



CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022

Dated November 29, 2022



PULSE OIL CORP.
Condensed Interim Consolidated Financial Statements
September 30, 2022
(Expressed in Canadian Dollars)

INDEX

Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Income and Comprehensive Income	4
Condensed Interim Consolidated Statement of Changes in Equity	5
Condensed Interim Consolidated Statement of Cash Flows	6
Notes to the Condensed Interim Consolidated Financial Statements	7-25



Pulse Oil Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited, As at
Expressed in Canadian Dollars

	September 30, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	9,328,565	145,605
Accounts receivable (Note 11)	627,792	528,572
Inventory	9,755	9,755
Prepaid expenses and advances	216,375	93,234
	10,182,487	777,166
Equipment (Note 5)	1,768,920	1,281,350
Oil and gas properties (Notes 4)	19,374,996	17,958,328
	21,143,916	19,239,678
	31,326,403	20,016,844
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	1,432,043	1,802,434
Term loan (Note 14)	-	399,405
Current portion of property acquisition liability (Note 7)	379,057	379,057
	1,811,100	2,580,896
Long-term liabilities		
Property acquisition liability (Note 7)	186,699	463,269
Term Loan	120,000	120,000
Reclamation provision (Note 6)	2,651,230	2,651,230
Deferred income taxes	186,294	186,294
	3,144,223	3,420,793
Shareholders' equity		
Share capital (Note 8)	29,843,419	19,204,608
Reserves	2,861,310	2,861,310
Deficit	(6,333,649)	(8,050,763)
	26,371,080	14,015,155
	31,326,403	20,016,844

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nature of operations - Note 1

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on November 29, 2022 and are signed on its behalf by:

Approved by the Board “Garth Johnson”, Director “Drew Cadenhead”, Director

Pulse Oil Corp.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

Unaudited, For the periods ended
Expressed in Canadian Dollars

	Three Months Ended September 30, 2022 \$	Three Months Ended September 30, 2021 \$	Nine Months Ended September 30, 2022 \$	Nine Months Ended September 30, 2021 \$
Revenue				
Oil and gas sales	1,596,147	934,580	4,814,225	1,781,612
Other income	39,442	-	39,442	40,000
Royalties	(40,849)	(39,743)	(154,534)	(71,433)
	1,594,740	894,837	4,699,133	1,750,179
Expenses				
Accounting and legal	703	2,290	(10,547)	37,261
Accretion expense	3,144	4,812	10,818	8,912
Bank charges	443	522	2,286	1,683
Consulting fees	66,592	27,644	134,455	91,607
Corporate relations and development	60,000	-	140,000	-
Depletion (Note 4)	293,689	358,184	871,500	857,253
Director and management fees (Note 9)	48,300	55,000	98,300	87,292
Insurance	6,307	11,791	10,928	21,266
Office	29,879	15,262	57,547	33,283
Operating expenses on oil and gas properties (Note 9)	421,431	281,705	883,137	595,888
Transportation costs on oil and gas properties	211,996	64,737	444,467	225,232
Regulatory and filing fees	1,204	3,516	28,234	19,613
Salaries and related benefits (Note 9)	124,068	77,683	293,543	149,681
Shareholder communications	3,293	7,730	12,424	29,887
Travel	970	-	4,362	-
	1,272,019	910,876	2,981,454	2,158,858
Gain (loss) before other items	322,721	(16,039)	1,717,679	(408,679)
Other items				
Foreign exchange gain (loss)	-	(30)	-	(369)
Gain on debt settlement	-	44,202	-	611,081
Interest	(27)	-	(565)	-
Loss on property acquisition liability modification	-	-	-	(100,283)
	(27)	44,172	(565)	510,429
Net income and net comprehensive income for the period	322,694	28,133	1,717,114	101,750
Basic and diluted earnings per share (Notes 10)	0.00	0.00	0.00	0.00
Weighted average number of common shares outstanding	517,304,714	303,184,714	409,068,230	236,240,644

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Pulse Oil Corp.
Condensed Interim Consolidated Statements of Changes in Equity

