

**ANNUAL INFORMATION FORM  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023  
Dated April 29, 2024**

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## GLOSSARY

Certain terms and abbreviations used in this Annual Information Form are defined below:

“**ABCA**” means the *Business Corporations Act (Alberta)*, as amended from time to time, including the regulations promulgated thereunder.

“**affiliate**” or “**associate**” when used to indicate a relationship with a person or company, has the meaning set forth in the *Securities Act (Alberta)*.

“**AIF**” means this Annual Information Form dated April 29, 2024 for the financial year ended December 31, 2023.

“**Bigoray Assets**” means the interest held by Pulse in certain oil and gas properties located in the Bigoray area of Alberta, Canada.

“**Board**” or “**Board of Directors**” means the board of directors of Pulse, as constituted from time to time, including where applicable, any committee thereof.

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

“**Common Shares**” means the common shares in the capital of Pulse.

“**Corporation**” or “**Pulse**” means Pulse Oil Corp.

“**EOR**” means enhanced oil recovery.

“**IFRS**” or “**GAAP**” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“**McDaniel**” means McDaniel & Associates Consultants Ltd., independent petroleum consultants and a qualified independent reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

“**NI 51-101**” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators.

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

“**Pulse OpCo**” means Pulse Oil Operating Corp., a 100% owned subsidiary of Pulse formed under the laws of British Columbia.

“**Queenstown Assets**” means the oil and gas property interests owned by Pulse located in the Queenstown area of Alberta, Canada.

“**SEDAR+**” means the System for Electronic Data Analysis and Retrieval +.

“**Sproule**” means Sproule Associates Limited.

“**TSXV**” means the TSX Venture Exchange.

## CONVENTIONS

Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars. All financial information with respect to Pulse has been presented in Canadian dollars in accordance with IFRS. The information in this AIF is stated as at December 31, 2023, unless otherwise indicated.

## ABBREVIATIONS

	<b>Oil and Natural Gas Liquids</b>		<b>Natural Gas</b>
Bbl	Barrel	Mcf	thousand cubic feet
Bbls	Barrels	Mmcf	million cubic feet
Mbbl	thousand barrels	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day	MMBTU	million British Thermal Units
Mbbls/d	thousand barrels per day	NGLs	natural gas liquids

### Other

AECO	the physical storage and trading hub for natural gas on the TransCanada Alberta Transmission System (NOVA), that is the Canadian benchmark price for Canadian natural gas
API	an indication of the specific gravity of crude oil measured on the American Petroleum Institute gravity scale. Crude oil with a relative density greater than 31.1° API gravity or higher is generally referred to as light crude oil
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 (unless otherwise stated) Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
BOE/D	barrel of oil equivalent per day
m <sup>3</sup>	cubic meters
EPEA	<i>Environmental Protection and Enhancement Act (Alberta)</i>
MBOE	1,000 barrels of oil equivalent
NEB	National Energy Board of Canada
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade
\$000 or \$M	thousands of dollars

## CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

## **ADDITIONAL INFORMATION CONCERNING RESERVES DATA**

### **Reserve Categories**

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- (a) analysis of drilling, geological, geophysical and engineering data;
- (b) the use of established technology; and
- (c) specified economic conditions, specifically the forecast prices and costs.

Reserves are classified according to the degree of certainty associated with the estimates, as follows:

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

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

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the proved reserve and probable reserve categories may be further divided into developed and undeveloped categories:

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

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

(ii) developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown; and

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

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

### **Levels of Certainty for Reported Reserves**

The qualitative certainty levels referred to in the categories described above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

(b) at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this AIF may constitute "forward-looking statements" and "forward-looking information" as such terms are defined under applicable Canadian securities legislation. These statements relate to future events or Pulse's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon by readers.

Forward-looking statements or information in this AIF include, but are not limited to, the following:

- future revenues and costs (including royalties) and operating, transportation, general, administrative and other expenses, and revenues and costs per commodity unit;
- recovery factors on expected enhanced oil recovery projects, drilling and optimization operations of Pulse's properties;
- the performance characteristics of Pulse's oil and natural gas properties, including oil and natural gas production estimates and targets;
- well completions and the timing of completion;
- productive capacity of Pulse's wells, anticipated or expected production rates and anticipated dates of commencement of production and timing of results from Pulse's wells;
- the size of Pulse's oil and natural gas reserves and anticipated future cash flows;
- expectations regarding future development and growth prospects;
- ability to meet current and future obligations;
- expectations regarding future sources of funding for capital programs and future availability of such sources;
- expectations regarding future asset acquisitions or dispositions;
- future abandonment, reclamation and decommissioning costs;
- future tax liabilities and future use of tax pools and losses;
- market prices and world-wide supply and demand for petroleum products;
- future exploration and development plans;
- expectations regarding Pulse's permits, including expectations in respect of the grant and relinquishment of permits and the expiry of such permits;
- Pulse's treatment under governmental regulatory regimes and tax laws;
- Pulse's ability to obtain financing on acceptable terms or at all; and
- currency, exchange and interest rates.

All forward-looking statements in this AIF are based on management's reasonable beliefs, intentions and expectations with respect to future events as of the date of this AIF and are subject to certain risks, uncertainties and assumptions. With respect to forward-looking statements contained in this AIF, Pulse has made the following assumptions, among others:

- that there will be no adverse changes to the legislative and regulatory environments in the jurisdictions where Pulse carries on business or has operations and any other jurisdictions in which Pulse may conduct its business in the future;

- oil and natural gas production levels remain within the expectations of management;
- the success of Pulse's operations, exploration and development activities;
- that there will be no adverse changes to prevailing climatic conditions, royalty regimes, commodity prices and exchange and interest rates;
- the impact of increasing competition in the oil and gas production industry;
- the availability of skilled labour, services and drilling and related equipment to Pulse;
- the timing and amount of Pulse's capital expenditures;
- the conditions in general economic and financial markets, including that oil and gas prices do not materially decline;
- Pulse's royalty rates and future operating costs;
- access to market for Pulse's oil and gas production;
- access to market for Pulse's EOR project solvent supply; and
- Pulse's ability to obtain additional financing on satisfactory terms.

Pulse's actual results could differ materially from those anticipated in forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF under "Risk Factors". These factors include but are not limited to:

- volatility in market prices for oil and natural gas and exchange and interest rates;
- availability of sufficient financial resources to fund Pulse's capital expenditures;
- risks related to the market price of Pulse's securities and stock market volatility;
- risks inherent in marketing operations, including credit risk;
- pipeline and third party facility capacity constraints and access to sales markets;
- the risks inherent in the oil and gas industry, such as operational risks and market demand;
- uncertainty that expenditures on exploration and development activities will result in oil or natural gas in commercial quantities;
- uncertainty in amounts and timing of royalty payments;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- risks and uncertainties involving geology of oil and natural gas deposits, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;

- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom;
- uncertainties associated with estimating oil and natural gas reserves and reserves life;
- the ability of management to execute its business plan;
- governmental regulation of the oil and gas industry, including environmental regulation;
- geological, technical, drilling and processing problems;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- unanticipated operating events which could reduce production or cause production to be shut-in or delayed;
- hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
- the inability to add production and reserves through development and exploration activities;
- uncertainties in regard to the timing of exploration and development activities;
- uncertainties in regard to estimates and projections relating to production, cost and expense;
- changes in general economic, market and business conditions in Canada and globally;
- competition for, among other things, capital, acquisition of reserves, unproved land and skilled personnel;
- changes in costs related to new technologies;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- changes to asset retirement obligations that may impact security that may need to be posted;
- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld; and
- failure to realize the anticipated benefits of acquisitions and dispositions.

In addition, this AIF may contain forward-looking statements attributed to third party industry sources.

Statements relating to “reserves” are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future. There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond the control of Pulse.

The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of Pulse with respect to these reserves will vary from such estimates, and such variances could be material.

### **Caution Respecting Reserves Information**

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

**The recovery and reserve estimates of crude oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of Pulse's natural gas and petroleum reserves does not represent the fair market value of Pulse's reserves.**

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and are expressly qualified by this cautionary statement. Except as required by applicable Canadian securities laws, Pulse does not undertake any obligation to publicly update or revise any forward-looking statements, nor disclose any difference between Pulse's actual results and those reflected in the statements. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" below.

### **Caution Respecting BOE**

In this AIF, the abbreviation BOE means a barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of crude oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency conversion ratio of 6 Mcf to 1 BOE, utilizing a conversion ratio of 6 Mcf to 1 BOE may be misleading as an indication of value.**

### **Non-IFRS Measures**

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS and are therefore considered non-IFRS measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide readers with additional measures for analyzing Pulse's ability to

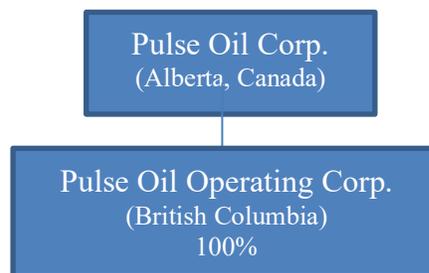
generate funds to finance its operations and information regarding its liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The term “netback” in this document is not a recognized measure under IFRS. Management believes that in addition to net losses and cash flow from (used in) operating activities as defined by IFRS, these terms are useful supplemental measures to evaluate operating performance. Users are cautioned however, that these measures should not be construed as an alternative to net losses or cash flow from (used in) operating activities determined in accordance with IFRS as an indication of Pulse’s performance.

## CORPORATE STRUCTURE

The Corporation was incorporated under the ABCA on September 17, 2012 under the name “Wolfpack Capital Corp.”. On November 30, 2016, the Corporation changed its name to “Pulse Oil Corp.”. Pulse’s registered and records office is located at 1700, 10175 – 101 Street NW, Edmonton, Alberta, T5J 0H3, and its head office is located at Suite 500, 666 Burrard Street, Vancouver, British Columbia, V6C 3P6. The Common Shares are listed for trading on the TSXV under the symbol “PUL”.

