



FOURTH QUARTER 2020
ANNUAL MANAGEMENT'S DISCUSSION AND
ANALYSIS – QUARTERLY HIGHLIGHTS

Dated April 30, 2021

FOR THE YEAR ENDED DECEMBER 31, 2020



Pulse Oil's Fourth Quarter 2020 Management's Discussion and Analysis

Overview

The following is management's discussion and analysis ("MD&A") of the consolidated financial position and consolidated results of operations of Pulse Oil Corp. (the "Company" or "Pulse") for the year ended December 31, 2020 and to the date of this report on April 29, 2020. This MD&A should be read in conjunction with Pulse's audited consolidated financial statements for the year ended December 31, 2020 and the notes thereto (the "2020 Financial Statements"). Pulse's audited consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Results for the fiscal year ended December 31, 2020 are not necessarily indicative of future results. All dollar amounts included in the following MD&A are expressed in Canadian dollars. Readers are cautioned that this MD&A contains "non-IFRS measures" and "forward-looking statements" which are discussed at the end of this MD&A.

Additional information regarding Pulse and its activities is available under its profile on SEDAR at www.sedar.com, or by requesting further information from Pulse's head office located in Vancouver, British Columbia, Canada by emailing info@pulseoilcorp.com.

Description of Business

Pulse is the owner and operator of proven producing oil and gas assets in Alberta with significant opportunity to increase production, reserves and cashflow through a well planned, safe and technically diligent work program. Pulse currently trades on the TSX Venture Exchange ("TSXV") under the symbol "PUL". 2020 was a year of seemingly unending challenges for Pulse, along with many of its peers, some of which unfortunately were unable to continue their business. Pulse's strategy was quickly changed from growth oriented to survival mode, starting when a third-party owned production facility closed in 2020 and then accelerated when oil prices crashed and Covid-19 spread throughout the world. Pulse immediately shut-in production, cut all G&A possible and began negotiations with vendors to settle accounts when Pulse was able to do so. These actions allowed Pulse to continue business, albeit in a much different manner, and work to recapitalize the Company via its announced Rights Offering in early 2021 that is expected to close April 30, 2021.

Looking back, Pulse's business began after completing its Qualifying Transaction (the "QT") as discussed below and after slowly building back from the difficulties discussed in 2020, Pulse intends to continue to be an active oil and gas producer and acquirer in the oil and gas business with a focus in Canada. After completion of the QT in March 2017, Pulse completed strategic transactions to acquire 100% of the Company's Bigoray assets, which hold substantial Enhanced Oil Recovery upside. These assets, along with a 100% interest in Pulse's Queenstown oil and gas assets that contain several infill development drilling locations and additional exploration opportunities, has positioned Pulse to grow production and reserves.

As part of the oil and gas business, commitments have been made by Pulse in regards to capital costs, management time and effort, as well as ongoing commitments to grow the business in a competitive industry, most of these costs have been incurred and at current, no future significant commitments are planned to be made and any potential commitments are continually assessed and reviewed in order to manage Pulse's assets effectively. These assets, and the commitments Pulse has made, are discussed later in this MD&A and in Pulse's accompanying consolidated financial statements for the year ended December 31, 2020.

Pulse's success in the future will largely be determined by its ability to continue to acquire new oil and gas assets in a competitive acquisition market, conduct operations safely and efficiently to increase production, cash flow and reserves to fund Pulse's business plan. After having stable oil prices in 2019, the WTI benchmarked oil prices underwent a significant drop in late Q1 into Q2 with only a modest recovery in the remainder of the 2020 fiscal year as a result of a global price war between several OPEC+ nations and the simultaneous COVID-19 world pandemic causing a major decline in global oil demand. Subsequent to the year, prices have returned to 2019 levels of approximately \$60 USD/bbl.

Highlights of this MD&A

Pulse will discuss its key updates relating to its oil and gas assets in Alberta and will discuss the Company's business plan, financial resources, and its updated share capital.

Overview of 2020

- In March 2020, OPEC+ increased production dramatically which resulted in storage capacity approaching maximum levels around the world. As a result, the price of oil plummeted from approximately \$50.00 USD/bbl to a low of negative \$40.32 in mid-April. OPEC+ has since come to an agreement to reduce a substantial amount of production volumes starting in May that will attempt to stabilize the oil markets moving forward. As of the date of this report, WTI prices have steadily been increasing to the current price of approximately \$61.70 USD/bbl.
- Additionally, in March 2020, the effects of COVID-19 becoming a global pandemic have put a halt to all non-essential businesses and travel for the foreseeable future. These effects have placed increased pressure on the oil industry as the lack of demand for oil has amplified the effects of the OPEC+ price war. Management is continually exploring all options to reduce the effects of both the COVID-19 pandemic and the price drop in oil that is currently affecting the industry.
- In an effort to counter some of the effects of lower oil prices that affect Pulse's cashflow, Pulse chose to temporarily suspend production at its Queenstown assets, as well as quickly acting to cut all costs possible within the company, including a reduction of 50% of salaries and contractors' fees.
- During the year, the company had announced the details of a private placement offering of preferred and common equity. The private placement was to be comprised of preferred shares in the subsidiary Pulse Oil Operating Corp. and common shares in the Company. In Q4, the company announced the mutual termination of the private placement offering in an effort to access additional capital during the current financial situation.

