



Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Pulsar Helium Inc.

Opinion

We have audited the accompanying consolidated financial statements of Pulsar Helium Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, cash flows, and shareholders' equity (deficiency) for year ended September 30, 2023 and the nine months ended September 30, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the year ended September 30, 2023 and the nine months ended September 30, 2022 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at September 30, 2023, the Company had a working capital of \$991,282, and that management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our audit report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the financial statements, the carrying amount of the Company's E&E Assets was \$345,978 as of September 30, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of E&E Assets is a key audit matter are that there was judgment by management when assessing whether there were indicators of impairment for the E&E Assets, specifically related to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures include, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's right to explore E&E Assets.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

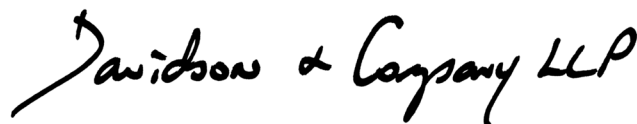
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 23, 2024

Pulsar Helium Inc.Consolidated Statements of Financial Position
(Expressed in US dollars)

			September 30, 2023	September 30, 2022
	Note			
ASSETS				
Current Assets				
Cash	6	\$	1,207,846	\$ 92,264
Receivables			21,065	416
Prepaid expenses			110,035	13,036
			1,338,946	105,716
Exploration and evaluation assets	7		345,978	139,978
		\$	1,684,924	\$ 245,694
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current Liabilities				
Trade and other payables	10	\$	347,664	\$ 156,649
Related party loan	10		-	120,000
			347,664	276,649
Warrant liability	8		730,670	-
			1,078,334	276,649
Shareholders' Equity (Deficiency)				
Share capital	9		3,345,969	465,882
Reserve	9		67,865	-
Deficit			(2,807,244)	(496,837)
			606,590	(30,955)
		\$	1,684,924	\$ 245,694
Nature of operations and going concern	1			
Subsequent events	16			

These consolidated financial statements are approved for issue by the Board of Directors of the Company on January 23, 2024.

They are signed on the Company's behalf by:

"Thomas Abraham-James", Director

"Neil Herbert", Director

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

Pulsar Helium Inc.Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)

		Year ended September 30, 2023	Nine months ended September 30, 2022
	<i>Note</i>		
Expenses			
Administration		\$ 100,594	\$ 13,196
Consulting fees	10	349,893	9,989
Director fees	10	44,375	-
Exploration and evaluation expenditures	7	728,847	247,012
Foreign exchange		22,708	22,766
Investor relations		763,652	-
Professional fees		433,055	121,076
Regulatory costs		27,793	-
Travel		129,638	34,450
		(2,600,555)	(448,489)
Gain on forgiveness of trade and other payables	10	-	11,000
Interest expense	10	-	(4,995)
Transaction costs	5	-	(23,381)
Unrealized gain on warrant liability	8	290,148	-
Loss and comprehensive loss for the period		\$ (2,310,407)	\$ (465,865)
Basic and diluted loss per common share		\$ (0.04)	\$ (0.07)
Weighted average number of common shares outstanding		57,122,100	6,959,707

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

Pulsar Helium Inc.Consolidated Statements of Cash Flows
(Expressed in US dollars)

	Year ended September 30, 2023	Nine months ended September 30, 2022
OPERATING ACTIVITIES		
Loss for the period	\$ (2,310,407)	\$ (465,865)
Change in non-cash working capital items:		
Special Warrants issued for investor relations	92,495	-
Shares issued for consulting fees	-	9,989
Gain on forgiveness of trade and other payables	-	(11,000)
Shares issued for interest expense	-	4,995
Transaction costs	-	23,381
Unrealized gain on warrant liability	(290,148)	-
Change in non-cash working capital items:		
Receivables	(20,649)	(374)
Prepaid expenses	(96,999)	(13,036)
Trade and other payables	205,240	57,907
Net cash used in operating activities	(2,420,468)	(394,003)
INVESTING ACTIVITIES		
Cash received on acquisition of Invenir and Skyfire, net	-	149,010
Exploration and evaluation assets	(206,000)	-
Net cash provided by (used in) investing activities	(206,000)	149,010
FINANCING ACTIVITIES		
Proceeds from Initial Public Offering	2,291,023	-
IPO issuance costs	(448,549)	-
Proceeds from private placement	-	305,903
Proceeds from Special Warrants	2,049,289	-
Special Warrants issuance costs	(29,713)	-
Repayment of related party loan	(120,000)	-
Net cash provided by financing activities	3,742,050	305,903
Increase in cash for the period	1,115,582	60,910
Cash, beginning of the period	92,264	31,354
Cash, end of the period	\$ 1,207,846	\$ 92,264
Non-cash investing and financing activities (Note 14)		

