

PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 2:00 P.M. (VANCOUVER TIME) ON APRIL 30, 2021.

*This rights offering circular (this “Circular”) is prepared by management. No securities regulatory authority or regulatory has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.*

*This is the circular we referred to in the March 26, 2021 rights offering notice, which you should have already received. Your rights registration advice statement (a “Rights DRS Advice”) and relevant forms were enclosed with the rights offering notice. This Circular should be read in conjunction with the rights offering notice and our continuous disclosure prior to making an investment decision.*

*The securities offered hereby are being offered pursuant to applicable exemptions from the registration and prospectus requirements of the securities laws of the various provinces and territories of Canada. No prospectus or other disclosure document in respect of the securities offered hereby has been or will be filed with any securities regulatory body of the various provinces or territories of Canada, and the securities offered hereby have not been and will not be qualified for registration under the United States Securities Act of 1933, as amended (the “1933 Act”), or the securities laws of any state of the “United States”. This Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the 1933 Act and applicable state securities laws, or exempt from such registration requirements. “United States” and “U.S. persons” are as defined in Regulation S under the 1933 Act.*

*This Circular does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Rights Offering (as defined below) is not being made to, nor will deposits be accepted from or on behalf of, Pulse Oil shareholders in any jurisdiction in which the making or acceptance of the Rights Offering would not be in compliance with the laws of such jurisdiction. However, Pulse Oil may, in its sole discretion, take such action, as it may deem necessary to extend the Rights Offering in any such jurisdiction.*

**Rights Offering Circular**

**March 26, 2021**



**PULSE OIL CORP.**

**OFFERING OF RIGHTS TO SUBSCRIBE FOR UP TO 151,592,357 COMMON SHARES**

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**Price: \$0.01 per Common Share**

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**We currently have sufficient working capital to last less than one month. We require 31% of the offering to last 12 months.**

Reference in this Circular to “we”, “our”, “us” and similar terms means Pulse Oil Corp. (“**Pulse**” or the “**Company**”). Reference in this Circular to “you”, “your” and similar terms mean to Pulse shareholders. Unless otherwise indicated, reference herein to “\$” or “dollar” are to Canadian dollars. Certain terms used in this Circular are defined elsewhere herein.

## SUMMARY OF OFFERING

### Why are you reading this circular?

We are issuing to the holders (the “**Shareholders**”) of our outstanding common shares (the “**Common Shares**”) of record at 5:00 p.m. (Vancouver time) on April 6, 2021 (the “**Record Date**”) and who are resident in a jurisdiction of Canada (the “**Eligible Jurisdictions**”) and outside the Eligible Jurisdictions where the Company is eligible to make such offer, rights (each, a “**Right**”) to subscribe for a Common Share on the terms described in this Circular (the “**Rights Offering**”). The purpose of this Circular is to provide you with the detailed information about your rights and obligations in respect of the rights offering. This Circular should be read in conjunction with the rights offering notice previously sent to you by mail (the “**Notice**”).

### What is being offered?

Each holder of Common Shares on the Record Date who is resident in an Eligible Jurisdiction (the “**Eligible Holders**”) will receive one Right for each Common Share held as at the Record Date.

### What does one right entitle you to receive?

Each Right entitles you to subscribe for one Common Share of Pulse at a subscription price of \$0.01 per Common Share (the “**Basic Subscription Privilege**”) until 2:00 p.m. (Vancouver time) on April 30, 2021.

If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe pro rata for Common Shares (the “**Additional Common Shares**”) not otherwise purchased, if any, pursuant to the Basic Subscription Privilege (the “**Additional Subscription Privilege**”).

### What is the Subscription Price?

The subscription price per Common Share is \$0.01 (the “**Subscription Price**”).

