PULSAR HELIUM INC

Condensed Interim
Consolidated Financial Statements

For the three months December 31, 2023

(Unaudited – Expressed in US dollars)

Notice to Reader

These condensed interim consolidated financial statements of Pulsar Helium Inc. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

Pulsar Helium Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in US dollars)

	Note	December 31, 2023	September 30, 2023
ASSETS			
Current Assets			
Cash	4	$ 211,759	$ 1,207,846
Receivables		28,966	21,065
Prepaid expenses		93,737	110,035
		334,462	1,338,946
Exploration and evaluation assets	5	356,978	345,978
		$ 691,440	$ 1,684,924
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Trade and other payables	8	$ 347,498	$ 347,664
		347,498	347,664
Warrant liability	6	903,276	730,670
		1,250,774	1,078,334
Shareholders' Equity (Deficiency)			
Share capital	7	3,345,969	3,345,969
Reserve	7	67,865	67,865
Deficit		(3,973,168)	(2,807,244)
		(559,334)	606,590
		$ 691,440	$ 1,684,924
Nature of operations and going concern	1		
Subsequent events	11		

These condensed interim consolidated financial statements are approved for issue by the Audit Committee of the Board of Directors of the Company on February 27, 2024.

They are signed on the Company's behalf by:

"Thomas Abraham-James", Director "Neil Herbert", Director

Pulsar Helium Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in US dollars)

		Three months ended December 31,	
	Note	**2023**	**2022**
Expenses			
Administration		$ 30,098	$ 11,022
Consulting fees	*8*	90,134	32,508
Director fees	*8*	32,500	-
Exploration and evaluation expenditures	*5*	403,281	79,192
Foreign exchange		19,070	-
Marketing and promotion		314,633	34,412
Professional fees		66,131	52,865
Transfer agent and filing fees		13,454	-
Travel		24,017	14,122
		(993,318)	(224,121)
Unrealized loss on warrant liability	*6*	(172,606)	-
Loss and comprehensive loss for the period		$ (1,165,924)	$ (224,121)
Basic and diluted loss per common share		$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding		74,140,288	50,000,000

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Pulsar Helium Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in US dollars)

	Three months ended December 31, 2023	Three months ended December 31, 2022
OPERATING ACTIVITIES		
Loss for the period	$ (1,165,924)	$ (224,121)
Change in non-cash working capital items:		
Unrealized loss on warrant liability	172,606	-
Change in non-cash working capital items:		
Receivables	(7,901)	(12,527)
Prepaid expenses	16,298	(7,458)
Trade and other payables	(166)	(31,245)
Net cash used in operating activities	(985,087)	(275,351)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(11,000)	-
Net cash used in investing activities	(11,000)	-
FINANCING ACTIVITIES		
Proceeds from Special Warrants	-	1,661,391
Obligation to issue Special Warrants	-	209,177
Special Warrants issuance costs	-	(15,155)
Net cash provided by financing activities	-	1,855,413
Change in cash for the period	(996,087)	1,580,062
Cash, beginning of the period	1,207,846	92,264
Cash, end of the period	$ 211,759	$ 1,672,326
Non-cash investing and financing activities		
Special Warrants issued to finders	$ -	$ 46,947
Supplementary information		
Interest paid	$ -	$ -
Income taxes paid	-	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Pulsar Helium Inc.

Condensed Interim Consolidated Statements of Shareholders' Equity (Deficiency)

(Unaudited – Expressed in US dollars)

	Number of Shares	Share Capital	Reserves	Special Warrants	Obligation to Issue Special Warrants	Deficit	Total Shareholders' Equity (Deficiency)
Balance, September 30, 2023	74,140,288	$ 3,345,969	$ 67,865	$ -	$ -	$ (2,807,244)	$ 606,590
Comprehensive loss for the period	-	-	-	-	-	(1,165,924)	(1,165,924)
Balance, December 31, 2023	74,140,288	$ 3,345,969	$ 67,865	$ -	$ -	$ (3,973,168)	$ (559,334)