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

Pulsar Helium Inc.

Consolidated Statements of Shareholders' Equity (Deficiency)

(Expressed in US dollars)

	Number of Shares	Share Capital	Reserves	Special Warrants	Deficit	Total Shareholders' Equity (Deficiency)
Balance, September 30, 2022	50,000,000	\$ 465,882	\$ -	\$ -	\$ (496,837)	\$ (30,955)
Initial Public Offering ("IPO")	10,295,858	1,270,205	-	-	-	1,270,205
Finder's units	500,000	111,259	-	-	-	111,259
IPO issuance costs - units	-	(111,259)	-	-	-	(111,259)
IPO issuance costs - cash	-	(516,414)	-	-	-	(516,414)
IPO issuance costs - warrants	-	-	67,865	-	-	67,865
Special Warrants	-	-	-	2,141,784	-	2,141,784
Special Warrants issuance costs	-	-	-	(29,713)	-	(29,713)
Conversion of Special Warrants	13,258,802	2,112,071	-	(2,112,071)	-	-
Issuance of shares for trade and other payables	85,628	14,225	-	-	-	14,225
Comprehensive loss for the year	-	-	-	-	(2,310,407)	(2,310,407)
Balance, September 30, 2023	74,140,288	\$ 3,345,969	\$ 67,865	\$ -	\$ (2,807,244)	\$ 606,590

	Number of Shares	Share Capital	Reserves	Special Warrants	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2021	1,000	\$ 1,000	\$ -	\$ -	\$ (30,972)	\$ (29,972)
Elimination of Keewaydin share capital	(1,000)	(1,000)	-	-	-	(1,000)
Shares issued for acquisition of Invenir	34,375,000	-	-	-	-	-
Shares issued for consulting fees	8,000,000	9,989	-	-	-	9,989
Shares issued for interest expense	4,000,000	4,995	-	-	-	4,995
Private placement	4,900,000	305,903	-	-	-	305,903
Elimination of Invenir shares	(51,275,000)	-	-	-	-	-
Shares issued on acquisition of Invenir and Skyfire	50,000,000	144,995	-	-	-	144,995
Comprehensive loss for the period	-	-	-	-	(465,865)	(465,865)
Balance, September 30, 2022	50,000,000	\$ 465,882	\$ -	\$ -	\$ (496,837)	\$ (30,955)

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

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

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 corporate office and registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

On August 2, 2023, the Company filed its final prospectus for the Company’s initial public offering (“IPO”). The Company became a reporting issuer in all provinces in Canada except Quebec as a result of the filing of its final prospectus. On August 15, 2023, the Company completed its IPO through the issuance of 10,295,858 units at a price of C\$0.30 per unit for gross proceeds of \$2,291,023 (C\$3,088,757) (Note 9). The Company’s shares commenced trading on the TSX Venture Exchange (“TSX-V”) on August 15, 2023 under the symbol PLSR.

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 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 September 30, 2023, the Company had working capital of \$991,282. Subsequent to September 30, 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 16). However, management estimates that its working capital 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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these consolidated financial statements for issue.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These 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 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 found in assessing economic and technical feasibility other technical information, accessibility of facilities and existing permits.