Unaudited
 Expressed in Canadian Dollars

	Share capital Shares	Share capital Amount \$	Reserves \$	Deficit \$	Total equity \$
Balance at December 31, 2020	151,592,357	18,521,245	2,081,169	(8,873,876)	11,728,538
Common shares issued	151,592,357	1,515,924	-	-	1,515,924
Share issue costs	-	(52,420)	-	-	(52,420)
Net income and comprehensive income for the period	-	-	-	101,750	101,750
Balance at September 30, 2021	303,184,714	19,984,749	2,081,169	(8,772,126)	13,293,792
Balance at December 31, 2021	303,184,714	19,204,608	2,861,310	(8,050,763)	14,015,155
Common shares issued	214,120,000	10,706,000	-	-	10,706,000
Share issue costs	-	(67,189)	-	-	(67,189)
Net loss and comprehensive loss for the period	-	-	-	1,717,114	1,717,114
Balance at September 30, 2022	517,304,714	29,843,419	2,861,310	(6,333,649)	26,371,080

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Pulse Oil Corp.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited, For the periods ended
Expressed in Canadian Dollars

	Nine Months Ended September 30, 2022 \$	Nine Months Ended September, 2021 \$
Cash flows from (used in) operating activities		
Net income and comprehensive income for the period	1,717,114	101,750
Items not affecting cash		
Accretion expense	10,818	8,912
Depletion	871,500	857,253
Loss on property acquisition liability modification	-	100,284
Changes in non-cash working capital		
Accounts receivable	(99,220)	(447,926)
Prepaid expenses and advances	(123,141)	18,357
Accounts payable and accrued liabilities	(769,798)	(320,452)
Inventory	-	(9,755)
	<u>1,607,273</u>	<u>308,423</u>
Cash flows used in financing activities		
Advance on rights offering	-	385,000
Share issue costs	(67,189)	(52,420)
Issue of share capital (Note 8)	10,706,000	1,515,924
Property acquisition liability	(287,387)	(206,648)
	<u>10,351,424</u>	<u>1,641,856</u>
Cash flows used in investing activities		
Oil and gas properties expenditures	(1,978,389)	(1,324,078)
Equipment purchase	(487,571)	(327,102)
Asset Retirement Obligations	(309,777)	-
	<u>(2,775,737)</u>	<u>(1,651,180)</u>
Increase (Decrease) in cash and cash equivalent during the period	9,182,960	299,099
Cash and cash equivalents, beginning of period	145,605	102,511
Cash and cash equivalents, end of period	<u>9,328,565</u>	<u>401,610</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Supplemental cash flow information (Note 13)

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Pulse Oil Corp. (the “Company”, “Pulse”) is a company incorporated on September 17, 2012 under the *Business Corporation Act* of Alberta, Canada. On August 28, 2013 the Company’s shares began trading on the TSV Venture Exchange (“TSX-V”) under the symbol “WLP.P” and on December 1, 2016 the Company’s trading symbol changed to “PUL”.

The Company made a profit of \$1,717,114 for the nine months ended September 30, 2022 (September 30, 2021 - \$101,750). As at September 30, 2022, the Company had a cumulative deficit of \$6,333,649 (September 30, 2021 - \$8,772,126). The Company’s primary business is to be an active oil and gas producer and explorer in the oil and gas business with a focus in Canada. In order to fund its potential future operations and commitments, the Company is dependent on its ability to generate cash flow from its oil and gas operations and to secure additional financing through debt, equity issuances or other available means. Although these consolidated financial statements have been prepared and presented on a going concern basis, the factors outlined above raise significant doubt about the ability of the Company to continue as a going concern, in which case this basis of presentation will not be appropriate. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. BASIS OF PRESENTATION

Basis of compliance

These consolidated financial statements have been prepared in accordance with IFRS, as adopted by the Chartered Professional Accountants of Canada.

Basis for consolidation

These consolidated financial statements have been prepared on the historical cost basis.

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Pulse OpCo, a company incorporated in British Columbia, Canada and HRC (NZ) Limited, a company incorporated in New Zealand.

Certain of the Company’s activities are conducted through participating; non-controlling interest arrangements, and the consolidated financial statements reflect the Company’s proportionate share of the assets, liabilities, revenue and expenses, on a line-by-line basis.

Functional and presentation currency

The parent’s and its subsidiaries’ functional currency, being the currency of the primary economic environment in which the subsidiaries operate, is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars.

Critical judgments and sources of estimation uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects future periods. Estimates are based on historical experience,

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

2. BASIS OF PRESENTATION – Continued

current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

(i) Joint arrangements

The Company may be a party to an arrangement in which it does not have control. Judgment is required in determining whether joint control over such arrangements exists and if so, which parties have joint control and whether each arrangement is a joint venture or joint operation.

In assessing whether the Company has joint control, management analyzes the activities of each arrangement and determines which activities most significantly affect the returns of the arrangement. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, the Company considers decisions about activities such as managing the asset during its life, acquisition, expansion and dispositions of assets, financing, operating and capital decisions.

