PULSAR
HELIUM INC

Management Discussion & Analysis
Quarterly Highlights

For the three months ended December 31, 2023

(Expressed in US dollars)

The following is management's discussion and analysis – quarterly highlights ("MD&A") of the results of operations and financial condition of Pulsar Helium Inc. (the "Company" or "Pulsar") for the three months ended December 31, 2023, and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the year ended September 30, 2023 (the "Annual MD&A").

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended September 30, 2023, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended December 31, 2023 (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 February 27, 2024.

CORPORATE OVERVIEW AND OUTLOOK

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

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

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.

HELIUM EXPLORATION PROJECTS

Topaz Project, USA

History

In 2011, a previous explorer was drilling a series of boreholes targeting nickel and platinum when they unexpectedly encountered a pocket of high-pressure gas at a depth of 542 metres (1,778 feet) in borehole LOD-6. The gas pressure was sufficient to blow the core tube and associated drill fluid out of the hole and is therefore considered to be an over pressured reservoir. The borehole was allowed to flow with the expectation the pocket would be depleted in a matter of hours, however the gas flow persisted for a duration of 4 days with no obvious drop in pressure. The gas flow velocity was measured using an anemometer designed for domestic wind speed, reaching its maximum speed recording of 150 km/hr prior to breaking under the gas pressure.

Two gas samples were collected from the flowing LOD-6 borehole and a gas analysis was completed at the University of Toronto and at Pace Laboratories, with both confirming a gas composition of 73.8% CO_2, 13.2% N_2, 10.5% He, 0.1% O_2 and 2.4% methane and other hydrocarbon gases. After analysis of the gas confirmed that it was non-combustible, LOD-6 was sealed and permanently abandoned. The uses and value of helium have increased significantly since 2011, and the high concentrations of carbon dioxide and nitrogen with helium and minimal hydrocarbons have favourable implications for the economic potential of this project as a helium source. In addition, with the gas stream composed primarily of carbon dioxide, there is the long-term potential to sell the carbon dioxide to consumers (there is a shortage of beverage and food-grade CO_2 in the US and there elevated pricing).

2023-2024 Exploration work

<u>Ambient Noise Tomography (ANT) Survey</u>

On October 10, 2023, the Company announced that an ambient noise tomography (ANT) survey was successfully concluded with a total of 183 nodes retrieved and data downloaded. ANT is commonly referred to as passive seismic as the technology utilises passive, naturally occurring seismic waves to record data on features in the subsurface. ANT is a cost effective and non-invasive geophysical method employing background seismic noise, generated by human activities or natural sources, to generate 3D maps of subsurface structures. Through analyzing the variations in ambient noise propagation, geoscientists can measure details about the velocity and properties of geological bodies.

On December 5, 2023, the Company announced that processing of the ANT data was complete and identified a significant and distinct shear wave velocity anomaly (velocity decrease) 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 adds to the FALCON gravity gradient and magnetic data that Pulsar acquired in 2022.

Drilling of Exploratory Boring Well

As announced February 5, 2024, the Company commenced drilling of the Jetstream #1 appraisal well located approximately 15 metres (50 feet) from the original discovery well LOD-6 that hit free gas with a concentration of 10.5% helium.

On February 23, 2024, the Company announced that drilling of the Jetstream #1 appraisal well is ongoing and total depth (TD) has not yet been reached. The drill time is longer than anticipated due to drilling fluid losses preventing fluid circulation and the recovery of gas and drill cuttings to the surface. The Company has therefore made the decision to pivot from drilling with water, to drilling with air; and an air package has been mobilised that will be connected to the contracted drill rig. While the delay is unfortunate, the Jetstream #1 well is still anticipated to reach TD, be tested with a comprehensive suite of open-hole wireline logs and be completed by the first week of March.

Acquisition of Additional Tenure in Minnesota

On October 10, 2023, the Company announced it signed 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. 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

The Tunu Project consists of a Special Mineral Exploration licence (MEL-S 2021-45) effective from November 22, 2021 until December 31, 2024 that covers Liverpool Land in East Greenland and has an area of 2,772 km2 and a Mineral Prospecting Licence (MPL 2021-46) effective from November 22, 2021 until December 31, 2026 that covers East Greenland. The aforementioned licences are the first in Greenland to be approved for the exploration of "industrial gases" and Pulsar is the only helium explorer in Greenland. Greenland is a European Union overseas territory and helium is on the European Union's list of critical raw materials.