As of the date of this AIF, Pulse’s only subsidiary is Pulse OpCo, as shown in the following chart:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

*Development from January 1, 2023 until April 29, 2024:*

- a. McDaniel completed their independent reserves assessment (the “**2023 Assessment**”) on Pulse’s interests within the Bigoray and Queenstown core operating areas as at December 31, 2023. The 2023 Assessment was effective December 31, 2023 and resulted in a pre-tax net present value of \$76.95 million for Pulse’s proved plus probable (“**2p**”) reserves and \$41.73 million for Pulse’s proved (“**1p**”) reserves, using a 10% discount rate to Pulse’s net working interest. This represents an increase in the value of 1p reserves of 71.6% and an increase in the value of 2p reserves of 38.1% when compared to December 31, 2022.
- b. On January 22, 2024, the Corporation completed a rights offering (the “**2024 Rights Offering**”) to eligible holders of its Common Shares. Pursuant to the 2024 Rights Offering, the Corporation issued a total of 103,910,942 Common Shares, the full amount of the 2024 Rights Offering, at a price of \$0.04 per Common Share for aggregate gross proceeds of \$4,156,437.68. A total of 49,074,871 Common Shares were issued under the basic subscription privilege, including 39,889,286 Common Shares to insiders of the

Corporation, as a group, and 6,786,000 Common Shares to all other persons, as a group. In addition, a total of 2,399,585 Common Shares were issued under the additional subscription privilege, all to non-insiders of Pulse. To the knowledge of the Corporation after reasonable inquiry, no person became an insider of Pulse as a result of the 2024 Rights Offering. As of the closing of the 2024 Rights Offering, the Corporation had 623,465,656 Common Shares issued and outstanding. In connection with the 2024 Rights Offering, the Corporation entered into a standby commitment agreement with each of CDN Trustee Limited TR CDN Trust and Andrew Ritchie TR AJ Trust No 2 (collectively, the “**2024 Standby Purchasers**”), each dated December 7, 2023 (the “**2024 Standby Commitment Agreements**”). Pursuant to the 2024 Standby Commitment Agreements, (i) the 2024 Standby Purchasers exercised their basic subscription privileges and, in addition thereto, purchased, in aggregate, 54,836,071 Common Shares available as a result of unexercised rights under the 2024 Rights Offering; and (ii) the Corporation issued, in aggregate 17,050,000 non-transferable Common Share purchase warrants to the 2024 Standby Purchasers, each exercisable for 60 months from the date of issuance into one Common Share at a price of \$0.05 per Common Share. No other fees or commissions were paid by the Corporation in connection with the 2024 Rights Offering.

- c. During the period, the Corporation completed the workover and stimulation of the Corporation’s 100% owned 5-09 well. This resulted in new oil and gas production.
- d. In March 2024, the company completed the drilling of a new well within Pulse’s 100% owned Bigoray Nisku D pool resulting in new oil and gas production.

*Fiscal year ended December 31, 2023*

- a. McDaniel completed their independent reserves assessment (the “**2022 Assessment**”) on Pulse’s interests within the Bigoray and Queenstown core operating areas as at December 31, 2022. The 2022 Assessment was effective December 31, 2022 and resulted in a pre-tax net present value of \$55.72 million for Pulse’s 2p reserves and \$24.31 million for Pulse’s 1p reserves, using a 10% discount rate to Pulse’s net working interest. This represents an increase in the value of 1p reserves of 7.0% and an increase in the value of 2p reserves of 61.1% when compared to December 31, 2021.
- b. During the period, Drew Cadenhead resigned his role as President of the Corporation. He has remained a member of the Board of Directors.
- c. The Corporation worked through most of 2023 to optimize its operations on the injection phase of its EOR project. Additionally, negotiations have extended its solvent supply for the current year.
- d. The Corporation worked with its operators and third parties to ensure safe shut down, and subsequent re-start of our Bigoray facilities that were in close proximity to Alberta wildfires that damaged significant amounts of forest in the area.
- e. The Corporation announced the change of auditor for the fiscal year ended December 31, 2023 from Manning Elliott LLP to MNP LLP located in Calgary, Alberta, effective as at June 6, 2023.
- f. During the period, the Corporation completed an extensive technical analysis and update of its EOR project that consisted of retaining an experienced and independent reservoir engineer to update the Corporation’s EOR reservoir modelling on the Nisku D and E pinnacle reefs that was initially completed by Schlumberger International in

2018. During this recent technical analysis, the Corporation learnt that within the Nisku D pool there is an additional opportunity to increase the efficiency of the EOR by accessing incremental oil and gas production. The updated reservoir modelling indicated that a part of the Nisku D reef was not swept efficiently by the water flood that was completed prior to the Corporation acquiring the Bigoray Assets. The Corporation continued with the solvent flood during the period, and plans to conduct a water flooding project over the next 12 to 18 months, with a second solvent injection well to be added after the water flood is complete to work in combination with the Corporation's current solvent injection well in the D pool.

*Fiscal year ended December 31, 2022*

- a. In January 2022, Pulse cleaned out a second horizontal well drilled by Pulse in 2018 in its Queenstown production area.
- b. On May 16, 2022, Pulse closed a private placement financing (the "**Offering**") to fund the advancement of Corporation's 100% owned Bigoray area EOR project. Pursuant to the Offering, the Corporation issued 214,120,000 units (each, a "**Unit**") at a price of \$0.05 per Unit for gross proceeds of \$10,706,000. Each Unit consisted of one Common Share and one Common Share purchase warrant exercisable for a period of one year to purchase one additional Common Share at an exercise price of \$0.065 per Common Share.
- c. The Corporation completed all the necessary regulatory applications and infrastructure requirements to begin the injection phase of the EOR project and received final approval to begin the injection process from the appropriate regulatory authorities. The Corporation secured a source of solvent for the injection phase of the EOR project and started the injection process in December.
- d. During the period, Darren Lehne was appointed Chief Operating Officer of Pulse, replacing Drew Cadenhead, who remained in his capacity as President and Director of the Corporation. Additionally, Patrick Harrison was appointed to the Board of Directors.

*Fiscal year ended December 31, 2021*

- a. McDaniel completed their independent reserves assessment (the "**2021 Assessment**") on Pulse's interests within the Bigoray and Queenstown core operating areas as at December 31, 2021. The 2021 Assessment was effective December 31, 2021 and resulted in a pre-tax net present value of \$34.59 million for Pulse's 2p reserves and \$22.71 million for Pulse's 1p reserves, using a 10% discount rate to Pulse's net working interest. This represents an increase in the value of 1p reserves of 66.2% and an increase in the value of 2p reserves of 60.00% when compared to December 31, 2020.
- b. In April 2021, Pulse approved an operational plan to build its own oil processing and water injection facility, including separators, water injection/disposal, sufficient oil tankage and road work, allowing Pulse to reactivate oil and gas wells in the Bigoray area. In addition, Pulse came to an arrangement with a vendor that has allowed it to reactivate four wells at our Queenstown production area.
- c. On May 12, 2021, Pulse announced the successful completion of its rights offering to eligible holders of its Common Shares (the "**2021 Rights Offering**"), raising total aggregate gross proceeds of \$1,515,923, with no fees or commissions being paid by

Pulse. Upon closing, Pulse issued a total of 151,592,357 Common Shares at a price of \$0.01 per Common Share. An aggregate of 109,354,572 Common Shares were issued under the basic subscription privilege, including 34,201,576 Common Shares to insiders of Pulse and 75,152,996 Common Shares to all other shareholders as a group. In addition, a total of 42,237,785 Common Shares were issued under the additional subscription privilege, all from non-insiders of Pulse, resulting in a total of 100% of rights subscribed. In connection with the 2021 Rights Offering, Pulse entered into a standby commitment agreement (the "**2021 Standby Commitment Agreement**") with Patrick Harrison, an insider of Pulse (the "**Standby Purchaser**"). Pursuant to the 2021 Standby Commitment Agreement, Pulse issued an aggregate of 37,500,000 bonus non-transferable Common Share purchase warrants to the Standby Purchaser, each exercisable for sixty (60) months from the date of issuance into one Common Share at a price of \$0.05 per Common Share.

- d. In June 2021, Pulse completed its 100% owned, Bigoray production and water injection facility and reactivated an additional oil well.
- e. In August 2021, Pulse reactivated its Bigoray "15-04" well after being suspended since Pulse drilled the well in 2019.
- f. In December 2021, Pulse cleaned out a horizontal well drilled by Pulse in 2018 in its Queenstown production area, moving the well from shut-in / non-producing status to producing.

### **Significant Acquisitions**

Pulse did not complete any significant acquisitions during its most recently completed financial year.

## **DESCRIPTION OF THE BUSINESS OF PULSE**

### **General**

Pulse is a Canadian oil and gas company incorporated under the ABCA. Pulse has two primary reporting segments located in the Bigoray area of Alberta and the Queenstown area of southern Alberta.

In 2017, Pulse completed transactions to consolidate its interests in the Bigoray Assets, resulting in 100% control of Pulse's Bigoray operations, including production, facilities, pipelines and two Nisku oil Pinnacle Reefs within which Pulse conducts its EOR project. Pulse is conducting operations to grow reserves and production while also executing on its plan to progress the EOR project in order to further grow reserves and production within the large volume of independently estimated discovered petroleum initially in-place and through control of approximately 65 net sections of land across the Mannville, Cardium, Pekisko/Shunda and Nisku trends in Western Canada. In 2019, Pulse drilled the two injection wells required for the implementation of the EOR project. As a result of multiple factors affecting the industry, progress on the EOR project was limited throughout most of 2020. With the recent improvement in oil pricing, Pulse progressed its efforts by completing the installation of a new battery and water handling facility to be able to ramp up production in the area. By the end of 2021, Pulse had reactivated all previously shut in wells. In 2022, additional work was completed to prepare for the next stage of the Corporation's EOR

project. Additional facility work was completed in preparation for the start of injection that began in December 2022.

At Queenstown, in an effort to counter some of the effects of lower oil prices that affected Pulse's cashflow, Pulse chose to temporarily suspend production at its Queenstown assets during 2020. In early 2021, Pulse was able to reactivate 4 of its wells in the Queenstown field. By the end of 2021, a 5<sup>th</sup> well had been reactivated in the field. Pulse has maintained production at all of its wells in the field, while completing some well optimization work in 2023

Moving forward, Pulse plans to achieve further growth through utilizing proven EOR techniques and implementation of technology to grow production and reserves, and to a lesser extent conduct low-risk, technically diligent drilling and infrastructure ownership.

## **Summary**

### *Bigoray Area*

Pulse currently holds approximately 3,914 net acres of land in the Bigoray area of Alberta. The Bigoray Assets, 100% operated by Pulse, consist of proved and probable, producing, and non-producing oil and gas reserves, production infrastructure and pipelines as well as exploration properties. The area is prospective for Cardium Oil Pools, Mannville Gas Pools, Pekisko/Shunda Oil Pools, Nisku Oil Pools and Duvernay Shale. Pulse holds a 100% interest in two Nisku Oil Pools, the Nisku D and E Pools, where Pulse has initiated an EOR miscible flood scheme within the Nisku D Pool, with the intention to initiate a miscible flood within the Nisku E Pool when cash flow permits.

Pulse currently owns and operates all the equipment and facilities in place from the previous waterflood production scheme and has since installed the infrastructure required to complete a miscible EOR flood scheme. Pulse completed the year planning to improve the efficiency of the EOR project and has subsequently acquired an additional water disposal well, completed a workover on the future E-pool injection well to access additional production, and drilled a new production well in the D-pool.

Pulse operates all of its production in the area and has an average working interest of 100%.

Pulse's 2023 exit year-end production in the Bigoray area was approximately 182 boe/d. Production was consistent for most of the year as plans were made to progress the EOR project as described above. Production has since increased to approximately 421 boe/d as of the date of the McDaniel Report.