2021 Overview to Date

- McDaniel, a qualified independent reserves evaluator in accordance with National Instrument 51-101 and the COGE Handbook, completed their independent reserves assessment (the “Assessment”) on Pulse’s interests within the Bigoray and Queenstown core operating areas as at December 31, 2020. The Assessment was effective December 31, 2020 and resulted in a pre-tax net present value of \$21.619 million for Pulse’s proved plus probable (“2p”) reserves and \$13.666 million for Pulse’s proved (“1p”) reserves, using a 10% discount rate to Pulse’s net working interest. This represents a decrease in the value of 1p reserves of 23.4% and a decrease in the value of 2p reserves of 27.3% when compared to December 31, 2019. The decrease is a result of a conservative price forecast that had existed at December 31, 2020 and due to the releasing of a number of lands in the Queenstown area that had some future development wells and reserves associated.
- In January, the company was able to re-activate its first well in the Bigoray field, joining one well that had continued to produce, increasing production and cashflow.
- In March, the company re-activated 4 additional wells in the Queenstown field, while starting to mobilize equipment and infrastructure for a new water injection facility in its Bigoray field.
- On March 26, the company announced a rights offering to existing shareholders with a fully guaranteed standby agreement. The company intends to close the offering on April 30, 2021.
- In April, the company continued to reactivate an additional 2 wells in its Queenstown area and acquired an additional well in its Bigoray field. The newly acquired well has now been re-activated as of the date of this report.

Fourth Quarter and Annual Discussion of Operations

Operations, for the year ended December 31, 2020 and subsequent, continued the efforts of the company to re-establish production from recently shut-in wells due to the closure of a third party processing facility. These efforts are intended to increase production and cash flow, particularly as prices for oil and gas has been steadily increasing throughout late 2020 and into 2021 to date. Subsequent to the year, production has been re-established at 1 well in the Bigoray field and 4 wells in the Queenstown field. Additional design work has been initiated throughout the quarter to be able to install a new water injection and processing facility at a Pulse Bigoray location.

The Company also reports that price differentials had remained low and oil pricing had continued to improve for the duration of the fourth quarter and has continued through the date of this report. With the continued shut-in of the Queenstown field and the resulting impact of the third party facility closure, the company ended the year at approximately 25 bbl/d of total production. Subsequent to the period, Pulse production grew to approximately 240 boe/d with additional wells expected to be reactivated in the coming quarters which the Company feels is timely as the long-term outlook on oil markets due to the worldwide recovery from the Covid-19 pandemic has been optimistic and oil prices have remained stable in the approximate range of US\$60 per barrel for recent months. The company will continue to monitor the change in pricing and make decisions that are in the best interest of the company and its shareholders.

Bigoray Assets (100% owned and operated):

These 100% owned and operated assets consist of proved and probable reserves (McDaniel & Associates Consultants Ltd.) of 1,517,200 BOE (NPV10: \$19,860,300) as of December 31, 2020 and 5,349 net acres of land.

Pulse's finished the year with the goal to re-activate some existing wells in the Bigoray area. After the recently announced closure of a third party processing facility, the company has initiated plans subsequent to the year end to install its own water injection facility to be able to produce several of its wells in the Bigoray area. The facility will also allow for future re-activations to be completed later in 2021 with reduced operating costs from prior to the closure of the third party facility.

Queenstown Assets (100% interest and operator):

These 100% owned and operated assets consist of proved and probable reserves (McDaniel & Associates Consultants Ltd.) of 288,800 BOE (NPV10: \$1,758,700) as of December 31, 2020 and consist of 3,023 net acres of land.

The assets have currently been shut-in during the year ended December 31, 2020 due to marginal economic outcomes. As of the date of this report, all of the previously producing wells have been recently reactivated in the Queenstown field. The company is exploring additional workover options to be able to optimize production going forward. The company also notes that it has released a number of net acres of land in the Queenstown area that had reserves assigned to them in order to preserve cashflow during the 2020 year.

Update to the Corporate Reserves

In accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) and the Canadian Oil and Gas Evaluation Handbook, Pulse engaged qualified independent reserves evaluator McDaniel & Associates Consultants Ltd. to prepare a report on the reserves of the Queenstown and Bigoray core operating areas for the Fiscal Year 2020 (“FY2020”).

