

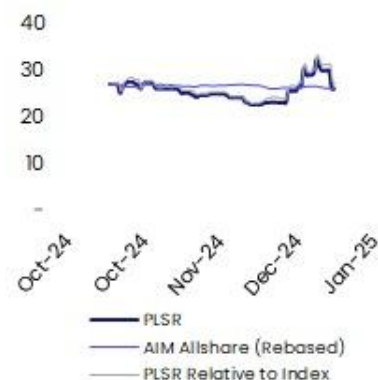
## Update on Topaz

30 April 2025

NAV:	\$mm
Core I(cash)	4.7
Dev. & Appraisal	64.9
Exploration	32.5
<b>Total</b>	<b>102.1</b>
Per Share	63.3
From Current Price	143.5%

### Stock Data

Market Cap:	£34.5mm
EV:	\$39.9mm
Shares in Issue	132.6mm
Change:	1m
	3m
	12m
	-3.7%
	0.0%
	n/a



Pulsar Helium has provided an update on its well testing programme at the Topaz helium projects in Minnesota. The Jetstream-1 and Jetstream-2 wells demonstrated encouraging pressure readings. However, drilling fines, due to the drilling technique, were found to have blocked the fractures and restricted flowrates. This is a common problem with air drilling. Management will bring in necessary equipment to clean up the well bores and then proceed with the testing programme. This is due to be completed within approximately 6 weeks. This is a very minor setback in this world-class helium discovery.

### Encouraging pressure

The wellhead pressure at the two wells on the Topaz discovery has proved to be encouraging. The well-head pressure at the Jetstream-1 was 122 PSIG (Pounds per square Inch Gauge) which is similar to the 145 PSIG seen at the original well drilled in February 2024 and flowed at 821 mcf/day of gas. At Jetstream-2 the pressure was even high at 151 PSIG. As a comparator, Helium One Global recently achieved a wellhead pressure of 10 PSIG at its State-16 well at its Galactica helium project in Colorado. Pulsar also noted that it had seen pressure communication between the well bore and reservoir at its two Jetstream wells. This removes many of the risks such as potential compartmentalisation of the reservoir.

### Fines to be cleaned up

Management noticed that during the drilling process that drilling fines (rock dust) were created which has led to the blocking of the pores and fractures within the reservoir which is turn reduced the flowrates from the wells. The drill cuttings are a combination of fines (approximately 10 microns) and coarser material. A

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preliminary clean-up was undertaken which demonstrated that these drilling fines were mobile and could be removed. This achieved improved flow results. Management now believes that new equipment, such as coil tubing, will be required to properly clean up the wells to allow a proper flow test to be undertaken. The problem with drilling fines is not an unknown event when using air drilling. Pulsar used air drilling as opposed to a fluid-based technique as it is a more appropriate technique for the Topaz reservoir. We are not unduly worried about the reservoir despite these problems with the drilling fines since the initial Jetream-1 well (which was drilled in February 2024 using a fluid based system) achieved a flow of 821mcf/day of gas. This gas contains volumes of helium at up to 14.5% - which is one of the highest concentrations found in the US. There is also significant carbon dioxide which, with a nearby ready market, will prove to be a valuable bi-product.

#### **Next news**

Pulsar Helium is looking to bring in the equipment to deal with the drilling fines and clean up the well bore. Once resolved it is hoped that should increase production rates – possibly materially. The company will then look to conduct a testing programme on both wells which is expected to last approximately 2 weeks per well. During the testing process, Pulsar will obtain gas samples from each well to ascertain accurately the concentrations of helium and carbon dioxide present. This whole process is expected to take approximately 6 weeks. We believe that this will give the company a better understanding of the accumulation before taking this to the next stage of development.

#### **Valuation**

We derive a target price through the use of a RENAV (Risky Exploration Net Asset Value) using a very conservative helium price of US\$450/mcf and recoverable resources of 0.7 BCF. On top of this we assumed that there are other prospects of similar magnitude and where there is a chance of success of 25%. Using these and adjusting for the net cash, we achieve a target price of 63.3p/share. As we mentioned above, the work programme could have a significant impact on resources and chances of success allowing further upside in this valuation. We will review this valuation once the works are complete.

#### **Corporate Broking**

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