Management may also consider activities including the approval of budgets, appointment of key management personnel, representation on the board of directors and other factors. If management concludes that the Company has joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether the Company has rights to the assets and obligations for the liabilities relating to the arrangement, or whether it has rights to the net assets of the arrangement. In making this determination, management reviews the legal form of the arrangement, the terms of the contractual arrangement, and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give the Company rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. In such circumstances management may consider the application of other facts and circumstances to conclude that a joint arrangement is a joint operation is appropriate. This conclusion requires judgment and is specific to each arrangement.

(i) Going concern

The assessment of the Company's ability to continue as a going concern involves management judgment about the Company's resources and future prospects.

(ii) Completeness of contingent liabilities

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

2. BASIS OF PRESENTATION – Continued

Critical judgments and sources of estimation uncertainty - continued

(iii) Oil and gas reserves

The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil reserves and related future net cash flows, management incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized petroleum properties and for impairment purposes.

(iv) Oil and gas properties

The Company evaluates exploration and evaluation assets and oil and gas properties for impairment if indicators exist. Cash flow estimates for impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of unproved properties, management makes assumptions about future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

(v) Cash generating unit (“CGU”)

The Company’s assets are aggregated into CGUs, based on the unit’s ability to generate independent cash inflows. The determination of the Company’s CGUs is based on management’s judgments in regard to shared infrastructure, geographical proximity, resource type and materiality. Based on management’s assessment, the Company’s Bigoray and Queenstown properties each form separate CGUs.

(vi) Impairment testing

Impairment testing is based on discounted cash flow models prepared by management with assistance from third-party advisors when required. The inputs used are based on management’s best estimates of what an independent market participant would consider appropriate and are reviewed by senior management. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of loss and comprehensive loss and the resulting carrying values of assets.

Estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities:

(i) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ii) Depletion and depreciation

Estimates of depletion and depreciation using the unit of production method by reference to the ratio of production in the period to the related proven and probable reserves, adding estimated future development

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

2. BASIS OF PRESENTATION - Continued

Critical judgments and sources of estimation uncertainty - continued

costs ("FDC") necessary to bring those reserves into production into the depletable base. The estimates underlying the FDC values are reviewed by independent reserve evaluators on an annual basis.

Proved and probable reserves are estimated using independent reserve evaluator reports in accordance with Canadian Securities Regulation National Instrument 51-101, and represent the estimated quantities of oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

In determining reserves for use in the depletion and impairment calculations, a barrel of oil equivalent ("boe") conversion ratio of six thousand cubic feet of natural gas ("mcf") to one barrel of oil ("bbl") is used as an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the reserve reports are derived by converting natural gas to oil in the ratio of six mcf of gas to one bbl.

For other equipment assets, depreciation is recognized in earnings on a 20% declining balance basis over the remaining useful life and is reviewed annually.

For exploration and evaluation assets, all costs directly associated with exploration are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include costs to acquire acreage and exploration rights, geological and geophysical costs, asset retirement costs, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to net earnings as exploration expense.

(iii) Valuation of the reclamation provision

The calculation of the reclamation provision includes estimates of the future costs to settle the liability, the timing of cash flows to settle the liability, the credit-adjusted risk-free interest rate and future inflation rates. The impact of differences between actual and estimated costs, timing and inflation on the future consolidated financial statements may be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash consists of cash in bank and demand deposits. Cash equivalents include a short-term, highly liquid investment that is readily convertible to known amounts of cash and which is subject to an insignificant risk of change in value. At September 30, 2022, the Company had cash equivalents of \$9,300,000 (September 30, 2021 – nil) by way of a fully redeemable GIC with the company's bank.

Oil and gas properties

The costs to acquire rights to a developed and producing oil and gas property, including completing property assessment surveys, and tangible assets acquired for use in the oil and gas activities are capitalized to assets within the oil and gas properties.

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Also capitalized to the oil and gas properties are costs directly associated with the development of oil and gas reserves, such as geological and geophysical surveys, drilling development wells, and costs to construct and install development infrastructure.

Oil and gas properties - continued

Depletion

The net carrying value of oil and gas properties is depleted using the unit-of-production method by reference to the ratio of production in the year to the related total proved and probable reserves of oil and gas, taking into account estimated future development costs necessary to bring those reserves into production. These estimated reserves are reviewed by independent reserve engineers at least annually. Proved and probable reserves are estimated by independent reserve engineers in accordance with Canadian Securities Regulation National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. Changes in reserve estimates used in prior periods, such as proved and probable reserves that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability of oil and gas properties are recognized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and gas properties generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves and are accumulated on a field or geotechnical area basis.