The assessments were effective December 31, 2020 and resulted in pre-tax net present values of \$21.6 million (FY2019: \$29.7 million) proven plus probable (“2p”) reserves and \$13.2 million (FY2019: \$17.2 million) proven (“1p”) reserves, using a 10% discount rate to Pulse's net working interest. The Bigoray and Queenstown Reserves are detailed as follows and are not described on a BOE basis:

Property Description	Proved (1P) (MBOE)	Proved & Probable (2P) (MBOE)	Proved: NPV10 ⁽³⁾	Proved & Probable: NPV10 ⁽³⁾
Bigoray Assets ^(1,2)	959.6	1,517.2	12,400,100	19,860,300
Queenstown Assets ⁽¹⁾	147.6	288.8	1,265,800	1,758,700
Total	1,107.2	1,805.9	13,665,900	\$21,619,000

- NPV10's use forecast pricing and costs based on the opinion of the independent reserve evaluator of the future crude oil, natural gas and natural gas product prices on the effective date of the reserve evaluation and escalate annually at a rate of 2% per year, in Canadian dollars. The forecast of commodity prices used can be found at <http://www.mcdan.com/priceforecast>
- Pulse's summary does not include any estimates on new potential reserves from planned Bigoray EOR project, nor Duvernay Shale, Cardium or Pekisko upside.

A complete breakdown of reserves and net present value information can be found in the Company's Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* as at December 31, 2020, that can be viewed in the Company's fiscal 2020 Annual Information Form on the SEDAR website at www.sedar.com.

Selected Annual Information	December 31, 2020	December 31, 2019	December 31, 2018 (Restated)*
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Revenue	\$ 990,245	\$ 2,213,318	\$ 2,670,743
Net loss from continuing operations	\$ (3,176,329)	\$ (3,102,470)	\$ (374,279)
Net loss per share from continuing operations	\$ (0.02)	\$ (0.02)	\$ (0.00)
Cash-flow from (used in) operating activities	\$ (105,629)	\$ (2,030,548)	\$ 1,908,860
Cash-flow from financing activities	\$ (127,493)	\$ 873,251	\$ 10,208,257
Cash-flow used in investing activities	\$ (43,572)	\$ (8,750,325)	\$ (2,689,946)

Summary of Quarterly Results

	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue (gross)	\$ 120,477	\$ 285,075	\$ 206,325	\$ 378,368
Net income (loss) from continuing operations	\$ (2,087,880)	\$ (216,590)	\$ (337,955)	\$ (533,904)
Net income (loss) per share from continuing operations	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Cash-flow from (used in) operating activities	\$ (18,834)	\$ 89,752	\$ (110,926)	\$ (65,621)
Cash-flow provided by (used in) financing activities	\$ (49,169)	\$ (40,831)	\$ (10,831)	\$ (125,000)
Cash-flow used in investing activities	\$ -	\$ (20,593)	\$ (6,702)	\$ (16,277)
Change in cash during the period	\$ 30,335	\$ 28,328	\$ (128,459)	\$ (206,898)
Cash	\$ 102,511	\$ 72,176	\$ 43,848	\$ 172,307
Total assets	\$ 17,223,759	\$ 18,736,856	\$ 18,790,939	\$ 19,007,724
Total non-current financial liabilities	\$ 2,843,447	\$ 2,819,886	\$ 2,907,279	\$ 2,961,558
Total liabilities	\$ 5,495,221	\$ 4,980,438	\$ 4,757,931	\$ 4,636,761
Shareholders deficit	\$ (8,873,876)	\$ (6,845,996)	\$ (6,569,406)	\$ (6,231,451)

Summary of Quarterly Results (Continued)

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue (gross)	\$ 443,428	\$ 698,048	\$ 605,287	\$ 466,555
Net income (loss) from continuing operations	\$ (3,258,548)	\$ (252,276)	\$ (158,031)	\$ 566,386
Net loss per share from continuing Operations	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ 0.00
Cash-flow from operating activities	\$ 4,596	\$ (759,631)	\$ (96,942)	\$ (1,178,571)
Cash-flow provided by (used in) financing activities	\$ (125,000)	\$ -	\$ 1,066,612	\$ (68,361)

Cash-flow used in investing activities	\$ (365,934)	\$ (946,105)	\$ (5,181,078)	\$ (2,257,208)
Increase (decrease) in cash during the period	\$ (486,338)	\$ (1,705,736)	\$ (4,211,408)	\$ (3,504,140)
Cash	\$ 379,205	\$ 865,543	\$ 2,571,279	\$ 6,782,687
Total assets	\$ 19,545,510	\$ 22,302,311	\$ 23,423,986	\$ 22,409,315
Total non-current financial liabilities	\$ 2,791,027	\$ 2,474,794	\$ 2,593,492	\$ 2,711,598
Total liabilities	\$ 4,640,643	\$ 3,718,465	\$ 4,587,843	\$ 4,669,258
Shareholders deficit	\$ (5,697,547)	\$ (2,018,548)	\$ (1,766,271)	\$ (1,608,240)

As of December 31, 2020, Pulse had negative working capital of \$2,413,066 compared to negative working capital of \$1,147,158 as at December 31, 2019. The working capital was reduced throughout 2020 as Pulse continued to invest capital on operations on wells in its Bigoray field in order to meet safety requirement and maintain a small amount of production and cashflow.

