PULSAR HELIUM INC

Management Discussion & Analysis

For the year ended September 30, 2023

(Expressed in US dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Pulsar Helium Inc. (the "Company" or "Pulsar") for the year ended September 30, 2023, and up to the date of this MD&A. This MD&A should be read in conjunction with the accompanying audited consolidated financial statements for the year ended September 30, 2023, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Unites States dollars unless otherwise indicated.

The effective date of this MD&A is January 23, 2024.

CORPORATE OVERVIEW AND OUTLOOK

Pulsar was 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.

Effective August 15, 2023, the Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") 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.

Helium exploration and development is a nascent industry, brought into existence by a sudden and significant supply deficit that has persisted for over a decade and shows no sign of ending. Pulsar exists to develop its helium assets, with the objective of bringing stability via sustainable supply that is not associated with hydrocarbon production. Pulsar's assets include the flagship Topaz project in the USA with a helium content of 10.5%, positioning it among the world's highest-grade occurrences. Efforts are focused on fast-tracking activities at Topaz to realize its potential. Helium uses are abundant, the most significant being in superconducting magnets, semiconductor manufacturing, and as a pressuring agent in the fuel tanks of spacecraft.

IPO

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). 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 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 Company incurred other share issuance costs of $323,611.

The Company's shares commenced trading on the TSX-V on August 15, 2023 under the symbol PLSR.

HELIUM EXPLORATION PROJECTS

Topaz Project, USA

<u>Acquisition</u>

In October 2021, Keewaydin Resources Inc. ("Keewaydin"), a subsidiary of Pulsar, 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. A company controlled by a director of the Company paid the $78,311 option payment on the behalf of Keewaydin on signing and in September 2022, a director of the Company paid the $50,000 anniversary payment due on 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 February 2022, a director of Keewaydin received 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.

Ambient Noise Tomography (ANT) Survey

On October 10, 2023, the Company announced that the ambient noise tomography ("ANT") survey was successfully concluded with all nodes retrieved and data downloaded. The ANT survey was successfully completed with a total of 183 nodes retrieved from the Topaz helium project.

On December 5, 2023, the Company announced that processing of the data was complete. A significant and distinct shear wave velocity anomaly (velocity decrease) was identified at the same depth (542 metres) where gas containing 10.5% helium was encountered in the LOD-6 discovery well. This dataset provides crucial, high-fidelity comprehension in relation to the gas reservoir geometry and potential size, substantiating existing findings.

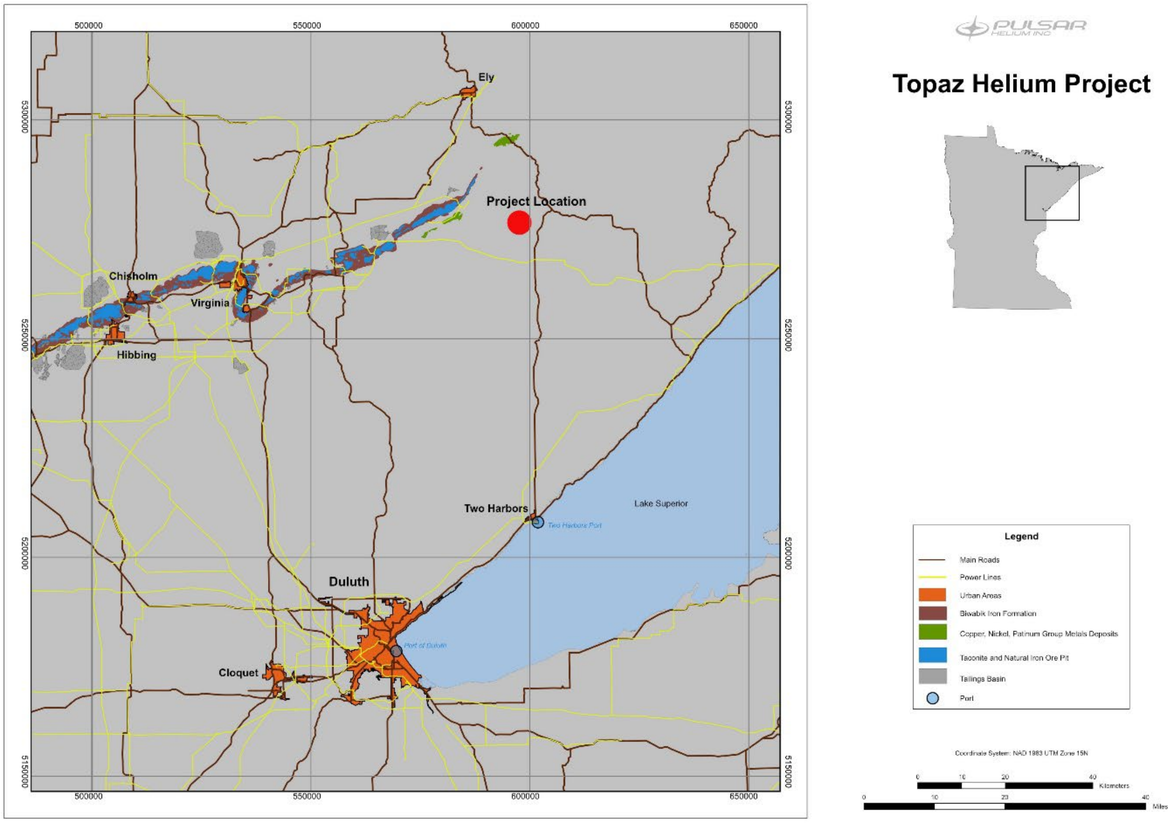
This velocity anomaly is interpreted to represent the lithology which hosts the helium-bearing gas reservoir(s). The velocity anomaly persists to a depth of approximately 1,150 metres, giving it a vertical thickness of approximately 600 metres and covers an aerial extent of ~7 square kilometres. The vertical thickness of the velocity anomaly increases to the north-east to ~1km and is connected to another velocity decrease which dips and broadens towards the west, both directions remain open with their extent limited to that of the passive seismic survey array.