The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of properties are recognized in earnings as incurred.

Impairment

The carrying amounts of the Company's oil and gas properties are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value less cost to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal or using a net present value technique. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or if its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Reclamation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the oil and gas development and production activities by or on behalf of the Company. Reclamation provisions are measured at the present value of management's best estimate of future cash flows required to settle the present obligation, using the credit-adjusted risk-free interest rate. The credit-adjusted risk-free interest rate reflects the current market and risks specific to the liability.

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

On initial recognition, the estimated net present value of future reclamation cost is recorded as a liability and a corresponding amount is added to the capitalized cost of the related asset. The liability increases over time

Reclamation Provision - continued

through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation.

The Company is subject to laws and regulations relating to environmental matters, including land reclamations and discharge of hazardous materials, in the jurisdiction in which it operates. The Company may be found to be responsible for damages caused by prior owners and operators of its oil and gas properties. The Company believes it has conducted its development and production activities in compliance with applicable environmental laws and regulations.

Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in these consolidated financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Equipment

Equipment is depreciated on a 20% declining balance basis over its remaining useful life, which is reviewed annually.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and stock options are recognized as a deduction from equity, net of any related income tax effects. When a financing consists of units, the fair value of the warrant is determined by the residual value method, whereby the share is valued according to the trading price on announcement date with the residual value assigned to the warrant component.

Earnings (loss) per share

The calculation of earnings (loss) per share is based on the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share is calculated whereby all "in the money" stock options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. If the Company incurs net losses during the period, basic and diluted loss per share are the same as the exercise of options and warrants is considered to be anti-dilutive.

Inventory

Inventory consists of crude oil products. The carrying value of inventory includes all direct expenditures required to bring the inventory to its present location and condition. The Company values its inventory using the weighted average cost method and inventory is held at the lower of cost and net realizable value at each reporting period.

If the carrying value exceeds the net realizable value, a write-down is recognized. A change in circumstance could result in a reversal of the write-down for inventory that remains on hand in a subsequent period.

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventory - continued

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the Company’s business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

(i) Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. The Company financial assets at amortized cost include its accounts receivable.

(ii) FVTOCI

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings upon de-recognition. The Company currently has no financial assets designated as FVTOCI.

(iii) FVTPL

By default, all other financial assets are measured subsequently at FVTPL, which includes cash and cash equivalents.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company’s accounting policy for each category is as follows:

(i) FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss. The Company currently has no financial liabilities designated as FVTPL.

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

(ii) Amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's accounts payable and accrued liabilities and property acquisition liability are classified at amortized cost.

Impairment of Financial Instruments

The Company recognizes allowances for losses on its financial assets measured at amortized cost based on the lifetime expected credit losses anticipated to occur from all expected defaults over the life of the financial asset. To calculate the expected credit loss, the Company applies the simplified approach applying a provision matrix whereby financial assets are grouped into categories based on counterparty characteristics and aging categories. The Company considers past experience and forward-looking information if such information is reasonable and supportable, available without undue costs and effort, and can have a significant impact on the loss estimate.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and impairment losses are recognized in profit and loss.

Revenue Recognition

Revenue from the sale of crude oil, natural gas and natural gas liquids is measured as per the consideration specified in contracts with customers. Revenue is recognized when the customer obtains control of the goods. The Company satisfies its performance obligations and the customer obtains control of the products upon delivery of the crude oil, natural gas and natural gas liquids. Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

The Company does not currently have any contracts with customers where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, the Company does not adjust any of the transaction prices for the time value of money.

Lease

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Lease – continued

liabilities at amortized cost using the effective interest rate method. Lease liabilities are re-measured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any re-measurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the period ended September 30, 2022, all of the Company's leases are short-term leases with a term of 12 months or less and are recorded as operating leases.

Share-based payment

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets held at historical cost are not retranslated subsequent to initial recognition. Foreign currency differences arising on translation are recognized in profit or loss.

Related parties

Related parties are parties that have the ability to control or to exercise significant influence over the Company.