Additional declines in working capital were the result of the significant decline in oil pricing that remained throughout the year, in addition to the shut-in of production from both the Bigoray and the Queenstown fields. Although pricing has been recovering slowly throughout the year, they have not recovered to the pricing levels seen throughout 2019. Subsequent to the year, prices have continued to recover and are currently at levels similar to 2019.

Pulse management feel any variations in quarterly information when compared to 2019 values are a result of the decline in commodity prices and the shut-in production at the Bigoray and Queenstown fields that had a significant impact on revenues throughout the year. Management feel that the current operating costs are the approximate baseline level to maintain current production levels. The effects of COVID-19 pandemic that started at the end of Q1 also had a material impact on revenues and financing opportunities throughout the remainder of the year. The variation in accounting and legal costs in 2020 compared to 2019 was a result of accrued expenses during the previously announced financing efforts that were subsequently terminated in October 2020.

For each of the three most recently completed years, the financial data has been prepared in accordance with the accounting policies summarized in Note 3 of the 2020 Financial Statements.

Liquidity and Capital Resources

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Cash	\$ 102,511	\$ 379,205	\$ 10,286,827
Working capital	\$ (2,413,066)	\$ (1,147,158)	\$ 6,737,906
Contractual Obligations	\$ -	\$ -	\$ -
Cash-flow from (used in) operating activities	\$ (105,629)	\$ (2,030,548)	\$ 1,908,860
Property acquisition liability	\$ 985,232	\$ 1,100,951	\$ 1,450,088

Pulse is being very prudent in evaluating any changes in the current pricing of oil and gas to ensure that all business decisions are being completed with the understanding of the current cash flow of the company. The company began negotiations with a majority of its vendors in relation to its existing accounts payable in late 2020. The company was able to negotiate settlements subsequent to the year end to reduce its outstanding accounts payable balance by more than \$500,000.

The Company's operational plan is in place to continue to use cash flow from operations, but continue to explore additional funding opportunities. Additional capital projects are planned in 2021 relating to the advancement of the Bigoray EOR project and the re-start of several wells in both the Queenstown and Bigoray fields.

Pulse's short and long-term plans are heavily dependent on Pulse's ability to fund the Bigoray EOR project, combined with cost-effective options to growing production rates and cashflow from existing wells.

Share Capital

On November 20, 2018, Pulse raised gross proceeds of \$11,300,520 under a public offering and concurrent strategic private placement. Under the public offering, Pulse issued 11,137,600 common shares issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.22 per share and 15,953,555 units ("FT Units") at a price of \$0.21 per FT Unit for aggregate proceeds \$5,800,519, inclusive of the proceeds from the over-allotment option. Each FT Unit was comprised one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of Pulse at an exercise price of C\$0.30 per share for a period of 24 months (November 20, 2020). In addition to the public offering, Pulse completed a concurrent private placement with strategic investors, issuing 26,714,285 units ("Private Placement Units") at a price of approximately \$0.2058 per Private Placement Unit for aggregate gross proceeds of \$5,500,001.11. Each Private Placement Unit was comprised of one common share of Pulse

and one-half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of Pulse at an exercise price of C\$0.30 per share for a period of 24 months (November 20, 2020). At closing, Pulse also paid an investment fee equal to 7% of the placement by issuing an additional 1,309,524 Private Placement Units of Pulse.

During the year ended December 31, 2018, 250,000 share purchase warrants were exercised for \$0.17 per share for cash proceeds of \$42,500. Also during the year, 440,000 options were exercised for \$0.10 per share for cash proceeds of \$44,000.

During the year ended December 31, 2019, 7,383,008 share purchase warrants were exercised for \$0.17 per share for cash proceeds of \$1,255,111. Also during the year, 31,061,476 share purchase warrants expired.

During the year ended December 31, 2020, there were no changes in share capital.

As of the date of this report, Pulse has 151,592,357 common shares outstanding (fully diluted: 151,592,357).

Pulse's authorized share capital consists of one class of shares, being common shares.

For more information related to Pulse's share capital, please refer to Note 9 of the accompanying consolidated financial statements for the period ended December 31, 2020.

Commitments and Contingencies

As at December 31, 2020 the Company has committed to the following:

Commitment	Financial Implication	Frequency	Initial Payment	Completion
Long-Term Liability – <i>Bigoray Purchase</i>	30,831	Monthly	April 1, 2020	May 1, 2023

Flow-Through Shares

The Company was required to incur and renounce \$1.54 million of eligible Canadian Exploration Expenses by December 31, 2018 in connection with issuance of the CEE Flow-Through Shares on June 13, 2017. As at December 31, 2018, all expenses have been incurred and renounced.

The Company was also required to incur and renounce \$2.45 million of eligible Canadian Exploration Expenses by December 31, 2018 in connection with issuance of the CEE Flow-Through Shares on November 20, 2018. As at December 31, 2018, all expenses have been incurred and renounced.