Pulse intends to continue to focus on fully implementing the proven EOR techniques and utilization of technology within the Nisku D and E Pools while also assessing the potential for drilling, in the area to achieve further growth and development within its Bigoray Assets.

Currently, Pulse has multiple options available to market its products and currently distributes its oil by truck and pipeline to Pulse's contracted buyers, while gas is distributed by Pulse-owned pipelines to nearby third-party gas processing facilities. As of the date of this AIF, there are no limitations or constraints on the sale or marketing of Pulse's oil and gas products.

### *Queenstown Area*

Pulse currently holds approximately 4,781 net acres of land in the Queenstown area of Alberta. Pulse's 2023 exit year-end production in the Queenstown area was approximately 45 boe/d.

Pulse plans to continue to focus on assessing the potential for utilizing proven techniques and technologies, and land sale opportunities in the area to achieve further growth within its Queenstown Assets.

Currently, Pulse has multiple options available to market its products and currently distributes its oil by truck and pipeline to Pulse's contracted buyers, while gas is distributed by Pulse-owned pipelines to nearby third-party gas processing facilities. As of the date of this AIF, there are no limitations or constraints on the sale or marketing of Pulse's oil and gas products.

### **Production and Services**

Pulse produces all of its crude oil and natural gas through conventional methods of production. All production is transported via pipeline or trucking to nearby purchasers of all products.

### **Specialized Skill and Knowledge**

Pulse employs and/or consults individuals with various professional skills while pursuing its business plan. These professional skills include, but are not limited to, engineering, financial, geology, geophysics, and business skills, which are widely available in the industry. Drawing on significant experience in the oil and natural gas business, Pulse believes its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; capital markets expertise; and an entrepreneurial spirit that allows Pulse to effectively identify, evaluate and execute on its business plan.

### **Competitive Conditions**

The oil and natural gas industry is competitive in all its phases. Pulse competes with numerous other participants in the acquisition, exploration and development of oil and natural gas assets, and in the marketing of oil and natural gas. Pulse's competitors include resource companies which may have greater financial resources, staff and facilities than Pulse. Competitive factors in the distribution and marketing of oil and natural gas include price and methods of and reliability of delivery. Pulse believes that its competitive position is equivalent to that of other oil and gas issuers of a similar size and at a similar stage of development. See "*Risk Factors*".

### **Cyclical and Seasonal Nature of Industry**

Pulse's operational results and financial condition are dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on Pulse's financial condition. Furthermore, the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. See "*Risk Factors*".

### **Contracts and Availability of Services**

Pulse utilizes contracts in order to buy market and sell its oil and gas products. These agreements are primarily on a month-to-month basis, with the acquisition of solvent supply utilizing fixed term contracts. There are no penalties or obligations prior to or after the expiry of any of the agreements. The access to market is not a constraint on Pulse at this time.

Pulse engages the services of drilling rigs and related equipment for the completion of specific drilling operations. Once those operations are complete, the drilling rig and related equipment are released, and Pulse has no further contractual obligation to lease the equipment. Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Pulse and may delay exploration and development activities.

Pulse does not expect to renegotiate or terminate any of its existing contracts or sub-contracts during the current financial year.

### **Environmental**

The oil and natural gas industry is currently subject to environmental laws and regulations pursuant to a variety of provincial and federal legislation. Pulse believes that it is following applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. Accordingly, the financial and operational effects of environmental protection requirements on capital expenditures, profit or loss and competitive position of Pulse are not expected to be material in the current financial year. However, in the future, the natural resources industry may become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on future earnings, cause additional capital expenditures and negatively affect the competitive position of the Corporation. See “*Industry Conditions – Environmental Regulation*” and “*Risk Factors – Environmental Risks*”.

### **Employees**

As at December 31, 2023, Pulse had 2 employees. Additional operational tasks are completed by specialized contractors to satisfy the needs of the Corporation until a time when additional employees will be required.

### **Reorganizations**

There have been no material reorganizations of Pulse within the three most recently completed financial years or completed during or proposed for the current financial year.

### **Social or Environmental Policies**

The health and safety of employees, contractors, and the public, as well as the protection of the environment, is of utmost importance to Pulse. Pulse endeavours to conduct its operations in a manner that will minimize both adverse effects and consequences of emergency situations by:

- complying with government laws, regulations and standards, particularly relating to the environment, health and safety;
- operating consistent with industry codes, practices and guidelines;
- ensuring prompt, effective response and repair to emergency situations and environmental incidents;
- providing training to employees and contractors to ensure compliance with corporate safety and environmental rules and procedures; and
- communicating openly with members of the public regarding its activities.

Pulse believes that all employees have a vital role in achieving excellence in environmental, health and safety performance, which is best achieved through careful planning and the support and active participation of everyone involved. To further ensure that Pulse achieves excellence in health and

safety performance, an emergency response plan and a corporate safety policy have been implemented. Furthermore, Pulse aligns itself with the best industry practices to ensure positive results.

## STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

An independent qualified reserves evaluator (as defined in NI 51-101) with McDaniel has completed a reserves assessment report, in the form of Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* (the “**McDaniel Report**”) with a preparation date of March 26, 2024. The McDaniel Report, as at the effective date of December 31, 2023, evaluated all of the crude oil, NGL and natural gas reserves at the Bigoray Assets and the Queenstown Assets. The report includes 100% of the reserves attributed to Pulse at the time of the report.

The McDaniel Report is attached as Schedule A to this AIF. The Form 51-101F3 *Report of Management and Directors on Reserves Data and Other Information* in connection with the McDaniel Report is attached as Schedule B to this AIF.

### Disclosure of Reserves Data

The Statement set forth below discloses Pulse’s reserves data (the “**Reserves Data**”) in respect of the Queenstown Assets and the Bigoray Assets, based upon an evaluation by McDaniel. The Reserves Data summarizes the crude oil, NGLs, and natural gas reserves of Pulse and the net present values of future net revenue for these reserves using forecast prices and costs supplied by McDaniel. The McDaniel Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information, which Pulse believes is important to readers of this AIF. McDaniel were engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

McDaniel has evaluated the Queenstown Assets, which comprise approximately 2.36% of the net present value (discounted at 10%, before tax, using forecast prices and costs) of the Corporation’s proved plus probable reserves, and the Bigoray Assets, comprising the remaining 97.64% of the net present value of its proved plus probable reserves of the Corporation.

All of Pulse’s reserves are onshore in Canada, and specifically, in the Province of Alberta. The McDaniel Report is based on certain factual data supplied by Pulse and McDaniel’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Pulse to McDaniel. McDaniel accepted this data as presented and neither title searches nor field inspections were conducted.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment and reclamation costs. The values shown may not be representative of future income tax obligations, applicable tax horizon or after-tax valuation. The after-tax net present value of Pulse’s oil and natural gas properties reflects the tax burden of its properties on a stand-alone basis. It does not provide an estimate of the value of Pulse as a business entity, which may be significantly different. Pulse’s consolidated financial statements and management’s discussion and

analysis for the year ended December 31, 2023, should be consulted for additional information regarding Pulse's taxes.

There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs and natural gas reserves and the future cash flows attributed to such reserves. In general, such estimates are based upon several variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable crude oil, NGLs and natural gas reserves attributable to any group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Pulse's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

**It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by McDaniel represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of crude oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.**

The information relating to Pulse's crude oil, NGLs and natural gas reserves contains forward looking statements relating to future net revenues, forecast capital expenditures, future development plans, timing and costs related thereto, forecast operating costs, anticipated production, and abandonment costs. See "Special Note Regarding Forward-Looking Statements", "Industry Conditions" and "Risk Factors".

Throughout the following summary tables, differences may arise due to rounding.

### Reserves Data (Forecast Prices and Costs)

The following tables summarize certain information contained in the McDaniel Report using forecast prices and costs supplied by McDaniel:

Summary of Oil and Gas Reserves								
Forecast Prices and Costs as of December 31, 2023								
Reserves Category	Light & Medium Oil		Heavy Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(3)</sup>	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
	Mbbl	Mbbl	Mbbl	Mbbl	MMcf	MMcf	Mbbl	Mbbl
Proved								
Developed Producing	304.8	228.9	0.0	0.0	766.2	685.7	53.3	41.6
Developed Non-Producing	2,658.7	1,841.7	0.0	0.0	1,050.1	891.6	106.6	77.2
Undeveloped	398.0	291.4	0.0	0.0	105.9	94.5	10.7	8.2
<b>Total Proved</b>	<b>3,361.5</b>	<b>2,362.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,922.2</b>	<b>1,671.7</b>	<b>170.7</b>	<b>126.9</b>
<b>Total Probable</b>	<b>1,240.2</b>	<b>863.7</b>	<b>185.7</b>	<b>150.2</b>	<b>943.9</b>	<b>816.6</b>	<b>71.6</b>	<b>54.1</b>
<b>Total Proved + Probable</b>	<b>4601.7</b>	<b>3,225.6</b>	<b>185.7</b>	<b>150.2</b>	<b>2,866.1</b>	<b>2,488.4</b>	<b>242.3</b>	<b>181.1</b>

(1) Gross reserves are working interest reserves before royalty deductions.

(2) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.

(3) Natural Gas Liquids include Condensate volumes.

**Summary of Net Present Value of Future Net Revenue  
Forecast Prices and Costs as of December 31, 2023**

**Net Present Values of Future Net Revenue**

Before Income Taxes Discounted at (%/year)

Reserves Category	@0.0%	@5.00%	@10.00%	@15.00%	@20.00%
	M\$	M\$	M\$	M\$	M\$
Proved					
Developed Producing	8,218.4	7,149.2	6,146.9	5,333.1	4,692.3
Developed Non-Producing	83,539.3	48,185.8	30,123.3	19,780.5	13,329.3
Undeveloped	11,166.2	7,509.0	5,457.7	4,195.3	3,353.8
<b>Total Proved</b>	<b>103,923.9</b>	<b>62,844.1</b>	<b>41,727.9</b>	<b>29,308.9</b>	<b>21,375.4</b>
<b>Total Probable</b>	<b>81,835.7</b>	<b>50,776.0</b>	<b>35,221.6</b>	<b>26,208.0</b>	<b>20,432.0</b>
<b>Total Proved + Probable</b>	<b>184,759.6</b>	<b>113,620.0</b>	<b>76,949.5</b>	<b>55,516.9</b>	<b>41,807.4</b>

**Net Present Values of Future Net Revenue**

After Income Taxes Discounted at (%/year)

@0.0%	@5.00%	@10.00%	@15.00%	@20.00%	Unit Value Before Tax (1)
					@10% (1)
M\$	M\$	M\$	M\$	M\$	(\$/BOE)
8,218.4	7,149.2	6,146.9	5,333.1	4,692.3	15.98
68,732.1	39,007.3	23,968.5	15,436.1	10,151.2	14.57
8,597.0	5,647.9	4,053.5	3,103.4	2,485.5	17.31
<b>85,547.5</b>	<b>51,804.4</b>	<b>34,168.9</b>	<b>23,872.7</b>	<b>17,329.0</b>	<b>15.08</b>
<b>63,017.7</b>	<b>39,119.9</b>	<b>27,167.9</b>	<b>20,251.9</b>	<b>15,825.9</b>	<b>29.25</b>
<b>148,565.2</b>	<b>90,924.3</b>	<b>61,336.9</b>	<b>44,124.5</b>	<b>33,154.9</b>	<b>19.37</b>

(1) The unit values are based on net reserve volumes.