4. OIL AND GAS PROPERTIES

A continuity of the Company's oil and gas properties is as follows:

Cost:

	Queenstown \$	Bigoray \$	Total \$
Balance, December 31, 2021	6,673,981	17,386,974	24,060,955
Additions	230,994	420,905	651,899
Balance, March 31, 2022	6,904,975	17,807,879	24,712,854
Additions	-	564,528	564,528
Balance, June 30, 2022	6,904,975	18,372,407	25,277,382
Additions	-	1,071,740	1,071,740
Balance, September 30, 2022	6,904,975	19,444,147	26,349,122

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

4. OIL AND GAS PROPERTIES - Continued

Accumulated Depletion and Impairment:

	Queenstown \$	Bigoray \$	Total \$
Balance, December 31, 2021	4,314,376	1,788,251	6,102,627
Additions	115,017	191,061	306,078
Balance, March 31, 2022	4,429,393	1,979,312	6,408,705
Additions	91,741	179,992	271,733
Balance, June 30, 2022	4,521,134	2,159,304	6,680,438
Additions	82,568	211,120	293,688
Balance, September 30, 2022	4,603,702	2,370,424	6,974,126

Balance:

	Queenstown \$	Bigoray \$	Total \$
December 31, 2021	2,359,605	15,598,723	17,958,328
September 30, 2022	2,301,273	17,073,723	19,374,996

A) Impairment:

Oil and gas properties were measured at fair value based on level 3 inputs on a non-recurring basis. During the year ended December 31, 2021, oil and gas properties with a carrying amount of \$17,490,770 were assessed to determine whether there were any indications that an impairment loss recognized in prior years may have decreased. It was observed that the discounted cash flow models, using the independent reserve evaluator reports prepared in accordance with Canadian Securities Regulation National Instrument 51-101, indicated a change in estimates used to determine the Queenstown property's recoverable amount, which resulted in a reversal of impairment loss of \$467,558 for the year.

During the year ended December 31, 2020, oil and gas properties with a carrying amount of \$17,223,432 were written down to their estimated fair value of \$16,010,004, resulting in an impairment charge of \$1,213,428.

Cash flows used in impairment evaluations are developed with many factors and assumptions including expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies.

5. EQUIPMENT

Cost

	Equipment \$	Field Equipment \$	Total \$
Balance, December 31, 2021	593,757	1,366,500	1,960,257
Additions	17,218	-	17,218
Balance, March 31, 2022	610,975	1,366,500	1,977,475
Additions	210,956	55,000	265,956
Balance, June 30, 2022	821,931	1,421,500	2,243,431
Additions	-	204,395	204,395
Balance, September 30, 2022	821,931	1,625,895	2,447,826

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

5. **EQUIPMENT - Continued**

Accumulated amortization			
	Equipment	Field Equipment	Total
	\$	\$	\$
Balance, December 31, 2021	182,896	496,010	678,906
Additions	-	-	-
Balance, September 30, 2022	182,896	496,010	678,906

Balance			
	Equipment	Field Equipment	Total
	\$	\$	\$
Balance, December 31, 2021	410,861	870,490	1,281,350
Balance, September 30, 2022	639,035	1,129,885	1,768,920

6. **RECLAMATION PROVISION**

The reclamation provision is the estimated cost of restoring and retiring the Bigoray and Queenstown oil and gas properties. The following table reconciles the estimated beginning and ending carrying amounts of the reclamation provision.

	Queenstown	Bigoray	Total
	\$	\$	\$
Balance, December 31, 2021	722,359	1,928,871	2,651,230
Additions	-	-	-
Balance, September 30, 2022	722,359	1,928,871	2,651,230

The assumptions used for the calculation of the provision on the Bigoray and Queenstown Assets are as follows:

	Bigoray	Queenstown
Estimated cash flows to settle the obligation (undiscounted)	\$ 1,932,941	\$ 712,289
Time range for settling the obligation	7 - 36 years	7-21 years
Credit-adjusted risk-free rate	2.5%	2.5%
Long term inflation rate	1.68% - 1.87%	1.68% - 1.88%

7. **PROPERTY ACQUISITION LIABILITY**

During the year ended December 31, 2017, the Company completed its acquisition of the Bigoray property. As part of this property acquisition, the Company assumed an acquisition liability. Fair value was established at the acquisition date for each of the assets and liabilities acquired in the business combination. As security for the property acquisition liability, the creditor maintains a first and fixed charge on all of the assets transferred to Pulse in the business combination. The loan is secured by the Company's assets is non-interest bearing, and matures in 2023. The Company also has certain clauses attached to the acquisition structure that allow it, at no penalty, to accelerate payments to be made to shorten the duration of the payment schedule.