	Number of Shares	Share Capital	Reserves	Special Warrants	Obligation to Issue Special Warrants	Deficit	Total Shareholders' Equity (Deficiency)
Balance, September 30, 2022	50,000,000	$ 465,882	$ -	$ -	$ -	$ (496,837)	$ (30,955)
Special Warrants	-	-	-	1,646,236	-	-	1,646,236
Obligation to issue Special Warrants	-	-	-	-	209,177	-	209,177
Comprehensive loss for the period	-	-	-	-	-	(224,121)	(224,121)
Balance, December 31, 2022	50,000,000	$ 465,882	$ -	$ 1,646,236	$ 209,177	$ (720,958)	$ 1,600,337

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Pulsar Helium Inc. (the "Company" or "Pulsar") is a publicly traded company incorporated under the laws of British Columbia, Canada on June 30, 2022. The Company trades on the TSX Venture Exchange (the "Exchange") under the symbol PLSR. The corporate office and registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

The Company is engaged in the identification, acquisition, exploration and, if warranted, development of helium exploration projects in the United States of America ("USA") and Greenland.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2023, the Company had a working capital deficiency of $13,036. Subsequent to December 31, 2023, the Company completed a private placement through the issuance of 18,500,000 units at a price of C$0.23 per unit for gross proceeds of C$4,255,000 (Note 11). However, management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2023.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in US dollars, which is the parent company's functional currency, as well as the functional currency of its three wholly owned subsidiaries.

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including whether economic quantities of helium reserves have been round in assessing economic and technical feasibility other technical information, accessibility of facilities and existing permits.

Warrant valuation

The fair value of broker and share purchase warrants is calculated using Black-Scholes Option Pricing Model. The option pricing model requires the input of highly speculative assumptions, including the expected future price volatility of the Company's shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models necessarily provide a single measure of the fair value of the Company's warrants.

(Unaudited – Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations for a period of one year. Changes in estimated cash use may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent company as well as the functional currency of the Company's three wholly owned subsidiaries is the United States dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended September 30, 2023.

New standards, interpretations and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

4. CASH

	December 31, 2023	September 30, 2023
US dollar denominated deposits held in Canada	$ 51,697	$ 180,594
Canadian dollar denominated deposits held in Canada	150,652	1,022,818
Euro denominated deposits held in Portugal	5,484	-
Great British Pound denominated deposits held in Greenland	2,423	2,390
Danish Krone denominated deposits held in Greenland	1,503	2,044
Total	$ 211,759	$ 1,207,846

(Unaudited – Expressed in US dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Topaz Project USA	Tunu Project Greenland	Total
As at September 30, 2023	$ 334,311	$ 11,667	$ 345,978
Additions	11,000	-	11,000
As at December 31, 2023	$ 345,311	$ 11,667	$ 356,978

Topaz Project, USA

In October 2021, the Company entered into a three-year option to lease non-hydrocarbon gases agreement (the “Topaz Option”) on 3,132 net acres in Minnesota, USA comprising the Topaz helium project. In consideration, the Company agreed to pay $78,311 on signing of the Topaz Option and pay $50,000 on each anniversary of the Topaz Option until October 2024.

In February 2023, the Company partially exercised the Topaz Option to lease 1,040 acres for a period of five years. In consideration, the Company paid $156,000 cash and agreed to pay a production royalty of 20% of the gross sales price of the product sold.

The Company maintains the Topaz Option on the remaining 2,092 acres until October 2024.

In October 2023, the Company entered into a mineral lease agreement with a private mineral rights holder to expand the area of the Topaz project. In consideration, the Company paid $11,000. The lease is for an initial term of 20 years (extendable up to a maximum of 40 years, subject to conditions) and a retained production royalty of 3%.