**Total Future Net Revenue (Undiscounted)  
Forecast Prices and Costs as of December 31, 2023**

Reserves Category	Revenue (1) M\$	Royalties (2) M\$	Operating Costs M\$	Development Costs M\$	Abandonment & Reclamation Costs M\$	Future Net Revenue Before Income Taxes M\$	Income Taxes M\$	Future Net Revenue After Income Taxes M\$
Total Proved + Probable Reserves	550,732	159,734	121,355	82,029	2,854	184,760	36,194	148,565

(1) Includes all product revenues and other revenues as forecast.

(2) Royalties include any net profits interests paid, as well as the Saskatchewan Corporation Capital Tax Surcharge.

**Future Net Revenue by Product Type  
Forecast Prices and Costs as of December 31, 2023**

Future Net Revenue  
Before Income Taxes      Unit Value (1)

Reserves Category	Product Type	(discounted @ 10%) M\$	\$/Mcf \$/bbl
<b>Total Proved Reserves</b>	Light and Medium Oil (Including Solution Gas and By-products)	41,321	17.5
	Conventional Natural Gas (Including By-products)	407	0.92
	<b>Total</b>	<b>41,728</b>	
<b>Total Proved + Probable Reserves</b>	Light and Medium Oil (Including Solution Gas and By-products)	73,986	22.95
	Heavy Oil (Including Solution Gas and By-products)	2,434	16.2
	Conventional Natural Gas (Including By-products)	529	0.97
	<b>Total</b>	<b>76,950</b>	

(1) Unit values are calculated using the 10% discount rate divided by the Major Product Type Net reserves for each group.

### Forecast Pricing and Cost Assumptions

The reserve data estimates contained herein are based on forecast prices and costs supplied by McDaniel, applying the 3 Consultant Average Prices (McDaniel, GLJ and Sproule) pricing, exchange rate and inflation rate assumptions as of January 1, 2023. The forecast prices and costs used by McDaniel assume increases in wellhead selling prices and consider inflation with respect to future operating and capital costs. The following table sets forth commodity benchmark reference pricing, inflation rate and exchange rate assumptions supplied by McDaniel as of January 1, 2023. Price offsets and differentials for each property were determined by comparing actual historical benchmark prices to actual prices received at the property.

3 Consultant Average (McDaniel, GLJ and Sproule) Summary of Price Forecasts January 1, 2023											
Year	Crude Oil Price Forecasts							Liquids Price Forecasts			
	WTI Crude Oil \$/US/bbl (1)	Brent Crude Oil \$/US/bbl (2)	Edmonton Light Crude Oil \$/C/bbl (3)	Alberta Bow River Hardisty Crude Oil \$/C/bbl (4)	Western Canadian Select Crude Oil \$/C/bbl (5)	Sask Alberta Heavy Crude Oil \$/C/bbl (6)	Sask Cromer Medium Crude Oil \$/C/bbl (7)	Edmonton Ethane \$/bbl	Edmonton Propane \$/bbl	Edmonton Butanes \$/bbl	Edmonton Cond. & Natural Gasolines \$/bbl
<b>History</b>											
2013	97.95	108.60	93.05	76.55	75.25	65.25	88.25		38.90	69.40	104.65
2014	93.00	99.00	93.50	80.40	79.10	71.20	87.80		45.05	69.60	102.40
2015	48.80	52.35	57.75	46.10	44.80	39.55	51.45		6.60	36.50	60.30
2016	43.30	43.55	53.90	40.45	39.15	33.35	49.10		13.15	34.35	56.15
2017	50.90	54.25	62.85	52.00	50.70	45.20	59.85		28.90	44.60	66.85
2018	64.95	71.05	69.65	51.25	49.95	40.00	70.20		27.55	32.80	79.20
2019	57.00	64.35	69.00	60.00	58.70	54.80	68.00		17.40	23.55	70.30
2020	39.25	41.75	45.00	36.50	35.40	30.70	43.75		16.40	22.15	49.15
2021	68.00	70.70	80.35	69.40	68.85	63.15	77.75		43.10	51.15	85.50
2022	94.80	100.80	120.75	992.25	99.10	90.95	114.30		50.30	61.15	123.00
2023	77.55	82.35	100.40	79.80	79.60	71.45	92.55		29.40	45.55	103.40
<b>Forecast</b>											
2024	73.67	78.00	92.91	77.44	76.74	69.01	88.03	6.88	29.65	47.69	96.79
2025	74.98	79.18	95.04	80.48	79.77	71.90	90.02	10.76	35.13	48.83	98.75
2026	76.14	80.36	96.07	81.84	81.12	72.78	90.95	13.17	35.43	49.36	100.71
2027	77.66	81.79	97.99	83.61	82.88	74.41	92.77	13.44	36.14	50.35	102.72
2028	79.22	83.41	99.95	85.78	85.04	76.56	94.63	13.71	36.86	51.35	104.78
2029	80.80	85.09	101.94	87.49	86.74	78.10	96.52	14.00	37.60	52.38	106.87

2030	82.42	86.80	103.98	89.24	88.47	79.67	98.45	14.28	38.35	53.43	109.01
2031	84.06	88.52	106.06	91.01	90.24	81.27	100.42	14.58	39.12	54.50	111.19
2032	85.74	90.29	108.18	92.83	92.04	82.90	102.43	14.87	39.90	55.58	113.41
2033	87.46	92.10	110.35	94.69	93.89	84.57	104.48	15.17	40.70	56.70	115.67
2034	89.21	93.94	112.56	96.58	95.77	86.26	106.57	15.48	41.51	57.83	117.98
2035	90.99	95.82	114.81	98.52	97.68	87.99	108.70	15.79	42.34	58.99	120.34
2036	92.81	97.74	117.10	100.49	99.64	89.75	110.87	16.10	43.19	60.17	122.75
2037	94.67	99.69	119.45	102.50	101.63	91.54	113.09	16.42	44.06	61.37	125.20
2038	96.56	101.69	121.83	104.55	103.66	93.37	115.35	16.75	44.94	62.60	127.71
<b>Thereafter</b>	<b>+2%/yr</b>										

- (1) West Texas Intermediate at Cushing Oklahoma 40 degrees API, 0.5% sulphur
- (2) North Sea Brent Blend 37 degrees API, 1.0% sulphur
- (3) Edmonton Light Sweet 40 degrees API, 0.3% sulphur
- (4) Bow River at Hardisty, Alberta (Heavy stream)
- (5) Western Canadian Select at Hardisty, Alberta
- (6) Heavy crude oil 12 degrees API at Hardisty, Alberta (after deduction of blending costs to reach pipeline quality)
- (7) Midale Cromer crude oil 29 degrees API, 2.0% sulphur

**3 Consultant Average (McDaniel, GLJ and Sproule)**

**Summary of Price Forecasts**

**January 1, 2023**

**Gas Price Forecasts**

U.S. Henry Hub Gas Price	Alberta			Sask. Prov. Gas	British Columbia		British Columbia Station 2	US/CAN Exchange Rate	
	AECO Spot Price	Alberta Average Plantgate	Alberta Aggregator Plantgate		Empress	Average Plantgate			Inflation
\$US/MMBtu	\$C/MMBtu	\$C/MMBtu	\$C/MMBtu	\$C/MMBtu	\$C/MMBtu	\$C/MMBtu	\$C/MMBtu	%	\$US/\$CAN
	(8)	(9)							
3.75	3.20	3.00	3.00	3.10	3.10	2.95	3.10	0.95	0.970
4.35	4.40	4.20	4.20	4.55	4.40	4.05	4.20	1.90	0.905
2.60	2.80	2.60	2.60	3.00	2.70	2.00	2.10	1.10	0.785
2.50	2.10	1.90	1.90	2.30	2.20	1.55	1.65	1.45	0.755
3.00	2.40	2.20	2.20	2.85	2.40	1.80	1.95	1.60	0.770
3.05	1.55	1.35	1.35	3.00	1.60	1.20	1.40	2.25	0.770
2.55	1.60	1.40	1.40	2.75	1.75	1.00	1.15	2.00	0.755
2.05	2.25	2.05	2.05	2.30	2.45	2.05	2.20	0.75	0.745
3.90	3.55	3.35	3.35	3.90	3.95	3.30	3.45	3.40	0.800
6.40	5.55	5.35	5.35	6.70	5.80	5.00	5.15	6.85	0.770
2.55	2.95	2.75	2.75	3.10	3.25	2.30	2.45	3.85	0.740
2.75	2.20	2.00	2.00	2.53	2.29	1.76	2.06	0.0	0.752
3.64	3.37	3.17	3.17	3.71	3.47	2.94	3.25	2.0	0.752
4.02	4.05	3.84	3.84	4.39	4.15	3.61	3.93	2.0	0.755
4.10	4.13	3.92	3.92	4.48	4.23	3.69	4.01	2.0	0.755
4.18	4.21	4.00	4.00	4.56	4.32	3.76	4.09	2.0	0.755
4.27	4.30	4.08	4.08	4.66	4.41	3.84	4.17	2.0	0.755
4.35	4.38	4.16	4.16	4.75	4.50	3.92	4.25	2.0	0.755
4.44	4.47	4.24	4.24	4.85	4.59	4.00	4.34	2.0	0.755
4.53	4.56	4.32	4.32	4.94	4.68	4.09	4.42	2.0	0.755
4.62	4.65	4.41	4.41	5.04	4.78	4.17	4.51	2.0	0.755
4.71	4.74	4.50	4.50	5.14	4.88	4.26	4.60	2.0	0.755
4.81	4.84	4.59	4.59	5.24	4.97	4.34	4.69	2.0	0.755
4.90	4.94	4.68	4.68	5.35	5.07	4.43	4.79	2.0	0.755
5.00	5.03	4.78	4.78	5.46	5.17	4.52	4.88	2.0	0.755
5.10	5.14	4.87	4.87	5.56	5.28	4.61	4.98	2.0	0.755
+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.0	0.775

- (8) Historical prices based on AECO 7A (near month prices). 5A (daily price) expected to be equal to 7A over long term. 2022 historical prices: 7A \$5.56/MMBTU, 5A \$5.34/MMBTU
- (9) This forecast also applies to direct sales contracts and the Alberta gas reference price used in the Crown royalty calculations.