On February 19, 2020, the remaining \$1,000,000 outstanding was increased to \$1,109,930, payable by 36 monthly payments of \$30,831 due on the first day of each month commencing on April 1, 2020, with the final payment to be made on March 1, 2023. The Company also negotiated, at its sole option, the ability to elect to accelerate payment by making a final lump sum payment of \$750,000 if the principal amount owing totals less

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

7. PROPERTY ACQUISITION LIABILITY - Continued

than \$750,000. On March 26, 2020, the Company made a further amendment to the agreement by including two interest only payments of \$10,000 on May 1, 2020 and June 1, 2020, and to resume subsequently the remaining 35 monthly payments of \$30,831 on July 1, 2020, with the final payment to be made on May 1, 2023. On May 20, 2021, the Company made a further amendment to the agreement to make a single payment of \$75,000 to be paid on June 1, 2021. Three payments of \$15,000 were paid on July 1, 2021, August 1, 2021 and September 1, 2021. On October 1, 2021, 30 monthly payments of \$31,932 commenced with the final payment to be made on March 1, 2024 for a total payment of \$957,960.

The following table summarizes the continuity for the property acquisition liability:

Balance, December 31, 2021	842,325
Repayments	(287,387)
Accretion	10,818
Balance, September 30, 2022	565,756

The contractual maturities in respect of the Company's property acquisition liability are as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Not later than one year	383,184	383,184
Later than one year and not later than five years	191,592	478,980
Accretion	(9,020)	(19,838)
Present	565,756	842,326
Less: current portion	(379,057)	(379,057)
Long-term portion of property acquisition liability	186,699	463,269

The present value of the property acquisition liability was calculated using a discount rate of 2.00%.

Pulse also has certain clauses attached to the acquisition structure that allow, at no penalty, accelerated payments to be made to shorten the duration of the payment schedule. Fair value was established at the acquisition date for each of the assets and liabilities acquired in the business combination. As security for the property acquisition liability, Crimson maintains a first and fixed charge on all of the assets transferred to Pulse in the business combination.

8. SHARE CAPITAL

(a) Authorized

At September 30, 2022 and 2021, the Company's authorized share capital consisted of an unlimited number of common shares without par value.

(b) Changes in share capital

Period ended September 30, 2022

At September 30, 2022, Pulse has 517,304,714 common shares issued including nil shares held in escrow.

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

8. **SHARE CAPITAL** - Continued

Period ended June 30, 2022

At June 30, 2022, Pulse has 517,304,714 common shares issued including nil shares held in escrow.

On May 16, 2022, Pulse completed a non-brokered financing consisting of 214,120,000 units (each, a "Unit") for gross proceeds of \$10,706,000 at a price of \$0.05 per unit (each, a "Unit"). Each Unit consists of one common share of Pulse ("Common Shares") and one Common Share purchase warrant (each, a "Warrant") exercisable for a period of one year from the close of the financing to purchase one additional Common Share at an exercise price of \$0.065 per share.

Period ended March 31, 2022

At March 31, 2022, Pulse has 303,184,714 common shares issued including nil shares held in escrow.

Year ended December 31, 2021

During the year ended December 31, 2021, the Company had the following transaction:

On April 30, 2021, Pulse closed an exercise of rights offering (the "Rights Offering") raising total gross proceeds of \$1,515,924 by issuing 151,592,357 shares. The Company incurred share issuance costs of \$52,420. As part of the Rights Offering, Pulse entered into a Standby Commitment Agreement (the "Standby Commitment Agreement"), on March 27, 2021 whereby the Standby Purchaser was issued an aggregate of 37,500,000 bonus non-transferable share purchase warrants (the "Warrants"). Each Warrant is exercisable for sixty (60) months from the date of issuance into one Common Share at a price of \$0.05 per Common Share. For the year ended December 31, 2021, the Company recorded a stock-based compensation expense of \$780,141.

At December 31, 2021, Pulse has 303,184,714 common shares outstanding.

Year ended December 31, 2020

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

(b) **Warrants**

The Company uses the Black-Scholes option-pricing model to estimate the fair value for all stock-based compensation. The assumptions used in this pricing model, and the resulting fair values per option, for the warrants granted as part of Rights Offering during the year ended December 31, 2021, are as follows:

Number of warrants	37,500,000
Grant date of warrants	April 30, 2021
Stock price at grant date	\$0.02
Exercise price	\$0.05
Expected life of the warrants	5
Volatility	138%
Risk-free rate	0.93%

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

8. **SHARE CAPITAL - Continued**

The warrants granted as part of the Private Placement during the quarter ended June 30, 2022, are as follows:

Number of warrants	214,120,000
Grant date of warrants	May 16, 2022
Stock price at grant date	\$0.05
Exercise price	\$0.065
Expected life of the warrants	1
Volatility	138%
Risk-free rate	0.93%

As at September 30, 2022, the company had 251,620,000 warrants outstanding (2021 – 37,500,000) as follows:

	Warrants	
	Number Outstanding	Weighted Average Exercise Price \$
Outstanding September 30, 2020	21,988,682	0.30
Expired	(21,988,682)	0.30
Issued	37,500,000	0.05
Outstanding September 30, 2021	37,500,000	0.05
Issued	214,120,000	0.065
Outstanding September 30, 2022	251,620,000	0.063

(c) **Stock options and share-based compensation**

As at September 30, 2022 and 2021, there were no stock options outstanding.