Litigation and Claims

The company previously announced litigation against Crimson Energy Ltd. and Crimson Oil & Gas Ltd. (“Crimson”) in order to enforce legally binding terms of the Purchase and Sale Agreement (“P&S”) Pulse and Crimson entered into on October 2017. Pulse commenced its litigation in the Court of Queen’s Bench of Alberta to, among other things, stop Crimson from selling Pulse shares in breach of the P&S.

As found by the Court of Queen’s Bench of Alberta, Crimson breached the P&S as previously disclosed in Pulse’s continuous disclosure. On January 10, 2020 Pulse and Crimson filed for a Discontinuance of Claim pursuant to an agreement between both parties. Subsequently Pulse and Crimson have resurrected a good working relationship during these current difficult times being experienced around the world.

Related Party Transactions:

As required under IAS 24, related party transactions include compensation paid to the Company’s CEO, COO and CFO, as well as to the remaining board of directors (the “Board”) as part of the ordinary course of Pulse’s business. Pulse is of the view that the amounts incurred for services provided by related parties approximates what Pulse would incur to arms-length parties for the same services.

Description	2020	Q4 2020	2019	Q4 2019
Salaries paid to the CEO	\$ 115,625	\$ 23,125	\$ 185,000	\$ 46,250
Management fees paid to the CFO	62,500	12,500	100,000	25,000
Salaries paid to the COO	92,500	-	185,000	46,250
Management fees paid to directors	-	-	8,000	3,000
Operating expenses on oil and gas properties paid to company controlled by a Director or Officer	32,000	-	408,579	32,000
	\$ 302,625	\$35,625	\$ 886,579	\$152,500

Pulse reports that no other related party transactions have occurred during the year ended December 31, 2020. Please also refer to note 10 of the accompanying consolidated financial statements for the year ended December 31, 2020.

2018 Equity Funding:

Patrick Harrison, an insider of Pulse, purchased 24,285,714 Basic Units for an aggregate purchase price of approximately \$0.2058 per Basic Unit. As at the date of this MD&A, Mr. Harrison beneficially owned or controlled 24,285,714 common shares of Pulse, representing approximately 16.02% of Pulse’s issued and outstanding common shares on an undiluted basis. Mr. Harrison became an insider as a result of his purchase of the Basic Units.

Daniel Bolstad, a Director of Pulse, purchased 1,068,571 Basic Units for an aggregate purchase price of \$0.2058 per Basic Unit. As at the date of this MD&A, Mr. Bolstad beneficially owned or controlled 2,464,319 common shares of Pulse, representing approximately 1.63% of Pulse's issued and outstanding common shares on an undiluted basis.

Annual and Special Meeting

Pulse's latest annual and special meeting of shareholders was held on February 12, 2021, in Vancouver, British Columbia. All proposed resolutions were passed.

Risk Factors

Readers should refer to the risk factors summarized under the heading "*Risk Factors*" in the Company's fiscal 2020 Annual Information Form which is available on the SEDAR website at www.sedar.com.

Pulse's management team conducts focused strategic planning and has identified the key risks, uncertainties and opportunities associated with the Company's business that can affect its financial results. These key risks and uncertainties include, but are not limited to, the following:

RESERVES AND RESOURCE ESTIMATES

Pulse's exploration and production activities are concentrated in the Western Canada Sedimentary Basin, where the industry is very competitive. There are a number of risks facing participants in the oil and natural gas industry, some of which are common to all businesses, while others are specific to the sector. These include risks such as finding and developing oil and natural gas reserves economically, geological risk, estimating reserves, producing the reserves in commercial quantities, finding a suitable market at attractive commodity prices, financial and liquidity risks, and environmental and safety risks. Pulse's future oil and natural gas reserves and production and, therefore, its cash flows, will be highly dependent on the Company's success in exploiting its reserve base, executing a successful exploration program and acquiring additional reserves.

The Company mitigates the risk of finding and developing economical oil and natural gas reserves by utilizing a team of highly qualified professionals with expertise and experience in these areas. Pulse attempts to maximize drilling success by exploring areas that have multi-zone opportunities, including targeting deeper horizons with uphole potential, continuously assessing new acquisition opportunities to complement existing activities and, depending on the scope of the resource, balancing higher-risk exploratory drilling with lower risk development drilling.

Beyond exploration risk, there is the potential that the Company's oil and natural gas reserves may not be economically produced at prevailing prices. Pulse minimizes this risk by generating exploration prospects internally, targeting high quality projects, operating projects, and by attempting to access sales markets through Company owned infrastructure or mid-stream operators.

Pulse has retained independent reserves evaluators that assist the Company in evaluating oil and natural gas reserves. Reserve values are based on a number of variable factors and assumptions such as commodity prices, projected production, future production costs and governmental regulation. The reserves and recovery information contained in the independent reserves evaluation is an estimate. The actual production and ultimate reserves from the properties may be greater or less than the estimates prepared by the independent reserves evaluator.

