,155	\$0.50	March 15, 2023
Warrants	9,595,152	\$0.50	July 5, 2023
Warrants	13,114,139	\$0.50	July 8, 2023
Options	5,800,000	\$0.35	May 27, 2026
Options	250,000	\$0.35	May 27, 2024
<b>Fully diluted</b>	<b>97,508,641</b>		

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Loss and Comprehensive Loss contained in its audited financial statements for the years ended March 31, 2021 and 2020.