Determining if an acquisition is a business combination or an asset acquisition

Invenir Ltd. ("Invenir") and Keewaydin Resources Inc. ("Keewaydin") completed a reverse take-over transaction, prior to the Pulsar reverse take-over transaction, whereby Invenir acquired 100% of the shares of Keewaydin (Note 5). The Company determined that Keewaydin was the acquirer for accounting purposes, and that the acquisition should be accounted for as an asset acquisition. Management has determined that Invenir did not include all the necessary components of a business. Accordingly, the acquisition of Invenir has been recorded as an acquisition of Invenir's net assets, consisting of Invenir's working capital.

In addition, the Company completed a reverse take-over transaction whereby Pulsar acquired 100% of the shares of Invenir and Skyfire Ltd. ("Skyfire") (Note 4). The Company has determined that consolidated Invenir is the acquirer for accounting purposes. As required by IFRS 3 Business Combinations ("IFRS 3"), the Company is required to determine whether the acquisition should be accounted for as a business combination or an asset acquisition. Under IFRS 3, the components of a business must include inputs, processes and outputs. Management has determined that Pulsar and Skyfire did not include all the necessary components of a business. Accordingly, the acquisition of Pulsar and Skyfire has been recorded as an acquisition of Pulsar and Skyfire's net assets pursuant to IFRS 2 Share-based payments ("IFRS 2").

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

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.

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.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of Pulsar and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated on consolidation.

For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of subsidiary	Place of incorporation	Ownership interest at September 30, 2023 and 2022	Principal activity
Invenir Ltd.	UK	100%	Holding company
Skyfire Ltd.	UK	100%	Helium exploration company
Keewaydin Resources Inc.	USA	100%	Helium exploration company

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit and loss. The results and financial position of a subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated using exchange rates prevailing at the end of each reporting period;
- Income and expenses for each line item in the consolidated statement of profit and loss are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets and expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized as exploration and evaluation assets. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method upon reaching production. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional asset retirement costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company has no restoration, rehabilitation or environmental obligations.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The Company reviews and evaluates its exploration and evaluation assets for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Under IFRS 6, "Exploration for and evaluation of mineral resources", the Company initially assesses where facts and circumstances indicate that the carrying amount of a mineral property may exceed its fair value. Facts and circumstances which indicate that the Company should test for impairment include expiry of the exploration licence where renewal is not expected, substantive expenditure not planned for the foreseeable future, and poor resource results or data which adequately shows that it is not economically viable. When facts and circumstance indicate that the carrying amount exceeds the recoverable amount, the Company will then estimate the recoverable amount and write down any impairment.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If impairment is identified, assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the cash generating unit "CGU"). The recoverable amount of an asset or CGU is the greater of its fair value less costs to disposal and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. The Company evaluates impairment for potential reversals when events or circumstances warrant such consideration.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as amortized cost.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables and related party loan are classified as other financial liabilities and carried on the statement of financial position at amortized cost. For the period presented, the Company has derivative liabilities associated with its share purchase warrants (Note 8).

Derivative financial instruments

The Company issues warrants exercisable in a currency other than the Company's functional currency and as a result, the Company's warrant liability is considered a derivative financial instrument.

Derivative financial instruments are initially recognized at FVTPL. Transaction costs are recognized in profit or loss as incurred.

Share capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Stock options

The Company has a shareholder approved stock option plan that allows Company directors, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based reserve to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Restricted Share Units, Performance Share Units, and Deferred Share Units

The Company also has a shareholder approved equity incentive plan which governs the granting of any restricted share unit ("RSU"), performance share unit ("PSU") or deferred share unit ("DSU") to directors, officers, employees and consultants of the Company.

RSUs, PSUs, and DSUs are equity settled share-based payments. The Company can award performance and non-performance based RSUs. RSUs, PSUs, and DSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and is recognised as share-based compensation expense over the vesting period on one year minimum to three years maximum with the responding credit to share reserves. The amount recognised for services as consideration for the RSUs, PSUs, and DSUs granted is based on the number of equity instruments that eventually vest. For performance based RSUs, an estimate is made of when the performance obligations are expected to be satisfied and the expense is calculated over that period. Upon release of RSUs, PSUs and DSUs, the related share reserve is transferred to share capital.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants, if any, are used to repurchase common shares at the average market price during the period.