Pulse's weighted average prices realized, for the year ended December 31, 2023, were \$2.96 per Mcf for conventional natural gas, \$97.52 per barrel for light and medium crude oil, and \$52.70 per barrel for natural gas liquids.

**Reconciliation of Corporation Gross Reserves by Product Type**  
**Forecast Prices and Costs as of December 31, 2023**

FACTORS	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL			HEAVY OIL			CONVENTIONAL GAS		
	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable
	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	MMcf	MMcf	MMcf
December 31, 2022	3,479.4	1,302.0	4,781.4	-	179.0	179.0	1,968.2	979.4	2,947.6
Extensions & Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	(90.7)	(61.8)	(152.5)	-	4.7	4.7	94.5	(32.6)	61.9
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	9.3	(0.1)	9.2	-	2.1	2.1	3.6	(2.8)	0.8
Production	(36.4)	-	(36.4)	-	-	-	(144.2)	-	(144.2)
December 31, 2023	3,361.5	1,240.2	4,601.7	-	185.7	185.7	1,922.2	943.9	2,866.1

FACTORS	CONDENSATE			NATURAL GAS LIQUIDS			TOTAL		
	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable
	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	Mbbl	Mboe	Mboe	Mboe
December 31, 2022	2.9	0.8	3.7	176.7	79.1	259.5	3,987.1	1,724.0	5,711.1
Extensions & Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	(1.1)	(8.2)	(9.4)	(76.1)	(70.8)	(146.9)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	0.3	-	0.4	10.2	1.6	11.8
Production	-	-	-	(8.2)	-	(8.2)	(68.7)	-	(68.7)
December 31, 2023	2.9	0.8	3.7	167.8	70.8	238.6	3,852.5	1,654.9	5,507.4

**Additional Information Relating to Reserves Data**

## **Undeveloped Reserves**

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, first attributed to Pulse in the three most recent financial years.

### **Undeveloped Reserves - First Attributed** **Forecast Prices and Costs as of December 31, 2023**

#### **Proved Undeveloped Reserves**

Year	Light and Medium Oil		Heavy Oil		Conventional Gas		Natural Gas Liquids	
	(Mbbbl)		(Mbbbl)		(MMcf)		(Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	398.0	398.0	-	-	105.9	105.9	10.7	10.7

#### **Probable Undeveloped Reserves**

Year	Light and Medium Oil		Heavy Oil		Conventional Gas		Natural Gas Liquids	
	(Mbbbl)		(Mbbbl)		(MMcf)		(Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2021	-	43.7	-7	196.1	-	470.4	-	19.8
2022	-	46.0	-	179.0	-	322.9	-	19.1
2023	91.6	137.6	-	185.	24.3	356.7	2.5	18.4

### **General Basis for Reserves and Timing of Development**

The proved and probable undeveloped reserves have been estimated in accordance with procedures and standards contained in the COGE Handbook.

Approximately 100 percent of the proved plus probable undeveloped reserves are scheduled to be developed within the next three years.

### **Significant Factors or Uncertainties Affecting Reserves Data**

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

While we do not anticipate any significant economic factors or significant uncertainties will affect any particular components of the reserves data, the reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond our control. See "*Risk Factors*".

### **Additional Information Concerning Abandonment and Reclamation Costs**

Pulse bases its estimates for the costs of abandonment and reclamation of surface leases, wells, and facilities on previous experience of management with similar well sites and facility locations. As at December 31, 2023, management expected to incur such costs on 22 net wells and 4 net facilities. The total of such costs expected to be incurred is \$2.96 million. These estimated abandonment and reclamation costs do not include any locations for undrilled wells.

For the purposes of estimating the Reserves Data, abandonment, and reclamation costs for all wells (both existing and undrilled wells) that have been attributed reserves have been taken into account. No allowance was made, however, for the abandonment and reclamation of any pipelines or facilities or for wells with no attributed reserves. Future net revenue figures set forth in this statement only include abandonment and reclamation liabilities for wells that have been assigned reserves.

Using public data and Pulse's own experience, Pulse estimates the amount and timing of future abandonment and reclamation expenditures at an operating area level. Wells within each operating area are assigned an average cost per well to abandon and reclaim the well. The estimated expenditures are based on current regulatory standards and actual abandonment and reclamation cost history.

Additional information related to our estimated share of future environmental and reclamation obligations for the working interest properties (including all abandonment and reclamation costs associated with all existing wells, facilities, pipelines and leases) can be found in Pulse's audited consolidated annual financial statements for the year ended December 31, 2023, and the accompanying management's discussion and analysis, which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### ***Future Capital, Development, Abandonment and Reclamation Costs***

The table below sets out the capital, abandonment and reclamation costs deducted in the estimation of future net revenue attributed to proved reserves and proved plus probable reserves (using forecast prices and costs supplied by McDaniel).

Year	<u>CAPITAL COST FORECAST (M\$)</u>				<u>ABANDONMENT AND RECLAMATION COST FORECAST</u>			
	Proved		Proved Plus Probable		Proved		Proved Plus Probable	
	Undiscounted	Discounted @ 10%	Undiscounted	Discounted @ 10%	Undiscounted	Discounted @ 10%	Undiscounted	Discounted @ 10%
2024	8,465	8,111	8,965	8,609	0	0	0	0
2025	8,260	7,138	12,958	11,188	0	0	0	0

2026	6,176	4,868	6,176	4,868	0	0	0	0
2027	4,925	3,686	4,925	3,686	0	0	0	0
2028	5,024	3,418	5,024	3,418	242	165	242	165
2029	5,124	3,169	5,124	3,169	0	0	0	0
2030	5,227	2,939	5,227	2,939	637	358	637	358
2031	5,331	2,725	5,331	2,725	0	0	0	0
2032	5,438	2,527	5,438	2,527	0	0	0	0
2033	5,547	2,343	5,547	2,343	200	85	200	85
2034	5,658	2,173	5,658	2,173	91	35	91	35
2035	5,771	2,015	5,771	2,015	0	0	0	0
2036	5,886	1,868	5,886	1,868	0	0	0	0
2037	0	0	0	0	0	0	98	26
2038	0	0	0	0	0	0	0	0
Remaining	0	0	0	0	1,341	166	1,586	219
Total	76,831	46,978	82,029	51,526	2,511	808	2,854	887

### ***Sources of Funding***

It is expected that future capital costs required to develop the Corporation's assets will be financed through a combination of working capital, internally generated cash flows, and additional financing in the form of existing share purchase warrants exercises or the issuance of new equity or debt. There can be no guarantee that funds will be available or that the Board of Directors will allocate funding to develop all of the reserves attributable in the McDaniel Report. Failure to develop those reserves could have a negative impact on Pulse's future cash flow.

Interest expense or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. Pulse does not anticipate that interest or other funding costs would make further development of any of Pulse's properties uneconomic.

### **Other Oil and Gas Information**

#### ***Oil and Gas Properties***

The following is a description of Pulse's principal oil and natural gas properties on production or under development as at December 31, 2023. Reserve amounts are stated on a gross basis, before deduction of royalties, at December 31, 2023, based on forecast cost and price assumptions as supplied by McDaniel (see "*Statement of Reserves Data and Other Oil and Gas Information*"). Unless otherwise specified, gross and net acres and well count information are as at December 31, 2023. The estimate of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties because of aggregation.

#### **General**

Pulse’s properties and facilities are located exclusively onshore in the Province of Alberta. Pulse operates in two core areas, namely the Bigoray area of North-Central Alberta and Queenstown area of Southern Alberta. Total capital expenditures, including cost of property acquisitions, for 2023 were \$6,579,480. In 2024, Pulse anticipates investing approximately \$8.97 million into further development capital, inclusive of reactivations, infrastructure and solvent for the EOR project.

### Queenstown Area

The Queenstown area is located 100 km southeast of Calgary, Alberta, from Townships 18 to 19 and Ranges 21 to 22 west of the fourth meridian. Pulse holds a 100% working interest in approximately 4,781 net acres of land.

Pulse has currently been producing predominately from the Mannville formation, but Pulse believes that the geology suggests additional opportunities in the Ellerslie, Pekisko/Shunda and Nisku formations.

Pulse is the operator of 100% of its production in the area. Production from the field was consistent through most of 2023.

### Bigoray Area

The Bigoray area is located 110 km southwest of Edmonton, Alberta near the town of Drayton Valley, from townships 50-51 and ranges 8-9 west of the fifth meridian. Pulse holds a 100% working interest in approximately 3,914 net acres of land.

Pulse has currently been producing high quality light oil from 1 of 2 Nisku Pinnacle reefs and liquids rich gas from the Mannville formation. Pulse believes that the geology suggests that additional opportunities exist in the Cardium Oil Pools, Mannville Gas Pools, Pekisko/Shunda Oil Pools, Nisku Oil Pools and Duvernay Shale trend.

Pulse is the operator of 100% of its production in the area. In 2022, Pulse invested additional capital in the area to install infrastructure to begin injection for the EOR project. This work was completed in December 2022, with the Corporation injecting solvent since the completion of the project and throughout 2023. Subsequent to 2023, the Corporation has drilled a new well and is working to improve the efficiency of the flood throughout the D-pool.

### Oil and Gas Wells

The following table sets forth the number and status of wells in which Pulse had a working interest as at December 31, 2023.

Area	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing <sup>(1)</sup>		Producing		Non-Producing <sup>(1)</sup>	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Queenstown	3.0	3.0	2.0	2.0	2.0	2.0	0.0	0.0
Bigoray	3.0	3.0	10.0	10.0	1.0	1.0	1.0	1.0
Total	6.0	6.0	12.0	12.0	3.0	3.0	1.0	1.0

**Note:**

- (1) The non-producing oil and gas wells capable of production, but which are not currently producing, will be re-evaluated with respect to future product prices, proximity to facility infrastructure, design of future exploration and development programs and access to capital. Approximately 4 of the non-producing wells are currently being used for injection or with the intention of being an injection well. The remaining non-producing wells are all tied into existing pipelines and have been in their current non-producing state since being acquired by the Company.

### ***Land Holdings and Unproved Properties***

The following table sets out Pulse's gross and net land holdings on its unproved properties to which no reserves have been specifically attributed as at December 31, 2023, all of which are in the Province of Alberta:

Area	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Queenstown	2,244	1,604	3,369	3,177	5,613	4,781
Bigoray	3,840	3,091	1,440	823	5,280	3,914
Total	6,084	4,695	4,809	4,000	10,893	8,695

Pulse does not expect that any rights to explore, develop and exploit its unproved land holdings will expire by December 31, 2024.

### ***Work Commitments***

There are currently no work commitments associated with any unproved property.

### ***Significant Factors or uncertainties relevant to properties with no attributed reserves***

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases and fires and spills.

Pulse's properties with no attributed reserves have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas-producing corporation.

### ***Forward Contract***

Pulse does not hold any forward contract obligations and accordingly, financial hedges have not been included in the economic forecasts.