### When does the offer expire?

The Rights may be exercised until 2:00 p.m. (Vancouver time) on April 30, 2021 (the “**Expiry Time**”). **Rights not exercised at or before the Expiry Time will be void and of no value.**

### What are the significant attributes of the Rights issued under the Rights Offering and the securities to be issued upon the exercise of the Rights?

The Rights permit the holders thereof to subscribe for purchase from Pulse up to 151,592,357 Common Shares. During this period, the Rights will trade on the TSX Venture Exchange (the “**TSX-V**”) and holders of Rights may sell their Rights through facilities of the TSX-V. The Rights may not be offered or sold in or into the United States or to U.S. persons unless registered under the 1933 Act and applicable state securities laws, or exempt from such registration requirements. “United States” and “U.S. persons” are as defined in Regulation S under the 1933 Act. The Rights are fully transferable into and within Canada and will be evidenced by the Rights DRS Advice. Each Right will entitle the holder thereof to subscribe for one Common Share at the Subscription Price prior to the Expiry Time.

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at the date hereof, there are 151,592,357 Common Shares issued and outstanding as fully paid and non-assessable. The holders of Common Shares are entitled to one vote per Common Share held at meetings of the holders of Common Shares, to dividends if, as and when declared by the Company’s board of directors and, in the event of liquidation, dissolution or winding-up of the Company, to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, subject to the rights of any securities having priority over the Common Shares.

**What are the minimum and maximum number or amount of Common Shares that may be issued under the Rights Offering?**

The Rights Offering is not subject to any minimum subscription level. Based on the 151,592,357 Common Shares outstanding as of the date hereof, a maximum of 151,592,357 Common Shares will be issued upon exercise of the Rights.

**Where will the Rights and securities issuable upon the exercise of the Rights be listed for trading?**

The Common Shares are listed on the TSX-V under the trading symbol "PUL".

The Rights will trade on the TSX-V under the trading symbol "PUL.RT" until 9:00 a.m. (Vancouver time) on the Expiry Date.

**FORWARD-LOOKING STATEMENTS**

This Circular contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this Circular include, without limitation, statements with respect to: our expectations regarding the estimated costs of the Rights Offering and the net proceeds to be available upon completion; the use of proceeds from the Rights Offering and the availability of funds from sources other than the Rights Offering; and our ability to continue as a going concern.

Forward-looking statements are subject to a number of risks and uncertainties that may cause our actual results to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, us. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and cost of funds; closing the Rights Offering; delays in obtaining or failure to obtain required approvals to complete the Rights Offering; the uncertainty associated with estimating costs to complete the Rights Offering, including those yet to be incurred; and other risks related to our business and the Rights Offering.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, we disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

**USE OF AVAILABLE FUNDS**

**What will our available funds be upon the closing of the Rights Offering?**

As at February 28, 2021, the Company had a working capital deficiency of \$1,748,000. If all of the Rights are exercised, the Company will raise gross proceeds of approximately \$1,515,924.

As more particularly described below, upon closing the Rights Offering, the Company first intends to reduce its working capital deficiency by approximately \$1,220,000 with payments of \$625,000 against current liabilities, combined with settlement agreements that forgive certain current liabilities leaving offering proceeds of approximately \$840,924 as available funds, assuming that all of the Rights are exercised and after taking into account the estimated costs of the Rights Offering. Additionally, favorable payment terms were negotiated with vendors to be able to satisfy the remaining working capital deficiency over the following 12 to 18 months. The current liabilities that will be settled with vendors were funds used for activities required to complete well

operations. We plan to use the remaining available funds to increase the daily oil production in the two oil fields operated by Pulse and to invest in necessary infrastructure that will be required as the Company progresses the enhanced oil recovery (the “EOR”) project in the near future. These activities will allow for increased monthly cash flows to be achieved shortly after the closing of the Rights Offering. We feel that the balance of the Company’s working capital deficiency will be better served through the increase in monthly cash flows that will be used to pay out the remaining deficiency and allow the Company to operate in a more sustainable way.