9. **RELATED PARTY TRANSACTIONS AND BALANCES**

The Company has identified all of the directors and senior officers as its key management personnel. All amounts due to related parties are unsecured, bear no interest and are due on demand.

Below is a summary of key management compensation:

	Three Months Ended September 30, 2022 \$	Three Months Ended September 30, 2021 \$	Nine Months Ended September 30, 2022 \$	Nine Months Ended September 30, 2021 \$
Salaries paid to CEO	77,500	46,250	170,000	105,990
Management fees paid to CFO	56,250	25,000	106,250	56,673
Director fees	4,550	-	4,550	-
	138,300	71,250	280,800	162,663

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

10. EARNINGS (LOSS) PER SHARE

The calculations for basic earnings (loss) per share and diluted earnings (loss) per share are as follows:

	Three Months Ended September 30, 2022 \$	Three Months Ended September 30, 2021 \$	Nine Months Ended September 30, 2022 \$	Nine Months Ended September 30, 2021 \$
Net income (loss) for the period	71,268	28,133	1,465,688	101,750
Basic weighted average number of shares outstanding	517,304,714	303,184,714	409,068,230	236,240,644
Diluted weighted average number of shares outstanding	768,924,714	340,684,714	664,765,389	273,740,644
Basic and diluted earnings (loss) per share	0.00	0.00	0.00	0.00

11. ACCOUNTS RECEIVABLE

As at September 30, 2022 and December 31, 2021, accounts receivable consists of:

	September 30, 2022 \$	December 31, 2021 \$
Trade receivables	588,350	516,818
GIC Interest accrual	39,442	-
Goods and services taxes and other	-	11,754
	627,792	528,572

As at September 30, 2022, the Company has not recorded any allowance for doubtful accounts (December 31, 2021 - \$nil).

12. FINANCIAL INSTRUMENTS

As at September 30, 2022, the Company's financial instruments consist of cash, accounts receivable, accounts payable and property acquisition liability.

Categories of financial assets and financial liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

Financial instrument	Category	September 30, 2022	December 31, 2021
Cash and cash equivalents	FVTPL	9,328,565	145,605
Accounts receivable	Amortized cost	627,792	528,572
Accounts payable	Amortized cost	1,432,043	1,802,434
Property acquisition liability	Amortized cost	565,756	842,326

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

Pulse Oil Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

12. FINANCIAL INSTRUMENTS – Continued

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

As at September 30, 2022 and December 31, 2021, Cash and cash equivalents of \$9,328,565 and \$145,605 were measured at fair value on a recurring basis and classified as Level 1.

The fair value of the Company's other financial instruments approximates their carrying value as at September 30, 2022 and 2021 because of the demand nature or short-term maturity of these instruments liabilities approximate fair value due to their short-term nature.

Financial Instruments and Risk Management

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk exposures and explains how these risks and its capital structure are managed.

Capital management

The Company's objective is to maintain its capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, as it is able to, in light of changing economic conditions and the risks associated with working within the oil and natural gas industry. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may issue shares, issue debentures or obtain new credit facilities.

In order to facilitate the management of its capital structure, the Company prepares annual capital expenditure budgets, which are updated throughout the year depending on a variety of factors such as current and forecast prices, actual capital deployment and general industry conditions. There has been no change to this approach for the year.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure, as far as reasonable, that it will have sufficient liquidity to meet its liabilities when they come due. Typically, the Company will ensure that it has sufficient cash on hand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. To achieve this objective, the Company's use of capital expenditure budgets, cash flow forecasts and authorizations for expenditures on both operated and non-operated projects assist the Company in management of liquidity risk.

The Company may need to seek a combination of debt, equity and/or asset divestitures to meet its operational requirements. As at September 30, 2022, the company has cash of \$9,328,565 (December 31, 2021 - \$145,605) to meet its current liabilities of \$1,811,100 (December 31, 2021 - \$2,580,896).