Estimates of the Company's reserves and the net present value of future net revenue attributable to the Company's reserves as at December 31, 2020 are based upon the report that was prepared by McDaniel and Associates Consultants Ltd.. The estimates of reserves provided in this document are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided in this in this document, and the differences may be material. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Estimates of net present value of future net revenue attributable to the Company's reserves do not represent the fair market value of the Company's reserves and there is uncertainty that the net present value of future net revenue will be realized. There is no assurance that the forecast price and cost assumptions applied by McDaniel and Associates Consultants Ltd. in evaluating Pulse's reserves will be attained and variances could be material. See "Oil and Gas Metrics and Definitions" below for more details.

OPERATIONAL MATTERS

The operation of oil and natural gas wells involves a number of operating and natural hazards that may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to Pulse and possible liability to third parties. Pulse has established an environmental, health and safety program and has updated its operational emergency response plan and operational safety manual to address these operational issues. Pulse maintains a comprehensive insurance plan, which includes liability insurance, where available, in amounts consistent with industry standards, to the extent that such insurance is available, to mitigate risks and protect against significant losses where possible. Pulse may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premiums or other reasons. Pulse operates in accordance with all applicable environmental legislation and strives to maintain compliance with such regulations.

Pulse's mandate includes the ongoing development of procedures, standards and systems to allow Pulse staff to make the best decisions possible and to ensure that those decisions are in compliance with the Company's environmental, health and safety policies. Although management takes all reasonable steps to verify and ensure title to properties in which Pulse has an interest in, management can provide no assurance that there will be no title disputes or undetected deficiencies in title.

The Company's production processed through facilities owned by third parties may be affected as these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a

result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on Pulse's ability to process its production and deliver the same for sale.

COMMODITY PRICE RISK

Commodity prices for petroleum and natural gas are impacted by global economic events that dictate the levels of supply and demand, as well as the relationship between the Canadian dollar and the U.S. dollar.

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries, slowing growth in China and other emerging economies, market volatility and disruptions in Asia, and sovereign debt levels in various countries, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. These difficulties have been exacerbated in Canada by the recent changes in government at a federal level and, in case of Alberta, the provincial level and the resultant uncertainty surrounding regulatory, tax and royalty changes that may be implemented by the new governments. In addition, the inability to obtain the necessary approvals to build pipelines and other facilities to provide the oil and gas industry in Western Canada better access to markets has led to additional uncertainty and reduced confidence in the oil and gas industry in Western Canada.

The economics of producing from some wells has changed, and is anticipated to continue to change as a result of lower commodity prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Company's reserves. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Company's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations. The Company might also elect not to produce from certain wells due to a prolonged period of adverse market conditions. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Given the current market conditions in the Canadian oil and gas industry, the Company may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavorable and highly dilutive terms. The Company does not have any financial risk management contracts in place at December 31, 2020 to manage these risks (December 31, 2019 – none).

INTEREST RATE RISK

The Company's exposure to fluctuations in interest on its net (loss) income and comprehensive (loss) income, assuming reasonably possible changes in the variable interest rate of +/- 1%, is insignificant. This analysis assumes all other variables remain constant.

FOREIGN EXCHANGE RISK

The Company is exposed to foreign currency fluctuations as oil and gas prices received.

CREDIT RISK

The Company's credit risk exposure is related to accounts receivables, joint interest billings, goods and services tax receivable, and cash. As at December 31, 2020, the Company had \$5,988 net receivable from GST/HST with the remaining balance collectible from trade receivables. The Company's allowance for doubtful accounts at December 31, 2020, was \$Nil (December 31, 2019 - Nil). The Company expects to collect all other outstanding receivables. The Company retains its cash deposits with highly reputable financial institutions. At December 31, 2020 and 2019, all cash was held with large Canadian financial institutions.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon these financing activities, supplemented by operating cash flows.

CAPITAL MANAGEMENT

The Company's primary objectives in managing its capital structure are to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable level of risk, which maintains sufficient liquidity to support ongoing operations, capital expenditure programs, and strategic initiatives, and which maximizes shareholder returns. The Company manages its capital structure to support current and future business plans and periodically adjusts the structure in response to changes in economic conditions and the risk characteristics of the Company's underlying assets and operations.

The Company monitors metrics such as the Company's debt-to-equity and debt-to-cash flow ratios, among others to measure the status of its capital structure. The Company has currently not established fixed quantitative thresholds for such metrics. Depending on market conditions, the Company's capital structure may be adjusted by issuing or repurchasing shares, issuing or repurchasing debt, refinancing existing debt modifying capital spending programs and disposing of assets. The Company considers its capital structure to include shareholders' equity.

The oil and natural gas industry is a very capital-intensive industry, and in order to fully realize the Company's strategic goals and business plans, Pulse will rely on equity markets as a source of new capital in addition to bank financing and internally generated cash flow to fund its ongoing capital investments. Pulse's ability to raise additional capital will depend on a number of factors that are beyond the Company's control, such as general economic and market conditions. Internally generated funds will also fluctuate with changing commodity prices.