	<b>Assuming 100% of offering</b>
<b>A Amount to be raised by this offering</b>	\$1,515,924
<b>B Selling commissions and fees</b>	\$ -
<b>C Estimated offering costs (legal, accounting, etc.)</b>	\$50,000
<b>D Available funds: D = A – (+C)</b>	\$1,465,924
<b>E Additional sources of funds</b>	\$ -
<b>F Applied to working capital deficiency</b>	\$625,000
<b>G Total: G = (D+E) – F</b>	\$840,924

Note:

1. The Company has obtained a Standby Commitment from a Company insider for \$1,515,924, representing 100% of the Common Shares available under the rights offering. See “Stand-By Commitment” below.

#### How will we use the available funds?

We plan to use the available funds from the Rights Offering to materially reduce Pulse’s working capital deficiency and increase the daily oil and gas production in the Queenstown and Bigoray fields operated by Pulse. Any additional funds will be used for certain infrastructure projects that will be utilized for Pulse’s EOR project in the Bigoray field. The remaining existing working capital deficiency will be paid from the increased monthly cash flows that will be achieved from the increase in daily oil and gas production. This strategy is best for the long term sustainability of the company. The specific use of proceeds is as follows:

The use of available funds is detailed as follows:

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming 100% of offering</b>
<b>Re-activation of existing wells</b>	\$305,000
<b>Commission water disposal facilities</b>	\$414,000
<b>General operating costs</b>	\$121,924
<b>Total</b>	\$840,924

Pulse plans to reactivate 5 existing wells in its Queenstown field. Three of the wells were producing reliably in 2020 but were shut-in due to pricing issues that occurred in the spring of 2020. The other two wells will also be placed on production after completion of additional workovers to be able to maximize production. Anticipated initial production from the re-activation of these 5 wells is approximately 140 barrels of oil equivalent per day (“BOE/d”) with a budgeted cost of \$85,000. The anticipated production of the 4 wells is based on the previously recorded production rates, but additional production is expected following the well workovers. Pulse also plans to commission its own water disposal facility at an existing Bigoray property to be able to facilitate the production of a number of wells both in the short term but also as the EOR project starts to progress. This work will immediately allow the re-start of approximately 50 BOE/d with a budgeted cost of \$414,000 for the water disposal facility. Additional re-activation work will look to be completed on the lease site of an additional well that has anticipated production of 100 BOE/d and a budgeted cost of \$220,000.

Pulse has currently remained a producing entity and is generating revenues on a monthly basis; however it is unable to generate enough revenue to maintain operations until additional projects are re-started. With the additional revenues generated from the re-activated production, the company anticipates becoming profitable from operations within the 3 months following the completion of the Rights Offering.

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

#### **How long will the available funds last?**

We expect the available funds from the Rights Offering will be sufficient to meet our working capital requirements for a minimum of 12 months from the date of this Circular. The primary goal of the Rights Offering, as described above, will be to complete a work program that will allow the Company to remain profitable for the foreseeable future. The production levels achieved from the work program described above have been estimated based on previous production levels that will be re-instated by the Company to generate sufficient cash flow to meet our working capital requirements for more than 12 months.

### **INSIDER PARTICIPATION**

#### **Will insiders be participating?**

To the knowledge of the Company, after reasonable inquiry, all directors, senior officers and persons controlling over 10% of the Common Shares of the Company (collectively, the **"Insider Group"**), as the date hereof, intend to exercise all of their Basic Subscription Privilege in connection with the Rights Offering, representing approximately 25.80% of the Common Shares available under the Rights Offering, being 39,105,035 Common Shares.

As at the date hereof, insiders of the Company own or exercise control or direction over, directly or indirectly, 39,105,035 Common Shares, representing approximately 25.80% of the issued and outstanding Common Shares. Assuming the full take-up of their Basic Subscription Privileges, these insiders would own an aggregate of 78,210,070 Common Shares.