Income taxes

The Company's income tax is comprised of current and deferred tax. The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognised as the estimated income taxes payable for the current period using tax rates enacted, or substantially enacted, at the end of the reporting period. Deferred income tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are recognised to the extent that the realization of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are evaluated and where the Company considers that these are unlikely to be realised, the associated deferred tax asset is not recognised.

New standards, interpretations and amendments not yet effective

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

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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4. ACQUISITION OF INVENIR AND SKYFIRE

On August 23, 2022, the Company completed a reverse take-over transaction whereby the Company acquired 100% of the shares of Invenir and Skyfire (companies had certain directors and shareholders in common). In consideration, the Company issued 33,333,333 common shares to the former Invenir shareholders and 16,666,667 common shares to the former Skyfire shareholders (Note 9).

Invenir owns 100% of Keewaydin, which has an option agreement on the Topaz helium project in the USA, and Skyfire holds the Tunu helium project in Greenland (Note 7).

On completion of the transaction, the former shareholders of Invenir own more shares of the Company than the former shareholders of Pulsar and the former shareholders of Skyfire. Accordingly, the transaction has been treated as a reverse take-over transaction with the accounts of Invenir being the continuing accounts of the Company and Pulsar and Skyfire being the companies acquired.

Pulsar and Skyfire did not meet the definition of a business under IFRS 3 and accordingly the Company has accounted for the transaction in accordance with IFRS 2 Share-based payments, and has recorded the purchase of Pulsar and Skyfire as an acquisition of net assets at fair value. It is management's judgment that the most appropriate indication of fair value of the consideration paid is the fair value of the net assets acquired, and accordingly the Company has valued the 50,000,000 common shares issued at \$144,995.

The allocation of the cost of acquisition is summarized as follows:

Consideration		
Shares issued	\$	144,995
Total	\$	144,995
Net assets (liabilities) acquired		
Cash	\$	149,010
Receivables		42
Exploration and evaluation assets (Note 7)		11,667
Trade and other payables		(15,724)
Total	\$	144,995

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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(Expressed in US dollars)

5. ACQUISITION OF KEEWAYDIN

On February 7, 2022, Invenir and Keewaydin completed a reverse take-over transaction whereby Invenir acquired 100% of the shares of Keewaydin for no consideration. All of the Keewaydin shareholders were also shareholders of Invenir.

Pursuant to the transaction, a director of Keewaydin received a 0.5% royalty on the Topaz project (Note 7).

On completion of the transaction, Keewaydin is considered to have acquired Invenir by virtue of the fact that Keewaydin shareholders obtained control of Invenir. Accordingly, the transaction has been treated as a reverse take-over transaction with the accounts of Keewaydin being the continuing accounts of the Company and Invenir being the company acquired.

Invenir did not meet the definition of a business under IFRS 3 and accordingly the Company has accounted for the transaction in accordance with IFRS 2 Share-based payments and has recorded the purchase of Invenir as an acquisition of net assets at fair value.

On the date of acquisition, Invenir had no assets and trade and other payables of \$23,381 which amount has been recorded as transaction costs on the statement of loss and comprehensive loss for the nine months ended September 30, 2022.

6. CASH

	September 30, 2023	September 30, 2022
US dollar denominated deposits held in Canada	\$ 180,594	\$ 20,822
US dollar denominated deposits held in USA	-	1,404
Canadian dollar denominated deposits held in Canada	1,022,818	23,475
Great British Pound denominated deposits held in Greenland	2,390	13,857
Danish Krone denominated deposits held in Greenland	2,044	32,706
Total	\$ 1,207,846	\$ 92,264

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS

	Topaz Project		Tunu Project		Total
	USA		Greenland		
As at December 31, 2021	\$	78,311	\$	-	\$ 78,311
Acquisition of Skyfire (Note 4)		-		11,667	11,667
Additions		50,000		-	50,000
As at September 30, 2022		128,311		11,667	139,978
Additions		206,000		-	206,000
As at September 30, 2023	\$	334,311	\$	11,667	\$ 345,978

Topaz Project, USA

In October 2021, Keewaydin 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, Keewaydin 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.