CHANGES IN INCOME TAX LEGISLATION

In the future, income tax laws or other laws may be changed or interpreted in a manner that adversely affects Pulse or its shareholders. Tax authorities having jurisdiction over Pulse or its shareholders may disagree with how Pulse calculates its income for tax purposes to the detriment of Pulse and its shareholders.

ENVIRONMENTAL CONCERNS

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of Pulse or its working interests. Such legislation may be changed to impose higher standards and potentially more costly obligations to Pulse. Pulse focuses on conducting transparent, safe and responsible operations in the communities in which it operates.

PROJECT RISKS

Pulse's ability to execute projects and market oil and natural gas depends on numerous factors beyond its control, including the availability of processing capacity, availability and proximity of pipeline capacity, availability of storage capacity, supply of and demand for oil and natural gas, availability of alternative fuel sources, effects of inclement weather, availability of drilling and related equipment, unexpected cost increases, accidental events, change in regulations, and availability and productivity of skilled labour. Because of these factors, Pulse may be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Basis of Presentation

The 2020 Financial Statements have been prepared on a historical cost basis, except for financial instruments, which are classified as fair value through profit or loss. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies have been applied consistently to all periods presented in the audited consolidated financial statements. The Company's financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical Accounting Estimates

The timely preparation of financial statements and the financial information contained in this MD&A requires that management make estimates and assumptions and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

New events or additional information may result in the revision of these estimates over time. Examples of these estimates include but are not limited to estimated revenues, royalties and operating expenses on production as at a specific reporting date but for which actual revenues and costs have not yet been received; estimated capital expenditures on projects that are in progress; estimated fair values of financial instruments that are subject to fluctuation depending on underlying commodity prices, foreign exchange rates and interest rates, volatility curves and the risk of non-performance; estimated value of decommissioning liabilities that depend on estimates of future costs and timing of expenditures; estimated future recoverable value of property and equipment and any associated impairment charges or recoveries; DD&A; and estimated compensation expense under Pulse's share-based compensation plan.

Pulse has hired individuals and consultants who have the skills required to make such estimates and ensure that individuals or departments with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budget in order to make more informed decisions on future estimates. For further information on certain estimates inherent in the financial statements, refer to Note 2 of the 2029 Financial Statements.

A number of the Company's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration and Evaluation Assets and Property and Equipment

The fair value of property and equipment recognized in a business combination is based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The market value of petroleum and natural gas properties included in property and equipment and exploration and evaluation assets is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The market value of other items of property and equipment is based on the quoted market prices for similar items.

Cash, Accounts Receivable, Deposits and Accounts Payable and Accrued Liabilities

The fair value of cash, accounts receivable, deposits and accounts payable and accrued liabilities approximated their carrying value at December 31, 2020.

The Company classifies the fair value of these transactions according to the following hierarchy based on the nature of the observable inputs used to value the instrument.

- 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 volume to provide continuous pricing information. Cash is measured at fair value using level 1 fair value inputs.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices 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 marketplace.
- Level 3 – Valuations are derived from inputs that are not based on observable market data. Investments in securities are measured at fair value using level 3 fair value inputs.

The Company is exposed to various financial instrument risks and management proactively assesses the potential impact and the likelihood of this exposure. These risks include commodity price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. When material, these risks are reviewed and monitored by the Board. See note 13 of the 2020 Financial statements.

Management's Responsibility for Financial Statements

Information provided in this MD&A, including information from the audited consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the 2020 Financial Statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Off-Balance Sheet Arrangements

Pulse has certain arrangements, all of which are reflected in the contingencies and commitments table, which were entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease.

Non-IFRS Financial Measures

This MD&A contains references to funds used in operations, cash provided by (used in) operations per share, and operating netback; which are not defined under IFRS as issued by the International Accounting Standards Board. These measures are non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other

issuers. Management of Pulse believes funds used in operations, cash provided by (used in) operations per share, and operating netback are relevant indicators of Pulse's financial performance and its ability to fund future capital expenditures. Funds used in operations and operating netback should not be considered an alternative to or more meaningful than cash flow from operating activities, as determined in accordance with IFRS, as an indicator of Pulse's performance. Readers should refer to the "*Operating Netback and Funds Used in Operations*" heading above for a reconciliation of operating netback and funds used in operations to cash from operating activities, the most comparable measure calculated in accordance with IFRS.

Oil and Gas Metrics and Definitions

Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil (6:1). This conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Such disclosure of boe's may be misleading, particularly if used in isolation. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value. Readers should be aware that historical results are not necessarily indicative of future performance. Natural gas production is expressed in thousand cubic feet ("mcf"). Oil and natural gas liquids are expressed in barrels ("bbls").

Terms that are used in this MD&A that are not otherwise defined herein are provided below:

Developed producing reserves are those gross reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

Developed reserves are those gross reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be sub-divided into producing and non-producing.

Discovered Petroleum-initially-in-place is that quantity of petroleum, which is estimated, on a given date, to be contained in known accumulations, plus those quantities already produced therefrom.