#### **Who are the holders of 10% or more of our securities before and after the Rights Offering?**

To the knowledge of the directors and senior officers of Pulse, as at the date hereof, no person or company beneficially owns, directly or indirectly, or controls or directs more than 10% of any class of Pulse's voting securities, other than as set out below.

<b>Name</b>	<b>Holdings of Common Shares Before the Rights Offering</b>	<b>Holdings after the Rights Offering</b>
<b>Patrick Harrison</b>	24,285,714 (16.02%)	48,571,428 (16.02%)

### **DILUTION**

#### **If you do not exercise your Rights, by how much will your security holdings be diluted?**

If a shareholder elects not to exercise Rights, the value of the Common Shares held by such shareholder may be diluted as a result of the exercise of Rights by other shareholders by approximately 50%, assuming the issuance of the maximum number of Common Shares under the Rights Offering.

## STAND-BY COMMITMENT

### Who is the stand-by guarantor and what are the fees?

In connection with the Rights Offering, Pulse has entered into a standby commitment agreement (the "**Standby Commitment Agreement**") with Patrick Harrison (the "**Standby Purchaser**"), an insider of Pulse currently owning 16.02% of Pulse's Common Shares. The Standby Purchaser has agreed, subject to certain terms and conditions, to exercise his Basic Subscription Privilege in respect of any Rights he holds, and, in addition thereto, acquire any additional Common Shares available as a result of any unexercised Rights under the Rights Offering (the "**Standby Commitment**"), such that Pulse will, subject to the terms of the Standby Commitment Agreement, be guaranteed to issue 150,000,000 Common Shares in connection with the Rights Offering for aggregate gross proceeds of \$1,500,000. The Standby Commitment is being guaranteed by Patrick Harrison. The Standby Commitment has been approved by the independent directors of the Company. As consideration for the Standby Commitment, the Company has agreed to issue 37,500,000 bonus warrants (the "**Standby Commitment Warrants**") to the Standby Purchaser (being 25% of the amount of the Standby Commitment). Each Standby Commitment Warrant will be exercisable for sixty (60) months from the date of issuance into one Common Share at a price of \$0.05 per share.

The Standby Commitment Agreement contains certain conditions precedent that must be satisfied by the closing of the Rights Offering, and if any such conditions precedent are not satisfied (or waived by the Standby Purchaser) the Standby Commitment Agreement may be terminated by the Standby Purchaser. The Standby Purchaser may also terminate the Standby Commitment Agreement in the event: (i) any material adverse change between the date of the Standby Commitment Agreement and the closing of the Rights Offering; (ii) the Company is in material default of its representations and warranties or its obligations under the Standby Commitment Agreement; or (iii) the Rights Offering is terminated or cancelled.

The Standby Purchaser is a "related party" of Pulse under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because the Standby Purchaser exercises control and direction over more than 10% of the issued and outstanding Common Shares. The Rights Offering is not subject to the related party rules under MI 61-101 based on a prescribed exception related to rights offerings.

### Have we confirmed that the stand-by guarantor has the financial ability to carry out its stand-by commitment?

To our knowledge, after reasonable inquiry, the Standby Purchaser has the financial ability to carry out its Standby Commitment.

### What are the security holdings of the stand-by guarantor before and after the Rights Offering?

Name	Holdings of Common Shares Before the Rights Offering	Holdings after the Rights Offering
Patrick Harrison	24,285,714 (16.02%)	211,785,714 Shares (62.16%)

## HOW TO EXERCISE THE RIGHTS

### How does a security holder that is a registered holder participate in the Rights Offering?

If you are a registered holder of Common Shares, a Rights DRS Advice issued under the direct registration system of Computershare Investor Services Inc. (the "**Subscription Agent**") representing the total number of transferable Rights to which you are entitled as of the Record Date has been mailed to you with a copy of the Notice. To exercise the Rights represented by the Rights DRS Advice, you must complete and deliver the enclosed subscription form in accordance with the instructions set out below. Rights not exercised at or prior to 2:00 p.m. (Vancouver time) on the Expiry Date (the "**Expiry Time**") will be void and of no value. The method of

delivery is at the discretion and risk of the holder of the Rights DRS Advice and delivery to the Subscription Agent will only be effective when actually received by the Subscription Agent at its office. See “*Appointment of Rights Subscription Agent – Who is the Subscription Agent?*” Rights DRS Advice and payments received after the Expiry Time will not be accepted.