Above the LOD-6 gas discovery depth are flat lying geologic units with high shear wave velocity that are laterally continuous across the passive seismic survey area. The Company has access to the LOD-6 well drill core which has been re-logged and confirmed that these high shear wave velocity units consist of igneous rocks that are typically impermeable with exceptional gas sealing potential.

The passive seismic survey observations are highly encouraging and validate its use to locate gas reservoir and cap rock lithologies within the Topaz helium project geological setting. The passive seismic data is now being interpreted in conjunction with FALCON gravity gradient and magnetic data that Pulsar acquired in 2022.

Drilling of Appraisal Well

The Company plans to drill one appraisal well at the Topaz project, named Jetstream#1. Drilling is scheduled for February 2024, and will be drilled within approximately 20 metres of the LOD-6 discovery well that flowed 10.5% helium. The well is designed to penetrate deeper than the 542 metre discovery depth with the objectives of re-entering and evaluating the gas zone, and determining whether any additional deeper reservoirs are present. All permits are in place for the appraisal well, the rig contract signed, and all site works completed.



<u>Acquisition of Additional Tenure in Minnesota</u>

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 additional mineral rights are within a 6.2 mile (10 kilometre) radius of the Topaz discovery that was drilled and flowed a concentration of 10.5% helium. The lease is for privately held mineral rights covering a total of 2,840 gross acres (1,049 net acres), over 75 parcels. 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%. The lease gives Pulsar exclusive rights to non-hydrocarbon gases. The mineral rights are adjacent to Pulsar's existing parcels and are considered high-priority with significant potential for hosting helium accumulations.

Tunu Project, Greenland

<u>Acquisition</u>

In October 2021, Skyfire Ltd. ("Skyfire"), a subsidiary of Pulsar, was granted two exploration licenses in Greenland known as the Tunu helium project. The Tunu project consists of a special mineral exploration license (MEL-S 2021/45), effective from November 22, 2021 until December 31, 2024, and a mineral prospecting license (MEL-S 2021/46) for areas in East Greenland, effective from November 22, 2021 until December 31, 2026.

Conduct geophysical and geochemical activities

The Company intends to acquire additional data at the Tunu Project in the form of gas geochemistry and geophysics. There are multiple un-tested hot springs within the project area that provide a favourable sample medium for gases from depth, emanating at surface. The samples are proposed to be collected in canisters and then sent to a laboratory for analysis with the intention of broadening the area of interest for primary helium migration. Contemporaneously, a passive seismic survey is proposed where seismic nodes are distributed in the field and left to acquire data over a period of approximately one month. The proposed survey location is Norrefjord, where hot springs were sampled in 2022, exhibiting active helium migration along faults.

License addendum

On October 17, 2023, the Company announced that it has received an addendum to its Licence No.MEL-S 2021-45, confirming enlargement to include a prospective area for both helium and geothermal power generation.

The enlarged Tunu Project area now covers a total of 2,816 km2, an increase of 45km2. This enlarged area covers the Kap Tobin locality where thermal springs were sampled in 2021, returning a helium concentration of 0.8%, associated with 97% nitrogen and 2% argon. The same location has been studied by geothermal industry experts including the Iceland GeoSurvey who have published data stating that cogeneration of power and heat looks achievable due to the 80°C geochemical temperature at depth and access to the locally cold ocean as a heat sink. The Government of Greenland has stated that the usage of geothermal energy falls under the administrative purview of the Mineral Resource Authority if the usage occurs as part of a mineral exploitation activity, such as Pulsar's activities for helium.