A director of a subsidiary of the Company holds a 0.5% royalty on the Topaz project. The Company has the right to repurchase half of the royalty (0.25%) upon payment of $100,000.

Tunu Project, Greenland

In October 2021, the Company was granted two exploration licenses in Greenland known as the Tunu helium project. The Tunu project consists of a mineral exploration license, effective from November 22, 2021 until December 31, 2024, and a mineral prospecting license for areas in East Greenland, effective from November 22, 2021 until December 31, 2026.

(Unaudited – Expressed in US dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration expenditures

During the three months ended December 31, 2023 and 2022, the Company incurred the following exploration and evaluation expenditures.

	Three months ended December 31,	
	2023	**2022**
Topaz Project		
Consulting fees	$ 65,500	$ 47,831
Drilling and completions	197,495	-
Geology and geophysics	121,262	-
Regulatory and permitting	19,024	23,547
	403,281	71,378
Tunu Project		
Consulting fees	-	7,814
	-	7,814
	$ 403,281	$ 79,192

6. WARRANT LIABILITY

	December 31, 2023	**September 30, 2023**
Balance, beginning of period	$ 730,670	$ -
Issuance of warrants	-	1,020,818
Unrealized loss (gain) on revaluation	172,606	(290,148)
Balance, end of period	$ 903,276	$ 730,670

Share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

The warrant liability was revalued as at December 31, 2023 using the Black-Scholes option pricing model with the following assumptions: a stock price of C$0.30; a risk-free interest rate of 3.91%; an expected volatility of 100%; an expected life of 1.62 years; a forfeiture rate of zero; and an expected dividend of zero.

(Unaudited – Expressed in US dollars)

7. SHARE CAPITAL AND RESERVE

Authorized

The Company has an unlimited number of common shares without par value authorized for issue.

Issued and outstanding

There were no common shares issued during the three months ended December 31, 2023 and 2022.

Special Warrants

	Number of Special Warrants	Special Warrants	Obligation to Issue Special Warrants
Balance, September 30, 2022	-	$ -	$ -
Special Warrants - cash	10,043,110	1,661,391	-
Special Warrants to finders'	284,027	46,947	-
Special Warrants issuance costs	-	(46,947)	-
Special Warrants issuance costs - cash	-	(15,155)	-
Obligation to issue Special Warrants	-	-	209,177
Balance, December 31, 2022	10,327,137	$ 1,646,236	$ 209,177

In December 2022, the Company completed two tranches of a non-brokered private placement through the issuance of 10,043,110 special warrants ("Special Warrants") at a price of C$0.225 per Special Warrant for gross proceeds of $1,661,391 (C$2,259,700). The Company paid $15,155 cash and issued 284,027 Special Warrants valued at $46,947 in satisfaction of finder's fees on the private placement.

During the three months ended December 31, 2022, the Company received proceeds of $209,177 towards the third and final tranche that closed in January 2023. As at December 31, 2022, the Company recorded these proceeds as obligation to issue Special Warrants.

Escrow shares

As at December 31, 2023, the Company had 50,000,000 common shares held in escrow, to be released in stages from February 15, 2024 to February 15, 2027.

(Unaudited – Expressed in US dollars)

7. SHARE CAPITAL AND RESERVE (continued)

Warrants

The continuity of share purchase warrants for the three months ended December 31, 2023 is as follows:

Expiry date	Exercise price CAD$	Balance, September 30, 2023	Granted	Exercised	Expired	Balance, December 31, 2023	
August 15, 2025	$ 0.45	10,795,858	-	-	-	10,795,858	*
August 15, 2025	$ 0.30	561,472	-	-	-	561,472	
		11,357,330	-	-	-	11,357,330	
Weighted average exercise price - CAD$		$ 0.44	$ -	$ -	$ -	$ 0.44	

* subject to acceleration if, at any time the volume weighted average trading price of the common shares equals or exceeds C$0.60 for a period of 25 consecutive trading dates on the Exchange.