In order to exercise your Rights you must:

1. **Complete and sign Box 1 on the Rights Subscription Form.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown on the first page of the Rights DRS Advice. If you complete Box 1 so as to exercise some but not all of the Rights evidenced by the Rights DRS Advice, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Subscription Agent at the time the Rights DRS Advice is surrendered to the Subscription Agent.
2. **Additional Subscription Privilege.** Complete and sign Box 2 on the Rights Subscription Form only if you also wish to participate in the Additional Subscription Privilege. See “*How to Exercise the Rights? – What is the Additional Subscription Privilege and how can you exercise this privilege?*”
3. **Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** In order to purchase one Common Share, you must own one (1) Right and pay a price of \$0.01 per Common Share. In addition to the amount payable for any Common Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Common Shares subscribed for under the Additional Subscription Privilege.
4. **Delivery.** Deliver or mail the completed Subscription Form and Rights DRS Advice and payment in the enclosed return envelope addressed to the Subscription Agent so that it is received before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the Rights holder on the Rights Subscription Form must correspond in every particular with the name that appears on the face of the Rights DRS Advice.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion. Subscriptions are irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither we nor the Subscription Agent is under any duty to give any notice of any defect or irregularity in any subscription, nor will we be liable for the failure to give any such notice.

#### **How does a security holder that is not a registered holder participate in the Rights Offering?**

You are a beneficial Eligible Holder if you hold your Common Shares through a securities broker or dealer, bank or trust company or other participant (a “**Participant**”) in the book-based system administered by CDS Clearing and Subscription Agent Services Inc. (“**CDS**”). The total number of Rights to which all beneficial Eligible Holders as of the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither we nor the Subscription Agent will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant, the Subscription Price for each Common Share that you wish to subscribe for; and
2. you may subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Common Shares you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Common Shares requested.

Any excess funds will be returned to the applicable Participant for the account of the beneficial holder, without interest or deduction.

***Can I combine, exchange or divide my Rights DRS Advice?***

The Rights DRS Advice cannot be combined, divided or exchanged for certificates.

**Who is eligible to receive Rights?**

Holders of Common Shares on the Record Date resident in an Eligible Jurisdiction are eligible to receive Rights. The Rights and Common Shares have not and will not be registered under the laws of any jurisdiction outside of the Eligible Jurisdictions.

If you are a holder of Common Shares on the Record Date resident outside of an Eligible Jurisdiction (an **"Ineligible Holder"**), you will find an exempt purchaser status certificate (**"Exempt Status Certificate"**) enclosed with the Notice mailed to you on or about April 9, 2021. If you deliver a completed and executed Exempt Status Certificate to Pulse on or before April 19, 2021 and your eligibility to participate in the Rights Offering is confirmed by Pulse, the Subscription Agent will forward to you a Rights DRS Advice evidencing the number of Rights you are entitled to.