Gross means (i) in relation to the Company's interest in production or reserves, its "company gross reserves", which are the Company's working interest (operating or non-operating) share before deduction of royalties and

without including any royalty interests of the Company; and (ii) in relation to wells, the total number of wells in which the Company has an interest.

Net means, in relation to the Company's interest in wells or lands, the number of wells obtained by aggregating the Company's working interest in each of its gross wells.

Probable reserves are those additional gross reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Proved reserves are those gross reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

Amplitude versus offset is the general term for referring to the dependency of the seismic attribute, amplitude, with the distance between the source and receiver (the offset). AVO analysis is a technique that geophysicists can execute on seismic data to determine a rock's fluid content, porosity, density or seismic velocity, shear wave information and fluid indicators.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2019, Pulse has adopted the recently amended or implemented accounting policies. Changes that took effect on January 1, 2019, included IFRS 16 Lease and IFRIC 23 Uncertainty over Income Tax Treatment. Please refer to Note 3 of the accompanying consolidated financial statements for the year ended December 31, 2020 that discusses the adoption details of these standards and new standards and interpretations that Pulse will be required to adopt in the 2021 fiscal year.

Proposed Transactions

There are no proposed transactions not already disclosed elsewhere in this MD&A.

Forward Looking Statements

The MD&A contains forward-looking information statements within the meaning of Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “forecast”, “guidance”, “may”, “plan”, “predict”, “project”, “should”, “will”, or similar words suggesting future outcomes. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: business combinations, financing, agreements, transactions, oil and natural gas acquisition, reserves, enhanced oil recovery, oil and natural gas production estimates and targets; statements regarding BOE/d production capabilities; anticipated revenue from oil and gas fields; completing acquisitions, development and exploration and other activities; capital expenditure programs and estimates; plans to drill wells; plans to grow reserves, production, and cash-flow. Forward-looking statements and information concerning anticipated financial performance are based on management’s assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include that planned acquisitions will be completed, and assumptions as to development, enhanced oil recovery, financing, LLR, business combinations, drilling programs and results, construction operations and enhancements, potential business prospects, growth strategies, the ability to add production and reserves through acquisition, development and exploration activities, the ability to reduce costs and extend commitments, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates.

Management also assumes that in connection with the Bigoray Assets, its 100% owned subsidiary, Pulse Oil Operating Corp, will be able to work with the operator of the assets to maintain permit tenures in good standing, and that Pulse will be able to access equity capital when required and that Pulse will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Management also assumes that in connection with the Queenstown Assets, its 100% owned subsidiary, Pulse Oil Operating Corp as operator, will work to maintain permit tenures in good standing, and that Pulse will be able to access equity capital when required and that Pulse will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Pulse will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: access to capital, commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; enhanced oil recovery costs, infrastructure costs; the recoverability of reserves; reserves estimates and valuations; the Company’s ability to add reserves through development and exploration activities; accessibility of services and equipment; fluctuations in currency exchange rates; and changes in government legislation and regulations.

The forward-looking statements contained herein are as of the date of this MD&A, and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not

exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Certain information in this MD&A may constitute “analogous information” as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, including, but not limited to, information relating to areas with similar geological characteristics to the lands held by the Company. Such information is derived from a variety of publicly available information from government sources, regulatory agencies, public databases or other industry participants (as at the date stated therein) that the Company believes are predominantly independent in nature. The Company believes this information is relevant as it helps to define the reservoir characteristics in which the Company may hold an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and in accordance with the COGE Handbook. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by the Company and there is no certainty that the reservoir data and economics information for the lands held by the Company will be similar to the information presented therein. The reader is cautioned that the data relied upon by the Company may be in error and/or may not be analogous to the Company’s land holdings.

Disclosure provided herein in respect of BOE (barrels of oil equivalent) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Additional Information

Additional information regarding Pulse and its activities is available on SEDAR at www.sedar.com or on Pulse’s website at www.pulseoilcorp.com. Information can also be requested from Pulse’s head office located at Suite 500, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 3P6.

Board of Directors and Officers

Garth Johnson¹, CGA

Chief Executive Officer, Director

Drew Cadenhead, B.Sc., P. Geol

President / Chief Operating Officer, Director

Dr. Douglas Ellenor¹ Ph.D. (Geol), B.Sc., (Hons Geol)

Director

Jack Doyle¹, P. Eng.

Director

Daniel Bolstad

Director

Aaron Doyle, P.Eng., CPA / CMA

Chief Financial Officer

Notes

¹ *Member of the Audit Committee*

Stock Exchange Listing

TSX Venture Exchange

Common Share Trading Symbol: "PUL"

Legal Counsel

Owen Bird Law Corp.
Vancouver, BC

Parlee McLaws LLP
Edmonton, AB

Bankers

Bank of Montreal
Vancouver, BC

Auditors

Manning Elliott LLP
Vancouver, BC

Independent Reserves Evaluators

McDaniel and Associates
Consultants Ltd.
Calgary, AB



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