As at December 31, 2023, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.62 years.

Share-based compensation

In November 2023, the Company's shareholders approved a stock option plan (the "Option Plan"). The Option Plan is a 10% "rolling" stock option plan which governs the granting of stock options to directors, officers, employees and consultants of the Company or a subsidiary of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

In addition, the Company's shareholders approved an equity incentive plan (the "Equity Plan") which governs the granting of any restricted share unit (RSU), performance share unit (PSU) or deferred share unit (DSU) granted under the Equity Plan, to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The Company has reserved for issuance up to 7,414,028 common shares of the Company.

Subsequent to December 31, 2023, the Company granted stock options under the Option Plan and PSUs under the Equity Plan (Note 11).

(Unaudited – Expressed in US dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended December 31, 2023 and 2022 were as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022
Consulting fees		
Chief Executive Officer	$ 45,000	$ 14,928
Golden Oak *	30,134	18,310
	75,134	33,238
Director fees	32,500	-
	$ 107,634	$ 33,238

* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

Related party balances

		December 31, 2023	September 30, 2023
Chief Executive Officer	Expenses	$ -	$ 2,494
Directors	Director Fees	114,375	81,875
Golden Oak	Expenses	632	8,504
Total		$ 115,007	$ 92,873

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Director agreements

Effective January 1, 2023, the Company entered into a consulting agreement with the Executive Chair of the Company whereby the Company agreed to pay the Executive Chair an annual fee of $50,000 payable quarterly through the issuance of common shares of the Company within allowable limits of the Exchange. The Company also entered into director services agreements with three independent directors of the Company whereby the Company agreed to pay the independent directors an annual fee of $25,000 with the Audit Committee Chair to be paid an additional $5,000. It is agreed that the fees will be settled by the issuance of common shares to the maximum allowable under Exchange policies, with the balance, if any, to be paid in cash.

During the three months ended December 31, 2023, the Company recorded director fees of $32,500 which amount was credited to trade and other payables. As at December 31, 2023, the independent directors were owed $114,375.

Subsequent to December 31, 2023, the Company settled all accrued fees to December 31, 2023 in a combination of cash and common shares of the Company (Note 11).

9. SEGMENTED INFORMATION

Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being exploration and evaluation of helium.

All of the Company’s helium exploration and evaluation assets are located in the USA and Greenland.

(Unaudited – Expressed in US dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss; fair value through other comprehensive income; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		December 31, 2023	September 30, 2023
Cash	Amortized cost	$ 211,759	$ 1,207,846
Trade and other payables	Amortized cost	(347,498)	(347,664)
Warrant liability	FVTPL	(903,276)	(730,670)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The fair value of the Company's warrant liability is recorded at fair value using Level 3 of the fair value hierarchy. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended September 30, 2023.

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company completed the following:

- In January 2024, the Company completed a private placement through the issuance of 18,500,000 units at a price of C$0.23 per unit for gross proceeds of C$4,255,000. Each unit consisted of one common share and one transferable common share purchase warrant exercisable into one common share at an exercise price of C$0.36 for a period of 2 years. The Company paid cash finder's fees of C$27,090.

- In January 2024, the Company issued 159,236 broker warrants exercisable at a price of C$0.45 until August 15, 2025 in relation to the Company's initial public offering completed in August 2023.

- In February 2024, the Company granted 9,250,000 stock options to directors, officers, and consultants of the Company exercisable at a price of C$0.45 per share for a period of five years from the date of grant.

- In February 2024, the Company awarded 4,000,000 PSUs to four key individuals, including 2,800,000 to two officers of the Company. The PSUs vest as to one-third each on the first, second and third anniversaries of the award date.

- In February 2024, the Company issued 71,330 common shares on the exercise of warrants for gross proceeds of C$21,399.

- In February 2024, the Company issued 285,715 common shares and paid $24,803 cash to settle director fees of $114,375 accrued to December 31, 2023 (Note 8).