A company controlled by a director of the Company paid the \$78,311 option payment on the behalf of Keewaydin on signing (Note 10). In September 2022, a director of the Company paid the first \$50,000 anniversary payment due on the Topaz Option (Note 10). In September 2023, the Company paid the second \$50,000 anniversary payment on the Topaz Option.

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 February 2022, a director of Keewaydin received a 0.5% royalty on the Topaz project (Note 5). The Company has the right to repurchase half of the royalty (0.25%) upon payment of \$100,000.

Tunu Project, Greenland

In October 2021, Skyfire 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.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration expenditures

During the year ended September 30, 2023 and the nine months ended September 30, 2022, the Company incurred the following exploration and evaluation expenditures.

	Year ended September 30, 2023	Nine months ended September 30, 2022
<i>Topaz Project</i>		
Consulting fees	\$ 379,328	\$ 80,830
Drilling and completions	146,682	-
Geology and geophysics	85,032	107,353
Regulatory and permitting	76,518	20,940
	687,560	209,123
<i>Tunu Project</i>		
Consulting fees	35,542	32,000
Field expenses	-	5,889
Regulatory and permitting	5,745	-
	41,287	37,889
	\$ 728,847	\$ 247,012

8. WARRANT LIABILITY

	September 30, 2023	September 30, 2022
Balance, beginning of year	\$ -	\$ -
Issuance of warrants (Note 9)	1,020,818	-
Unrealized gain on revaluation	(290,148)	-
Balance, end of year	\$ 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 September 30, 2023 using the Black-Scholes option pricing model with the following assumptions: a stock price of C\$0.25; a risk free interest rate of 4.83%; an expected volatility of 100%; an expected life of 1.88 years; a forfeiture rate of zero; and an expected dividend of zero.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

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9. SHARE CAPITAL AND RESERVE

Authorized

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

Issued and outstanding

During the year ended September 30, 2023, the Company completed the following:

- In January 2023, the Company issued 85,628 common shares valued at \$14,225 to settle trade and other payables of \$14,225.
- In April and May 2023, all of the 13,258,802 Special Warrants (as described below) were automatically converted into 13,258,802 common shares of the Company valued at \$2,112,071.
- On August 15, 2023, the Company completed its IPO through the issuance of 10,295,858 units at a price of C\$0.30 per unit for gross proceeds of \$2,291,023 (C\$3,088,757). Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of C\$0.45 until August 15, 2025, subject to certain acceleration rights. If the volume weighted average price (VWAP) of the Company's common shares on the TSX-V is equal to or greater than C\$0.60 per share for a period of twenty five (25) consecutive trading days, the Company may elect to accelerate the expiry date of the warrants to a date that is 30 calendar days from the date when written notice of such new expiry date is sent by the Company to the holders of the warrants.

The share purchase warrants are considered derivatives and accordingly were fair valued at \$1,020,818 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.81%; an expected volatility of 100%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero.

The Company paid cash finder's fees of \$124,938, issued 500,000 finder's units valued at \$111,259, and issued 561,472 broker warrants valued at \$67,865. The finder's units are the same terms as the private placement units and the broker warrants entitle the broker to purchase one common share at a price of C\$0.30 until August 15, 2025 and are not subject to the acceleration rights disclosed above. The fair value of the broker warrants were determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 4.81%; an expected volatility of 100%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero. The Company incurred other share issuance costs of \$323,611.

Pulsar Helium Inc.

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9. SHARE CAPITAL AND RESERVE (continued)

Issued and outstanding (continued)

During the nine months ended September 30, 2022, the Company completed the following:

- On April 29, 2022, the Company issued 8,000,000 common shares valued at \$9,989 to settle consulting fees of \$9,989 (Note 10).
- On April 29, 2022, the Company issued 4,000,000 common shares valued at \$4,995 to settle interest payable of \$4,995 (Note 10).
- On June 6, 2022, the Company completed a private placement through the issuance of 4,900,000 common shares for proceeds of \$305,903.
- On August 23, 2022, the Company issued 50,000,000 common shares valued at \$144,995 to acquire Invenir and Skyfire (Note 4).