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.

Central East Greenland has the greatest abundance of thermal springs in Greenland. This is relevant to the Company's exploration for helium and hydrogen because it demonstrates anomalously high heat flow that is required to liberate and mobilise gases from depth. They also show that there are pathways by which these gases can reach shallow depths. The Ûnartoq thermal spring in South Greenland, are reported to have gases with similar composition to those discharged from springs in the Tunu Project area have been shown to have a helium content of about 2.3%.

The origin of this anomalously high heat flow is the Icelandic and Jan Mayen mantle plumes which have diverged from a position under central Greenland and passed below the east coast.

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.

INVESTOR AWARENESS CAMPAIGN

Pulsar commenced a strong broad reaching marketing campaign that began on Pulsar's listing on the Exchange. We engaged a number of service providers, each bringing their different skills, to heighten market and brand awareness. The implementation of our comprehensive strategy is to create effective capital market awareness, increase investor engagement, and allow us to connect with existing and new shareholders during what we anticipate will be a very active time for Pulsar.

On March 13, 2023 Pulsar announced a multi-year partnership with leading Formula E Race Team, Envision Racing where Pulsar became an Official Partner and a member of the Team of its unique 'Race Against Climate Change™' sustainability programme, created to help amplify the fight against climate change and accelerate the movement to zero emission vehicles.

The parties will work together on promoting a healthier planet through their respective global platforms. Pulsar is focused on growing its business and the Team will provide relevant and authentic opportunities, including branding, story-telling and unique experiences to support the ongoing development of the Pulsar brand and to engage with investors and customers. Helium is key component in automotive engineering and primary helium will play an important role in the green transition.

RESULTS OF OPERATIONS

The consolidated loss for the three months ended December 31, 2023 was $1,165,924 compared to $224,121 for the three months ended December 31, 2022.

The significant changes between the current period and the comparative period are discussed below.

During the three months ended December 31, 2023, the Company paid or accrued consulting fees of $90,134 (2022 – $32,508) primarily to executive officers of the Company. The Company also accrued director fees of $32,500 during the three months ended December 31, 2023 (2022 - $Nil). The Company began incurring executive salaries and director fees on January 31, 2023.

During the three months ended December 31, 2023, the Company recorded exploration and evaluation expenditures of $403,281 (2022 – $79,192) to advance exploration on its Topaz project located in the USA as described above.

Marketing and promotion expenses for the three months ended December 31, 2023, was $314,633 compared to $34,412 for the prior period. The Company was listed for trading on the Exchange in August 2023 and significantly increased its advertising and investor awareness campaign as discussed above.

During the three months ended December 31, 2023, the Company recorded an unrealized loss on warrant liability of $172,606 (2022 - $Nil) related to existing warrants recorded as a derivative liability on issue as the currency denomination of the exercise price is different from the functional currency of the Company.

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended December 31, 2023, the Company spent $985,087 on operating activities, net of working capital changes, and spent $11,000 on investing activities, to end at December 31, 2023 with $211,759 cash and a working capital deficiency of $13,036.

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.

Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

As at the date of this MD&A, the Company had 29,989,005 in-the-money share purchase warrants exercisable at prices between C$0.36 and C$0.45 that if exercised would generate proceeds of C$11,749,966 for the Company. In addition, the Company had 9,250,000 in-the-money stock options exercisable at a price of C$0.45 that if exercised would generate proceeds of C$4,162,500 for the Company.

RELATED PARTY TRANSACTIONS

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The components of exploration and evaluation assets are described in Note 5 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	Number of Options	Number of Performance Share Units ("PSU")
Balance, December 31, 2023	74,140,288	11,357,330	-	-
Private placement	18,500,000	18,500,000	-	-
Broker warrants	-	159 ,236	-	-
Option grant	-	-	9,250,000	-
PSU grant	-	-	-	4,000,000
Exercise of warrants	71,330	(71,330)	-	-
Shares for debt	285,715	-	-	-
Balance, the date of this MD&A	92,997,333	29,945,236	9,250,000	4,000,000

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 Company's final prospectus dated July 31, 2023. 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.