SELECTED ANNUAL INFORMATION

	Year ended September 30, 2023	Nine months ended September 30, 2022	Year ended December 31, 2021
Statement of Loss:			
Net revenues	**$Nil**	**$Nil**	**$Nil**
Net loss	**$(2,310,407)**	**$(465,865)**	**$(14,551)**
Basic and diluted loss per share	**$(0.04)**	**$(0.07)**	**$(14.55)**
Financial Position:			
Total assets	**$1,684,924**	**$245,694**	**$109,665**
Total liabilities	**$1,078,334**	**$276,649**	**$139,637**

RESULTS OF OPERATIONS

The loss for the year ended September 30, 2023 was $2,310,407 compared to $465,865 for the nine months ended September 30, 2022.

During the year ended September 30, 2023, the Company paid or accrued consulting fees of $349,893 (nine months ended September 30, 2022 – $9,989) primarily to executive officers of the Company.

During the year ended September 30, 2023, the Company recorded exploration and evaluation expenditures of $728,847 (nine months ended September 30, 2022 – $247,012) to advance exploration on its Topaz project located in the USA and to a lesser extent its Tunu project located in Greenland.

Investor relations for the year ended September 30, 2023 were $763,652 compared to $Nil for the prior period. The Company went public in August 2023 and significantly increased its investor relations activities in the lead up to, and subsequent to, its IPO.

Professional fees for the year ended September 30, 2023 were $433,055 compared to $121,076 in the prior period. Professional fees are legal, audit and accounting fees incurred by the Company and its subsidiaries. The increase over the prior period is primarily related to increased legal fees related to the Company's IPO.

In August 2023, the Company completed its IPO, as described above and, among other things issued 10,295,858 warrants valued at $1,020,818. These warrants were recorded as a derivative liability on issue as the currency denomination of the exercise price is different from the functional currency of the Company. During the year ended September 30, 2023, the Company recorded an unrealized gain on warrant liability of $290,148 related to the revaluation of these warrants at year-end.

FOURTH QUARTER

The Company began the fourth quarter with $109,682 in cash. During the fourth quarter, the Company expended $748,850 on operating activities, net of working capital changes, $50,000 on investing activities, and received $1,897,014 from financing activities, to end the quarter and the year with $1,207,846 in cash.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended September 30, 2023	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended December 31, 2022
	$	$	$	$
Revenue	-	-	-	-
Income (loss)	(516,214)	(741,250)	(828,822)	(224,121)
Income (loss) per share, basic and diluted	(0.01)	(0.01)	(0.02)	(0.00)
Total assets	1,684,924	533,968	1,165,200	1,845,741
Total liabilities	1,078,334	232,820	122,802	245,404

The Company went public in August 2023 and only prepared limited financial information on a quarterly basis. Accordingly, a summary of quarterly results has only been presented for the current year.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended September 30, 2023, the Company spent $2,420,468 on operating activities, net of working capital changes, spent $206,000 on investing activities, and received $3,742,050 from financing activities, to end at September 30, 2023 with $1,207,846 cash.

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). In April and May 2023, all of the Special Warrants automatically converted to 13,258,802 common shares of the Company.

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.

As at September 30, 2023, the Company had working capital of $991,282.

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.

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.

RELATED PARTY TRANSACTIONS

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. This amount was included in trade and other payables as at September 30, 2022. This amount was repaid in January 2023.

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. 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.

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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The components of exploration and evaluation assets are described in Note 7 to the Financial Report.

OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A

Authorized: an unlimited number of common shares without par value.

	Number of Shares	**Number of Warrants**
Balance, September 30, 2023	74,140,288	11,357,330
Private placement	18,500,000	18,500,000
Balance, the date of this MD&A	92,640,288	29,857,330

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:

		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.

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 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 round 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 completed a reverse take-over transaction, prior to the Pulsar reverse take-over transaction, whereby Invenir acquired 100% of the shares of Keewaydin. 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. 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”).

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.

NEW ACCOUNTING PRONOUNCEMENTS

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward–looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward– looking statements. Such risks and uncertainties include, but are not limited to Pulsar may be unsuccessful in drilling commercially productive wells; drill costs may be higher than estimates; delays in the commencement of drilling, and other factors set forth under "Cautionary Note Regarding Forward Looking Statements and Market and Industry Data" and "Risk Factors" in the Final Prospectus. The Company undertakes no obligation to update or revise any forward–looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. New factors emerge from time to time, and it is not possible for the Company to predict all of them, or assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward–looking statement. Any forward–looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for viewing on SEDAR+ and at the Company's website www.pulsarhelium.com.