An Ineligible Holder who wishes to exercise Rights, and who is resident of a jurisdiction where the Rights Offering and the distribution and exercise of Right is lawful and exempt from any prospectus or similar filing requirement, must complete and deliver the Exempt Status Certificate to the Corporation. Among other things, an Ineligible Holder seeking eligibility to participate in the Rights Offering must represent and warrant to the Company and the Subscription Agent and their respective directors, officers and employees that under the laws of such person's place of residence, such person is entitled to receive, own and exercise the Right and that the distribution to, and exercise by, such person of such Rights is not unlawful and is exempt from any prospectus or similar filing requirement under the laws applicable to such person or the laws of such person's place of residence and does not require obtaining any approvals of a regulatory authority in such person's place of residence. In addition, such Ineligible Holder must acknowledge that the Company and the Subscription Agent and their respective directors, officers, and employees are relying on such representations and warranties and are entitled and requested to do so in accepting such subscription and in issuing and distributing the subscribed for Common Shares. The Company may, in its sole discretion, determine such person's eligibility to receive and Exercise Rights despite being resident outside of an Eligible Jurisdiction (**"Determined Exempt"**).

Rights will not be forwarded by the Company to Ineligible Holders except as aforesaid. Shareholders will be presumed to be resident in the jurisdiction of their registered address unless the contrary is shown to the satisfaction of the Company. Certificates representing Rights in respect of Ineligible Holders will be issued to and held by the Subscription Agent as agent for the benefit of Ineligible Holders. The Subscription Agent will hold the Rights until April 19, 2021 in order to give Ineligible Holders an opportunity to claim the Rights by satisfying the Company that the issue of Shares pursuant to the exercise of Rights will not be in violation of the laws of applicable jurisdiction (in accordance with the instructions provided in the Notice to Ineligible Holders).

Following such date, the Subscription Agent will hold the Rights representing the Rights of such Shareholders Requiring Exemptions until the Expiry Time, following which time the Rights will become null and void.

The Rights Offering does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Rights Offering is not being made to, nor will subscriptions be accepted from or on behalf of, holders of Rights in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Company may, in its sole discretion, take such action, as it may deem necessary to extend the Rights Offering to holders of Common Shares in such jurisdiction. **Any person resident outside of Canada or the United States, who is subject to the laws of a jurisdiction where the Rights Offering may be lawful, should seek advice from a lawyer or other qualified securities authority to satisfy himself, herself or itself with respect to the availability and applicability of any exemption or other provision of the applicable securities legislation that would make the Rights Offering to him, her or its lawful.**

### **What is the Additional Subscription Privilege and how can you exercise this privilege?**

A holder of a Rights DRS Advice who is not an Ineligible Holder, or is an Ineligible Holder who has been Determined Exempt, and who has exercised all the Rights evidenced by such Rights DRS Advice may subscribe for Additional Common Shares, if available, at the Subscription Price. Additional Common Shares will be allocated from those Common Shares, if any, available as a result of Rights that are unexercised by the Expiry Time. A holder who exercises the Additional Subscription Privilege will receive the lesser of (i) the number of Common Shares that holder subscribes for under the Additional Subscription Privilege, and (ii) the number of Common Shares that is equal to the aggregate number of Common Shares available through unexercised Rights multiplied by the quotient of the number of Rights previously exercised by such holder under the Rights Offering divided by the aggregate number of Rights previously exercised under the Rights Offering by holders of Rights that have subscribed for Common Shares under the Additional Subscription Privilege.

A Rights holder who is not an Ineligible Holder, or is an Ineligible Holder who has been Determined Exempt, may subscribe for Additional Common Shares by (i) completing Box 2 on the Rights Subscription Form, and (ii) delivering the Rights DRS Advice and Subscription Form, together with payment for those Additional Common Shares, to the Subscription Agent on or before the Expiry Time. If payment for all Additional Common Shares subscribed for pursuant to the Additional Subscription Privilege does not accompany the subscription, the over-subscription will be invalid.