## Tax Horizon

No material cash income taxes were paid or are payable by Pulse for the year ended December 31, 2023. Within the context of current commodity prices and capital spending plans, Pulse does not expect to incur income tax before 2025. This future tax horizon will also fluctuate depending on the ultimate nature and timing of Pulse's acquisitions and dispositions. If oil and natural gas prices were to strengthen beyond the levels anticipated by the current forward market, Pulse's tax pools would be utilized more quickly and it may experience higher than expected cash taxes or payment of such taxes in an earlier time period. However, it is difficult to give guidance on future taxability as Pulse operates within an industry that constantly changes because of acquisitions, divestments, capital spending, dividends, and overall commodity prices. See "Risk Factors".

## Costs Incurred

The following table summarizes the capital expenditures made by Pulse on its crude oil and natural gas properties for the period ended December 31, 2023:

Area	Property Acquisition Costs			
	Property Acquisition Costs For Proved Properties (M\$)	Property Acquisition Costs For Unproved Properties (M\$)	Exploration Costs (M\$)	Development Costs (M\$)
Queenstown	0	0	0	125
Bigoray	0	0	0	6,453

## Exploration and Development Activities

No exploration activities were completed in 2023. Development activities included improvements on the solvent injection facility and purchase of solvent for injection.

## Production Estimates

The table below sets out the volume of Pulse's production before royalties estimated for the year ending December 31, 2023, which is reflected in the estimate of gross proved reserves and probable reserves disclosed in the tables contained under "Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserve Data".

Reserves Category	Estimated Gross 2024 Production <sup>(3)</sup>			
	Light and Medium Crude Oil <sup>(1)</sup> (Mbbls)	Conventional Natural Gas <sup>(2)</sup> (MMcf)	NGLs (Mbbls)	MBOE
<b>Proved</b>				
Queenstown	3.5	66.4	8.3	22.9
Bigoray	71.7	77.3	1.3	85.9
Total Proved 2024	75.1	143.7	9.6	108.8

**Proved Plus Probable**

Queenstown	3.5	67.7	1.4	16.2
Bigoray	93.1	85.4	9.1	116.4
<b>Total Proved Plus</b>	<b>96.6</b>	<b>153.2</b>	<b>10.5</b>	<b>132.6</b>
Probable 2024				

(1) Including other by-products.

(2) Including solution gas and by-products and excluding by-products from oil wells.

(3) Numbers may not add due to rounding.

**Production History**

The following table sets forth certain information in respect of gross average daily production, product prices received, royalties, production costs and netbacks received by Pulse for each quarter of its most recently completed financial period:

	Year Ended December 31, 2023			
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
<b>AVERAGE DAILY PRODUCTION</b>				
Light/Medium Crude Oil (Bbls/d)	88.5	73.1	75.8	65.3
Conventional Natural Gas (Mcf/d)	490.7	389.6	475.9	402.9
Natural Gas Liquids (Bbls/d)	17.5	20.0	26.1	24.4
<b>TOTAL PRODUCTION (BOE/d)</b>	<b>187.8</b>	<b>158.1</b>	<b>181.2</b>	<b>156.9</b>
<b>AVERAGE NET PRODUCTION PRICES RECEIVED</b>				
Light/Medium Crude Oil (\$/Bbl)	96.15	86.65	98.26	109.03
Conventional Natural Gas (\$/Mcf)	4.63	2.24	2.47	2.49
Natural Gas Liquids (\$/Bbl)	60.41	44.98	54.21	51.20
<b>TOTAL REVENUE (\$/BOE)</b>	<b>62.57</b>	<b>50.97</b>	<b>54.11</b>	<b>58.39</b>
<b>ROYALTIES PAID</b>				
Light/Medium Crude Oil (\$/Bbl)	0.98	1.40	0.84	1.00
Conventional Natural Gas (\$/Mcf)	0.18	0.11	0.16	0.15
Natural Gas Liquids (\$/Bbl)	30.72	32.21	15.44	16.75
<b>Combined (\$/BOE)</b>	<b>0.97</b>	<b>0.98</b>	<b>0.80</b>	<b>0.84</b>
<b>PRODUCTION COSTS</b>				
Light/Medium Crude Oil (\$/Bbl)	34.84	42.65	39.09	44.60
Conventional Natural Gas (\$/Mcf)	0.37	0.40	0.31	0.33
Natural Gas Liquids (\$/Bbl)	10.19	7.71	5.59	5.36

Combined (\$/BOE)	19.96	23.16	20.92	23.25
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#### NETBACK RECEIVED

Light/Medium Crude Oil (\$/Bbl)	60.33	42.60	58.33	63.43
Conventional Natural Gas (\$/Mcf)	4.08	1.73	2.00	2.01
Natural Gas Liquids (\$/Bbl)	19.50	5.06	33.18	29.09
Combined (\$/BOE)	40.89	26.97	32.06	34.31

#### Production Volume by Product

The following table discloses, for each of the Corporation's Bigoray and Queenstown fields, working interest production volumes for the year ended December 31, 2023, for each product type:

Reserves Category	Light and Medium Oil <sup>(1)</sup> (Mbbbls)	Conventional Natural Gas <sup>(2)</sup> (MMcf)	NGLs (Mbbbls)	MBOE
Queenstown	5.8	90.6	1.1	21.9
Bigoray	21.8	68.8	7.0	40.2
Total	27.5	159.4	8.0	62.1

(1) Including solution gas and other by-products.

(2) Including by-products, excluding solution gas and by-products from oil wells.

(3) Numbers may not add due to rounding.

## INDUSTRY CONDITIONS

Western Canada has seen significant growth in crude production volumes over recent years. This has resulted in pressure on the pipeline take-away capacity, leading to apportionment on the main lines and, in turn, backed-up local feeder pipelines. This has contributed to a widening of, and increased volatility in, the light oil pricing differential between WTI and Edmonton Par and the medium/heavy oil pricing differential between WTI and Cromer/WCS/Hardisty. Although pipeline expansions are ongoing and producers are increasingly turning to rail as an alternative means of transportation, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market production. In addition, the pro-rationing of capacity on the interprovincial systems also continues to affect the ability to export oil and natural gas.

#### Market Access and Constraints

Under the Canadian constitution, interprovincial and international pipelines fall within the federal government's jurisdiction and require approval by both the NEB and the cabinet of the federal government. However, recent years have seen a perceived lack of policy and regulatory certainty at a federal level. The current federal government passed Bill C-69 legislation to amend the current federal approval processes. It is also uncertain whether any new approval process adopted by the federal government will result in a more efficient approval process. The lack of regulatory certainty is likely to have an influence on investment decisions for major projects. Even when projects are approved on a federal level, such projects often face further delays due to interference by provincial

and municipal governments as well as court challenges on various issues such as indigenous title, the government's duty to consult and accommodate indigenous peoples and the sufficiency of environmental review processes, which creates further uncertainty. Export pipelines from Canada to the United States face additional uncertainty as such pipelines require approvals of several levels of government in the United States.

Bill C-48 was enacted in 2019, imposing a moratorium on tanker traffic transporting certain crude oil and NGL products from British Columbia's north coast.

With the regulatory uncertainty, the Canadian crude oil and natural gas industry has experienced significant difficulty expanding the transportation infrastructure for crude oil, natural gas and NGLs. Improved access to global markets could help alleviate the pressures affecting current commodity pricing. Several proposals have been announced to increase pipeline capacity, but the regulatory approval process and other economic and socio-political factors have led to the delay, suspension, or cancellation of many projects.

### **Legislation and Regulation**

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the Governments of Canada and Alberta, each of which should be carefully considered by investors in the oil and natural gas industry. It is not expected that any of these controls or regulations will affect the operations of Pulse in a manner materially different than they would affect other oil and natural gas producers of similar size. All current legislation is a matter of public record and Pulse is unable to predict what additional legislation or amendments may be enacted. Some of the principal aspects of legislation, regulations and agreements governing the oil and natural gas industry are described further below.

### **Pricing and Marketing – Oil and Natural Gas**

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the Canada Energy Regulator ("CER") and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the CER and the Government of Canada. Natural gas (other than propane, butane, and ethane) exports for the term of less than two years or for a term of two to twenty years must be made pursuant to an CER order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export license from CER and issuance of such license requires a public hearing and the approval of the Governor in Council.

The Government of Alberta also regulates the volume of natural gas that may be removed for consumption elsewhere based on factors including, but not limited to, reserve availability, transportation arrangements and market considerations.

The lack of pipeline capacity continues to limit the ability to produce and market natural gas, production although pipeline expansions are ongoing. In addition, the prorating of capacity on the interprovincial pipeline systems continues to limit oil exports.

Furthermore, recent years have seen the emergence of new sources of supply as natural gas deposits formerly regarded as inaccessible, particularly those locked in shales and other tight formations, both in Canada and the U.S., are now being exploited through new drilling and

fracturing applications. Successful natural gas wells from these sources tend to be characterized by very high initial production volumes, which decline rapidly. From 2009 onwards, increased supply of natural gas from these sources, coupled with other factors such as reduced residential and industrial demand, resulted in a decrease in the price for natural gas. The effect on natural gas supply, as production of shale and other tight gas matures, cannot be determined, but the contribution of shale gas to aggregate supply will likely have a continuing and considerable influence on natural gas pricing, at least in the short and medium term.

From 2009 through to 2018, Pacific Rim countries, particularly China, Japan and South Korea, through sovereign oil companies, or representatives of end users, have expressed interest in or invested in, infrastructure projects and exploration and development activities in Canada, with a view to securing sources of future supply. Infrastructure projects have a long lead time, but if consummated, may result in Canada becoming a significant exporter of liquefied natural gas to the Pacific Rim, as an additional or successor market to the U.S. It may also lead to future internationalization of pricing for natural gas.

Pricing for natural gas is also affected by storage levels, which are built up in summer months and depleted in winter. Recent years have seen storage levels at the beginning of the winter withdrawal season higher than historical averages.

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the CER. Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export license from the CER and the issuance of such a license requires a public hearing and the approval of the Governor in Council.

## **Provincial Royalties and Incentives**

### *General*

Each province has legislation and regulations that govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined through negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes. Royalties from production on Crown lands are determined by government regulation and are generally calculated as a percentage of the value of gross production. The rate of royalties payable depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced.

Occasionally, the governments of the western Canadian provinces create incentive programs, often during periods of low commodity prices or to incent development of specific resources or specific technologies. Such programs can provide royalty rate reductions, royalty holidays or royalty tax credits to encourage exploration and development activity.

The following is a description of key royalty programs in the jurisdictions in which Pulse operates. This is not meant to be a fulsome description of the royalty program; please refer to the Province's website for full royalty details.