Special Warrants

	Number of Shares	Share Capital
Balance, September 30, 2022	-	\$ -
Special Warrants - cash	12,373,665	2,049,289
Special Warrants - non-cash	551,110	92,495
Special Warrants to finders'	334,027	55,269
Special Warrants issuance costs	-	(55,269)
Special Warrants issuance costs - cash	-	(29,713)
Conversion of Special Warrants	(13,258,802)	(2,112,071)
Balance, September 30, 2023	-	\$ -

In December 2022 and January 2023, the Company completed, in three tranches, a non-brokered private placement through the issuance of 12,373,665 special warrants ("Special Warrants") at a price of C\$0.225 per Special Warrant for gross proceeds of \$2,049,289 (C\$2,784,075). The Company also issued 400,000 Special Warrants to settle prepaid investor relations expenses of \$67,134 (C\$90,000) and 151,110 Special Warrants to settle investor relations expenses of \$25,361 (C\$34,000). The Company paid \$29,713 cash and issued 334,027 Special Warrants valued at \$55,269 in satisfaction of finder's fees on the private placement. In April and May 2023, all of the Special Warrants automatically converted to 13,258,802 common shares of the Company valued at \$2,112,071.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

For the nine months ended September 30, 2022

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9. SHARE CAPITAL AND RESERVE (continued)

Escrow shares

As at September 30, 2023, the Company had 63,312,430 common shares held in escrow, to be released between 2 and 42 months after completion of the IPO on August 15, 2023.

Warrants

The continuity of share purchase warrants for the year ended September 30, 2023 is as follows:

Expiry date	Exercise price CAD\$	Balance, September 30, 2022	Granted	Exercised	Expired	Balance, September 30, 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

As at September 30, 2023, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.88 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.

No stock options or equity instruments have been issued under the Option Plan or the Equity Plan.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

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(Expressed in US dollars)

10. 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 year ended September 30, 2023 and 2022 were as follows:

	Year ended September 30, 2023	Nine months ended September 30, 2022
Consulting fees		
Chief Executive Officer	\$ 149,837	\$ 4,995
Golden Oak *	110,248	-
Executive Chair	37,500	-
	297,585	4,995
Director fees	44,375	-
Interest expense	-	4,995
	\$ 341,960	\$ 9,990

* 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.

During the nine months ended September 30, 2022, a company controlled by two directors of the Company forgave an amount of \$11,000 that was owing by the Company. Accordingly, the Company recorded a gain on forgiveness of trade and other payables of \$11,000.

Related party balances

As at September 30, 2023, the Company owed trade and other payables of \$10,998 (2022 - \$7,005) to related parties, being \$2,494 (2022 - \$5,860) to the Chief Executive Officer and \$8,504 (2022 - \$1,145) to Golden Oak, all for the reimbursement of expenditures.

In September 2022, a director of the Company paid the \$50,000 anniversary payment due on the Topaz project on behalf of Keewaydin (Note 7). This amount was included in trade and other payables as at September 30, 2022. This amount was repaid in January 2023.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

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(Expressed in US dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party loan

In December 2021, a company controlled by a director of the Company loaned Keewaydin \$41,689 and paid the \$78,311 option payment due on the Topaz project on the behalf of Keewaydin (Note 7). These amounts total \$120,000 and were unsecured, interest free and due February 28, 2023. This amount was recorded as related party loan as at September 30, 2022. This loan was repaid in January 2023. During the nine months ended September 30, 2022, the Company recorded interest expense of \$4,995 related to a one-time interest payment which was settled in shares of the Company (Note 9).

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. During the year ended September 30, 2023, the Company recorded consulting fees of \$37,500 which amount was credited to trade and other payables. No shares have been issued to date.

During the year ended September 30, 2023, the Company 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. In addition, one of the directors is to be paid an additional \$5,000 as Chair of the Audit Committee. Like the Executive Chair, these fees will be settled in common shares of the Company on a quarterly basis. During the year ended September 30, 2023, the Company recorded director fees of \$44,375 which amount was credited to trade and other payables. No shares have been issued to date.