If the Rights Offering is fully subscribed, then the funds included for any over-subscriptions will be returned by the Subscription Agent to the relevant shareholders. If the Rights Offering is not fully subscribed, direct registration system (“DRS”) advice representing the Common Shares due to Eligible Holders as a result of over-subscriptions will be delivered by the Subscription Agent together with the DRS advice representing such securities due to those shareholders pursuant to their subscriptions in accordance with the Basic Subscription Privilege. In addition, the Subscription Agent will return to any over-subscribing shareholder within 30 calendar days of the Expiry Date any excess funds paid in respect of an over subscription for Common Shares where the number of Additional Common Shares available to that shareholder is less than the number of Additional Common Shares subscribed for. No interest will be payable by the Subscription Agent in respect of any excess funds returned to shareholders.

### **How does a Rights holder sell or transfer Rights?**

The Rights will trade on the TSX-V under the trading symbol “PUL.RT” until 9:00 a.m. (Vancouver time) on the Expiry Date. Holders of Rights DRS Advice not wishing to exercise their Rights may sell or transfer their Rights directly or through their securities broker or dealer at the shareholder’s expense, subject to any applicable resale restrictions. Rights DRS Advice will not be registered in the name of an Ineligible Holder. Holders of Rights DRS Advice may elect to exercise only a part of their Rights and dispose of the remainder, or dispose of all of their Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

### **When can you trade securities issuable upon the exercise of your Rights?**

The TSX-V has conditionally approved the listing on the TSX-V of the Common Shares issuable on the exercise of the Rights, subject to the Company fulfilling all of the TSX-V's conditions.

### **Are there restrictions on the resale of securities?**

The Rights being issued hereunder and the Common Shares issuable upon exercise of the Rights are being distributed by the Company pursuant to an exemption from the prospectus requirements under Canadian securities legislation.

Resale of the Rights and the underlying Common Shares may be subject to restrictions pursuant to applicable securities legislation then in force. Set out below is a general summary of the restrictions governing first trades in the Rights and the underlying securities in Canada. Additional restrictions apply to holders of Rights and underlying securities who are "control persons" in respect of the Company for purposes of securities legislation. Each holder is urged to consult his, her or its professional advisors to determine the exact conditions and restrictions applicable to trades of the Rights and the underlying securities.

Generally, the first trade in Rights and the Common Shares issuable upon exercise of the Rights will be exempt from the prospectus requirements of Canadian securities legislation, if: (a) the Company is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a control distribution; (c) no unusual effort is made to prepare the market or to create a demand for the Rights or the Common Shares; (d) no extraordinary commission or other consideration is paid in respect of such trade; and (e) if the selling security holder is an insider or officer of the Company, the selling security holder has no reasonable grounds to believe that the Company is in default of securities legislation. If such conditions have not been met, then the Rights and the underlying securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances. As of the date hereof, the Company has been a reporting issuer for more than four months in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights or the underlying securities should consult with their advisors concerning restrictions on resale, and should not resell their Rights or the underlying securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

### **Will we issue fractional underlying securities upon exercise of the Rights?**

No fractional Common Shares will be issued. Where the exercise of Rights would otherwise have entitled a Rights holder to receive fractional Common Shares, the Rights holder's entitlement will be rounded down to the next lowest whole number of Common Shares.

## **APPOINTMENT OF RIGHTS SUBSCRIPTION AGENT**

### **Who is the Subscription Agent?**

Computershare Investor Services Inc. is the Subscription Agent for the Rights Offering. The Subscription Agent has been appointed to receive subscriptions and payment from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

### **What happens if we do not receive funds from the Standby Purchaser?**

If we do not receive funds from the Standby Purchaser pursuant to the Standby Purchaser's obligations under the Standby Commitment Agreement, the Subscription Agent will return all funds held by it to holders of Rights that have subscribed for securities under the Rights Offering.

**ADDITIONAL INFORMATION****Where can you find more information about us?**

You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at [www.sedar.com](http://www.sedar.com). You can also find additional information about us at <http://www.pulseoilcorp.com>.

**MATERIAL FACTS AND MATERIAL CHANGES**

**There is no material fact or material change about the Corporation that has not been generally disclosed.**