## *Alberta*

On January 29, 2016, the Government of Alberta released and accepted the Royalty Review Advisory Panel's recommendations, which outlined the implementation of a "Modernized Royalty Framework" for Alberta (the "**MRF**"). The MRF took effect on January 1, 2017. Wells drilled prior to January 1, 2017, continue to be governed by the prior "Alberta Royalty Framework" (the "**ARF**") for a period of 10 years, until January 1, 2027. The MRF is structured in three phases: (i) Pre-Payout, (ii) Mid-Life, and (iii) Mature. During the Pre-Payout phase, a fixed five per cent royalty applies until the well reaches payout. Well payout occurs when the cumulative revenue from a well is equal to the Drilling and Completion Cost Allowance (determined by a formula that approximates drilling and completion costs for wells based on depth, length and historical costs). The new royalty rate will be payable on gross revenue generated from all production streams (oil, gas, and natural gas liquids), eliminating the need to label a well as "oil" or "gas". Post-Payout, the Mid-Life phase will apply a higher royalty rate than the Pre-Payout phase. In the Mature phase, once a well reaches the tail end of its cycle and production falls below a "maturity threshold", the royalty rate will move to a sliding scale (based on volume and price) with a minimum gross royalty rate of five per cent. The downward adjustment of the royalty rate in the mature phase is intended to account for the higher per-unit fixed cost involved in operating an older well.

Future changes to the royalty regime in Alberta may have a material effect on Pulse. See "*Risk Factors – Fiscal and Royalty Regimes.*"

## **Environmental Regulation**

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emitting of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements for the satisfactory abandonment and reclamation of well and facility sites and provides for, among other things, restrictions and prohibitions on spills, releases, discharges, or emissions of various substances produced in association with oil and gas operations, habitat protection, and minimum setbacks of oil and gas activities from freshwater bodies. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties. Certain environmental protection legislation may subject Pulse to statutory strict liability in the event of an accidental spill or discharge from a licensed facility, meaning that fault need not be established by claimants affected by such a spill or discharge. Further, as Canadian environmental legislation evolves, the use of administrative penalties by the imposition of fines for the commission of environmental offences on an absolute liability basis has grown.

## *Federal*

Environmental legislation is evolving in a manner that has and is expected to continue to result in stricter standards and enforcement, larger fines, liabilities and sanctions, and potentially increased capital expenditures and operating costs.

## *Alberta*

The Alberta Energy Regulator (the "**AER**") is the single regulator responsible for all energy resource development in Alberta. It derives its authority from the *Responsible Energy Development Act* and a number of related Acts including the *Oil and Gas Conservation Act* (the "OGCA"), the *Oil Sands Conservation Act*, the *Pipeline Act*, and the *Environmental Protection and Enhancement Act*. The

AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of hydrocarbon resources including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as Alberta Energy's responsibility for mineral tenure. The objective behind a single regulator is an enhanced regulatory regime that is intended to be efficient, attractive to business and investors and effective in supporting public safety, environmental management and resource conservation while respecting the rights of landowners.

The Government of Alberta relies on regional planning to accomplish its responsible resource development goals. Its approach to natural resource management provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities by incorporating the management of all resources, including energy, minerals, land, air, water, and biodiversity. While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including Alberta Environment and Parks, Alberta Energy, the Policy Management Office, the Aboriginal Consultation Office, and the Land Use Secretariat.

The Government of Alberta's land-use policy for surface land in Alberta sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental, and social goals of the province. It calls for the development of seven region-specific land-use plans to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effects management approach into such plans. As a result, several regional plans have been implemented and others are in the process of being implemented. These regional plans may affect further development and operations in such regions.

The Ministry of Indigenous Relations (the "**MIR**") began a renewal process for the Government of Alberta's Policy on Consultation with First Nations on Land and Natural Resource Management, 2013 and the Government of Alberta's Policy on Consultation with Metis Settlements on Land and Natural Resource Management, 2015. In 2018, the Ministry updated the Joint Operating Procedures for Consultation on Energy Resource activities ("**JOP**") and associated guidelines. The JOPs and guidelines were updated to clarify roles and responsibilities, internal procedures, and expectation for information sharing. As a result of the update, industry can make applications to the AER (PLA, MSL, LOC) for a Crown Disposition concurrently with application to the Aboriginal Consultation Office.

### **Liability Management Rating Programs**

The AER administers the licensee Liability Management Rating Program (the "**AB LMR Program**"). The AB LMR Program is a liability management program governing most conventional upstream crude oil and natural gas wells, facilities, and pipelines. It consists of three distinct programs: the Licensee Liability Rating Program (the "**AB LLR Program**"), the Oilfield Waste Liability Program (the "**AB OWL Program**") and the Large Facility Liability Management Program (the "**AB LFP**"). At its core, the AER uses the AB LMR Program to aid in determining the ability of licensees to manage the abandonment and reclamation obligations associated with the licensee's assets. If a licensee whose deemed liabilities in the AB LLR Program, the AB OWL Program and/or the AB LFP exceed its deemed assets in those programs, the AB LMR Program requires the licensee to provide the AER with a security deposit and may restrict the licensee's ability to transfer licenses. This ratio of a licensee's assets to liabilities across the three programs is referred to as the licensee's liability management rating ("**LMR**"). The AER assesses the LMR of all licensees monthly and posts the ratings on the AER's public website. Where the AER determines that a security deposit is required,

the failure to post any required amounts may result in the initiation of enforcement action by the AER.

Complementing the AB LMR Program, Alberta's OGCA establishes an orphan fund (the "**Orphan Fund**") to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the AB LLR Program and the AB OWL Program if a licensee or working interest participant ("**WIP**") becomes insolvent or is unable to meet its obligations. Licensees in the AB LLR Program and AB OWL Program fund the Orphan Fund through a levy administered by the AER. A separate orphan levy applies to persons holding licences subject to the AB LFP. Collectively, these programs are designed to minimize the risk to the Orphan Fund posed by the unfunded liabilities of licensees and to prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

In '*Orphan Well Association v Grant Thornton Limited*', the Court of Queen's Bench of Alberta found that there was an operational conflict between the abandonment and reclamation provisions of the provincial OGCA, including the AB LLR Program, and the federal *Bankruptcy and Insolvency Act*. This ruling meant that receivers and trustees of insolvent entities have the right to renounce assets within insolvency proceedings and was affirmed by a majority of the Alberta Court of Appeal. On January 31, 2019, the Supreme Court of Canada overturned the lower courts' decisions, holding that there is no operational conflict between the abandonment and reclamation provisions contained in the provincial OGCA, the liability management regime administered by the AER and the federal bankruptcy and insolvency regime. As a result, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a transfer when such a licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets of a bankrupt licensee that have reached the end of their productive lives and represent a liability and deal with the company's valuable assets for the benefit of the company's creditors, without first satisfying abandonment and reclamation obligations.

In response to the lower courts' decisions in '*Orphan Well Association v Grant Thornton Limited*', the AER issued several bulletins and interim rule changes to govern the AER's administration of its licensing and liability management programs pending a final decision from the Supreme Court of Canada. The AER amended its licensing and liability management programs pending a final decision from the Supreme Court of Canada. The AER amended its *Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals*, which deals with licence eligibility to operate wells and facilities, to require the provision of extensive corporate governance and shareholder information, including whether any director and officer was a director or officer of an energy company that has been subject to insolvency proceedings in the last five years. All transfers of well, facility and pipeline licences in the province are subject to AER approval. As a condition of transferring existing AER licences, approvals and permits, all are now assessed on a non-routine basis and the AER now requires all transferees to demonstrate that they have an LMR of 2.0 or higher immediately following the transfer, or to otherwise prove to the satisfaction of the AER that it can meet its abandonment and reclamation obligations. The AER may make further rule changes at any time. While the Supreme Court of Canada's '*Orphan Well Association v Grant Thornton Limited*' decision alleviates some of the concerns that the AER's rule changes were intended to address, it is unclear how or if the AER will respond.

As part of its strategy to encourage the decommissioning of inactive or marginal oil and gas infrastructure, the AER announced a voluntary area-based closure ("ABC") program in 2018. The ABC program is designed to reduce the cost of abandonment and reclamation operations while enabling participants to meet their liability reduction targets. Pulse continues to allocate funds to abandonment and reclamation operations and is in compliance with all requirements. Pulse has committed to certain targets for 2023.

## **Land Tenure**

Oil and natural gas located in the western Canadian provinces is owned both by the respective provincial governments and by private individuals. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licenses and permits for varying periods and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments. Where oil and natural gas is privately owned, rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

## **RISK FACTORS**

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in Pulse's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with Pulse's business and the oil and natural gas business generally.

### **Overview**

Pulse's business consists of the exploration and production of oil and natural gas projects, with producing properties in Alberta. There are several inherent risks associated with the exploration and production of oil and gas reserves. Many of these risks are beyond the control of Pulse.

### **Nature of Business**

An investment in Pulse should be considered highly speculative due to the nature of the Corporation's involvement in the exploration for, and the acquisition, production, and marketing of, oil and natural gas reserves and its current stage of development. Oil and gas operations involve many risks, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Pulse.

### **Commodity Price Volatility**

Pulse's results of operations and financial condition are dependent on the prevailing prices of oil and natural gas. Oil and natural gas prices have fluctuated widely in the recent past and are subject to fluctuations in response to relatively minor changes in supply, demand, market uncertainty and other factors that are beyond Pulse's control. Oil and natural gas prices are impacted by a number of factors including, but not limited to: the global supply of and demand for oil and natural gas; global economic conditions; the actions of the Organization of Petroleum Exporting Countries ("OPEC"); government regulation; political stability; the ability to transport crude to markets; developments related to the market for liquefied natural gas; the availability and prices of alternate fuel sources; and weather conditions. In addition, significant growth in crude production volumes in western Canada and the northern United States has resulted in pressure on transportation and pipeline capacity, contributing to the widening of the light oil pricing differential between WTI and Cromer/WCS/Hardisty, resulting in fluctuations in the price of oil and natural gas. All these factors are beyond Pulse's control and can result in a high degree of price volatility.

Fluctuations in currency exchange rates further compound this volatility when the commodity prices, which are generally set in United States dollars, are stated in Canadian dollars. Pulse's financial performance also depends on revenues from the sale of commodities, which differ in quality, and location from underlying commodity prices quoted on financial exchanges. Of particular

importance are the price differentials between Pulse's oil prices and quoted market prices. Not only are these discounts influenced by regional supply and demand factors, but they are also influenced by other factors such as transportation costs, capacity and interruptions; refining demand; the availability and cost of diluent used to blend and transport product; and the quality of the oil produced, all of which are beyond Pulse's control. See also "*Variations in Foreign Exchange Rates and Interest Rates*".

Fluctuations in the price of commodities and associated price differentials may impact the value of Pulse's assets and the ability to maintain its business and to fund growth projects. Prolonged periods of commodity price depression and volatility may also negatively impact Pulse's ability to meet guidance targets and meet all of its financial obligations as they come due. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Pulse's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on Pulse's business, financial condition, results of operations, prospects and the level of expenditures for the development of oil and natural gas reserves, including delay or cancellation of existing or future drilling or development programs or curtailment in production.