11. 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.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2023

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		September 30, 2023	September 30, 2022
Cash	Amortized cost	\$ 1,207,846	\$ 92,264
Trade and other payables	Amortized cost	(347,664)	(156,649)
Related party loan	Amortized cost	-	(120,000)
Warrant liability	FVTPL	(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, trade and other payables, and related party loan 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.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high credit quality financial institutions in business and savings accounts and guaranteed investment certificates which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company's cash is primarily on deposit in Canadian business accounts or guaranteed investment certificates which are available on demand.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant.

Foreign Currency Risk

The Company's functional and presentation currency is the US dollar. Foreign currency risk arises from transactions denominated in currencies other than US dollars, as some costs are denominated in Canadian dollars and Great British Pounds. As at September 30, 2023, the Company holds 85% of its cash in foreign currencies. The effect of a 10% change in the foreign exchange rate on balances in foreign currencies at September 30, 2023 would be \$103,000.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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13. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition of exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not subject to externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure forecasts that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends.

There have been no changes to the Company's approach to capital management for the periods presented.

14. NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended September 30, 2023, the Company:

- issued 85,628 common shares valued at \$14,225 to settle trade and other payables of \$14,225 (Note 9);
- issued 334,027 Special Warrants valued at \$55,269 in satisfaction of finder's fees on the private placement (Note 9);
- issued 400,000 Special Warrants to settle prepaid investor relations expenses of \$67,134 and 151,110 Special Warrants to settle investor relations expenses of \$25,361 (Note 9); and
- recognized a derivative liability through the issuance of 10,295,858 warrants valued at \$1,020,818 as part of the IPO (Note 9);
- 500,000 finders' units valued at \$111,259 in satisfaction of finder's fees on the IPO (Note 9); and
- issued 561,472 broker warrants valued at \$67,865 (Note 9).

During the nine months ended September 30, 2022, the Company:

- issued 50,000,000 common shares valued at \$144,995 to acquire Invenir and Skyfire (Note 4); and
- accrued \$50,000 of exploration and evaluation assets on the Topaz project (Note 7).

During the year ended September 30, 2023, the Company paid interest of \$Nil (2022 - \$Nil) in cash.

During the nine months ended September 30, 2022, the Company paid income tax of \$Nil (2022 - \$Nil) in cash.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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15. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year ended September 30, 2023	Nine months ended September 30, 2022
Loss for the period	\$ (2,310,407)	\$ (465,865)
Expected income tax recovery	\$ (624,000)	\$ (126,000)
Impact of different foreign statutory tax rates on earnings of subsidiaries	(18,000)	33,000
Share issue costs	(121,000)	-
Adjustment to prior year's provision versus statutory tax return	(21,000)	-
Change in unrecognized deductible temporary differences	784,000	93,000
Total	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	September 30, 2023	September 30, 2022
Deferred tax assets		
Exploration and evaluation assets	\$ 165,000	\$ 51,000
Organizational and start-up costs	29,000	-
Share issue costs	97,000	-
Non-capital losses available for future periods	589,000	45,000
Total unrecognized deferred tax assets	\$ 880,000	\$ 96,000

Deferred tax assets have not been recognized in these consolidated financial statements as it is not probable that they will be realized.

Pulsar Helium Inc.

Notes to the Consolidated Financial Statements

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(Expressed in US dollars)

15. INCOME TAXES (continued)

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	September 30, 2023	Expiry Date
Temporary differences		
Exploration and evaluation assets	\$ 791,000	No expiry date
Organizational and start-up costs	136,000	No expiry date
Share issue costs	359,000	2024 to 2027
Non-capital losses available for future periods	2,303,000	See below
Canada	1,797,000	2042 to 2043
USA	364,000	No expiry date
UK	142,000	No expiry date

Tax carry-forward balances which give rise to deferred tax assets are subject to review, and potential adjustment, by tax authorities.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the Company completed the following:

- In October 2023, the Company entered into a lease with a private mineral rights holder to expand the area of the Company's Topaz helium project in Minnesota, USA. The lease is for an initial term of 20 years (extendable up to a maximum of 40 years, subject to conditions) with a payment on signing of \$11,000 (paid) and a retained production royalty of 3%.
- 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.