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2022 are as follows:

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

12. **FINANCIAL INSTRUMENTS** - Continued

	<1 year	2-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	\$ 1,432,043	—	—	—	\$ 1,432,043
Property acquisition liability	379,057	186,699	—	—	565,756
CEBA loan	—	120,000	—	—	120,000
Reclamation provision	—	—	—	2,651,230	2,651,230
	<u>\$ 1,811,100</u>	<u>306,699</u>	<u>—</u>	<u>2,651,230</u>	<u>\$ 4,769,029</u>

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets subject to credit risk include cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with Canadian banks, and the Company does not believe cash and cash equivalents would be subject to material credit risk. Accounts receivable credit risk arises principally from sales of oil and gas products to various customers.

On entering into any business contract, the extent to which the arrangement exposes the Company to credit risk is considered. The Company's policy to mitigate credit risk associated with these balances is to establish relationships with reputable counterparties. The creditworthiness of new counterparties is assessed and in some instances the Company may require new counterparties to obtain a letter of credit or provide an advance of funds. Receivables from petroleum and natural gas sales are normally collected on the 25th day of the month following production. In addition, future risk exists with potential partners; as disagreements occasionally arise that increase the potential for non-collection. The Company does not typically obtain collateral from oil and gas product customers.

The Company's maximum exposure to credit risk at September 30, 2022 is in respect of accounts receivable of \$627,792 (December 31, 2021 - \$528,572). As at September 30, 2022, no provision for doubtful accounts has been recorded (December 31, 2021 - \$nil).

Commodity price risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that can affect supply and demand levels. Changes in commodity prices can expose the Company to fluctuations in its net earnings. Commodity prices changes will impact revenues and impairment amounts calculated. The Company does not have any commodity price or foreign currency hedge contracts in place.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

13. **SUPPLEMENTAL CASH FLOW INFORMATION**

Cash and cash equivalents are comprised of:

	September 30,		December 31, 2021	
	2022			
Cash	\$	28,565	\$	145,605
Cash equivalents		9,300,000		-
Total cash and cash equivalents	<u>\$</u>	<u>9,328,565</u>	<u>\$</u>	<u>145,605</u>

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
 Expressed in Canadian Dollars

13. **SUPPLEMENTAL CASH FLOW INFORMATION** - Continued

The Company has conducted non-cash investing and financing transactions as follows:

	September 30, 2022	December 31, 2021
Investing Activity		
Additions to reclamation obligation	\$ -	\$ 433,886

14. **TERM LOAN**

As at September 30, 2022 and December 31, 2021, term loan consists of:

	September 30, 2022	December 31, 2021
CEBA Loan	\$ 120,000	\$ 120,000
Term Loan	-	399,405
Total term loans	\$ 120,000	\$ 519,405

CEBA Loan

In the year ended December 31, 2020, the Company received the \$120,000 interest free Canada Emergency Business Account (CEBA) loan. The program is operated by the Government of Canada. If the loan balance is paid on or before December 31, 2023, there will be loan forgiveness of 25% on the first tranche received on the loan of \$80,000 and \$50,000 on the second tranche received of the loan of \$40,000.

Term Loan

In the year ended December 31, 2021, the Company received a term loan of \$385,000 with an interest rate of 25% computed annually. The interest on the loan was ceased to be applied after May 6, 2021. A total interest payable as at March 31, 2022 is \$14,405. As at March 31, 2022, this loan is non-interest bearing and payable on demand. The loan was paid in full on May 16, 2022.

15. **OIL AND GAS SALES**

During the period ended September 30, 2022, the Company had revenues from oil and gas sales of \$4,814,225 (September 30, 2021 - \$1,781,612). These revenues were derived wholly from the Company's Alberta oil and gas interests.

	Three Months Ended September 30, 2022 \$	Three Months Ended September 30, 2021 \$	Nine Months Ended September 30, 2022 \$	Nine Months Ended September 30, 2021 \$
Crude oil	1,256,756	625,132	3,873,004	1,004,198
Natural gas	169,115	220,424	575,891	511,884
Natural gas liquid	170,276	89,024	365,330	265,530
Oil and gas sales	1,596,147	934,580	4,814,225	1,781,612

Pulse Oil Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022

Unaudited
Expressed in Canadian Dollars

16. **MAJOR CUSTOMERS AND ECONOMIC DEPENDENCE**

The Company bids its sales on a month-to-month basis and normally sells approximately 100% of its monthly production to three to four major customer. Since the Company is able to sell the production to other readily available customers, the loss of any one customer would not have an adverse effect on our overall sales operations.