Any material or sustained decline in prices could result in a reduction of Pulse's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of Pulse's reserves. Pulse might also elect not to produce from certain wells at lower prices. All these factors could result in a material decrease in Pulse's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities.

Alternatively, any material or sustained increase in certain commodities can have an impact on the Corporation's ability to purchase solvent for continuation of the EOR project. These potential changes may result in the need to alter injection rates at times to maintain cash flow to continue operating.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies and OPEC actions. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank borrowings available to Pulse may, in part, be determined by Pulse's borrowing base. A sustained material decline in prices from historical average prices could reduce Pulse's borrowing base, therefore reducing the bank credit available to Pulse which could require that a portion, or all, of Pulse's bank debt be repaid.

Pulse conducts regular assessments of the carrying value of its assets in accordance with IFRS. If oil and natural gas prices decline significantly and remain at low levels for an extended period, the carrying value of Pulse's assets may be subject to impairment.

### **Capital Lending Markets**

As a result of recent economic uncertainties in the oil and gas industry and the lack of risk capital available to the junior resource sector, Pulse, along with other junior resource entities, may have reduced access to bank debt and to equity. As future capital expenditures will be financed out of funds generated from operations, bank borrowings, if available, and possible issuances of debt or equity securities, Pulse's ability to fund future capital expenditures is dependent on, among other

factors, the overall state of lending and capital markets and investor and lender appetite for investments in the energy industry, generally, and Pulse's securities.

To the extent that external sources of capital become limited, unavailable, or available only on onerous terms, Pulse's ability to invest and to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

### **Markets and Marketing**

The marketability and price of oil and natural gas that may be acquired or discovered by Pulse is, and will continue to be, affected by numerous factors beyond its control. Pulse's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Pulse may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and gas business.

### **Exploration and Production Risks**

Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by Pulse will result in new discoveries of crude oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Pulse currently has a limited number of specific identified exploration or development prospects. Management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and their past practices. The long-term commercial success of Pulse depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Pulse will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Pulse may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow outs, cratering, sour gas releases, fires, spills or

leaks. These risks could result in personal injury, loss of life, and environmental or property damage. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity, and financial conditions.

### **Additional Funding Requirements**

Pulse's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Pulse may require additional financing in order to carry out its oil and gas acquisition, exploration, and development activities. Failure to obtain such financing on a timely basis could cause Pulse to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Pulse's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Pulse's ability to expend the necessary capital to replace its reserves or to maintain its production. If Pulse's cash flow from operations and current cash balance is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on favorable terms.

### **Substantial Capital Requirements and Liquidity**

Pulse anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If Pulse's future revenues or reserves decline, Pulse may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash flow from operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Pulse. Moreover, future activities may require Pulse to alter its capitalization significantly. The inability of Pulse to access sufficient capital for its operations could have material adverse effect on Pulse's financial condition, results of operations or prospects.

### **Fiscal and Royalty Regimes and Trade Agreements**

In addition to federal regulation, each province has legislation and regulations, which govern land tenure, drilling and construction permits, royalties, production rates, environmental protection, and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on well productivity, geographical location, field discovery data and the type or quality of the petroleum product produced. See "*Industry Conditions*".

The royalty regime in any jurisdiction in which Pulse's oil and natural gas assets are located, may be subject to further review and changes which could adversely impact Pulse's financial condition and operations. An increase in royalties would reduce Pulse's earnings and could make future capital investments, or Pulse's operations, less economic.

Change in laws or free trade agreements, including those affecting tax, royalties and other financial and trade matters, and interpretations of those laws and trade agreements may adversely affect Pulse and its security holders. For example, the U.S., Mexico and Canada negotiated certain changes to imposition of additional duties and tariffs and could result in other changes that could negatively impact Pulse's business.

## Reserve and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and natural gas liquids resources, reserves and cash flows to be derived therefrom, including many factors beyond Pulse's control. For prospective resources, the chance of commerciality will be the product of the chance that a project will result in a discovery of petroleum or natural gas and the chance that an accumulation will be commercially developed. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

The reserve and associated cash flow information and estimates represent estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Pulse's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Further, the evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

Actual future net revenue from Pulse's assets will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Actual production and revenues derived therefrom will vary from the estimates, and such variations could be material.

There are numerous uncertainties inherent in estimating quantities of resources, including many factors beyond Pulse's control, and no assurance can be given that the indicated level of resources will be realized. In general, estimates of recoverable resources are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates which have inherent uncertainties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable natural gas and the classification of such resources based on risk of recovery prepared by different engineers or by the same engineers at different times may vary substantially.

Geological risking of prospective resources addresses the probability of success for the discovery of petroleum; this risk analysis is conducted independently of probabilistic estimates of petroleum

volumes and without regard to the chance of development. Principal risk elements of the petroleum system include: (a) trap and seal characteristics; (b) reservoir presence and quality; (c) source rock capacity, quality and maturity; and (d) timing, migration and preservation of petroleum in relation to trap and seal formation. Geological risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators.

Estimates with respect to resources that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of resources, rather than upon actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same resources based upon production history will result in variations, which may be material, in the estimated resources.

Pulse's prospective resources described herein are those undiscovered, highly speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of petroleum but where the level of proof is insufficient for classification as reserves or contingent resources.

Resources estimates may require revision based on actual production experience. Market price fluctuations of natural gas prices may render uneconomic the recovery of the resources.

### **Reserve Replacement**

Pulse's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on Pulse successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Pulse may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Pulse's reserves will depend not only on Pulse's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Pulse's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

### **Finding, Developing and Acquiring Petroleum and Natural Gas Reserves on an Economic Basis**

Petroleum and natural gas reserves naturally deplete as they are produced over time. The success of Pulse's business is highly dependent on its ability to acquire and/or discover new reserves in a cost efficient manner. Substantially all of Pulse's cash flow is derived from the sale of the petroleum and natural gas reserves it accumulates and develops. In order to remain financially viable, Pulse must be able to replace reserves over time at a lesser cost on a per unit basis than its cash flow on a per unit basis. The reserves and costs used in this determination are estimated each year based on numerous assumptions and these estimates and costs may vary materially from the actual reserves produced or from the costs required to produce those reserves. Pulse mitigates this risk by employing a qualified and experienced team of petroleum and natural gas professionals, operating in geological areas in which prospects are well understood by management and by closely monitoring the capital expenditures made for the purposes of increasing its petroleum and natural gas reserves.

### **Availability of Drilling Equipment and Access Restrictions**

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such

equipment to Pulse and may delay exploration and development activities. Seasonal restrictions to access Pulse work sites may delay exploration and development activities.

### **Environmental Risks**

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial, and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of crude oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Pulse to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of Pulse will not result in a curtailment of production, or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Pulse's financial condition, results of operations or prospects.

### **Expiration of Licenses and Leases**

Pulse's properties are held in the form of licenses and leases and working interests in licenses and leases. If Pulse or the holder of the license or lease fails to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of Pulse's licenses or leases or the working interests relating to a license or lease may have a material adverse effect on Pulse's results of operations and business.

### **Permits and Licenses**

The operations of Pulse may require licenses and permits from various governmental authorities. There can be no assurance that Pulse will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its properties.

### **Project Risks**

Pulse will manage and participate in a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Project cost estimates may not be accurate due to a lack of history of comparable projects. Furthermore, significant project cost over-runs could make a project uneconomic.

Pulse's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond Pulse's control, including: the availability of processing capacity; the availability and proximity of pipeline capacity; the availability of storage capacity; the supply of and demand for oil and natural gas; the availability of alternative fuel sources; the effects of inclement weather; the availability of drilling and related equipment; unexpected cost increases; accidental events; currency fluctuations; changes in regulations; the availability and productivity of skilled labour; and the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Pulse could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

### **Regulatory**

Oil and natural gas operations (exploration, production, pricing, marketing, and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. See “Industry Conditions”.

### **Insurance**

Pulse’s involvement in the exploration for and development of oil and gas properties may result in Pulse becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although Pulse has obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, Pulse may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to Pulse. The occurrence of a significant event that Pulse is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Pulse’s financial position, results of operations or prospects.

### **Competition**

Pulse will actively compete for acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than Pulse. Pulse’s competitors will include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. Pulse’s competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities include companies that have greater financial and personnel resources available to them than Pulse.

Pulse’s ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

### **Cost of New Technologies**

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Pulse. There can be no assurance that Pulse will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by Pulse or implemented in the future may become obsolete. In such case, Pulse’s business, financial condition, and results of operations could be materially adversely affected. If Pulse is unable to utilize the most advanced commercially available technology, its business, financial condition, and results of operations could be materially adversely affected.

## **Title to Assets**

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise. Pulse's actual interest in properties may vary from its records. If a title defect does exist, it is possible that Pulse may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on Pulse's business, financial condition, results of operations and prospects. There may be valid challenges to title, or proposed legislative changes which affect title, to the oil and natural gas properties Pulse controls that, if successful or made into law, could impair Pulse's activities on them and result in a reduction of the revenue received by Pulse.

## **Liability Management**

Alberta has developed a liability management program designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. These programs generally involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Changes of the ratio of Pulse's deemed assets to deemed liabilities or changes to the requirements of liability management programs may result in significant increases to the security that Pulse must post. See "*Industry Conditions*".

## **Climate Change**

Pulse's exploration and production facilities and other operations and activities emit greenhouse gases which may require Pulse to comply with greenhouse gas emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on Pulse and its operations and financial condition.

## **Failure to Realize Anticipated Benefits of Acquisitions and Dispositions**

Pulse makes acquisitions and dispositions of businesses and assets that occur in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as realizing the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Pulse. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of individual properties and other assets. In this regard, non-core assets are periodically disposed of, so that Pulse can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of Pulse, if disposed of, could realize less than their carrying amount on the consolidated financial statements of Pulse.

## **Operational Dependence**

Other companies operate some of the assets in which Pulse has an interest. As a result, Pulse will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Pulse's financial performance. Pulse's return on assets operated by others will therefore depend upon a number of factors that may be outside of Pulse's

control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

### **Reliance on Key Personnel**

Pulse's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on Pulse's business, financial condition, results of operations and prospects. Pulse does not have any key personnel insurance in effect. The contributions of the existing management team to Pulse's immediate and near-term operations are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Pulse will be able to continue to attract and retain all personnel necessary for the development and operation of our business. Investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of Pulse's management.

### **Management of Growth**

Pulse may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Pulse to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Pulse to deal with this growth could have a material adverse impact on its business, operations, and prospects.

### **Variations in Foreign Exchange Rates and Interest Rates**

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/United States dollar exchange rate, which will fluctuate over time. Future Canadian/United States exchange rates could accordingly impact the future value of Pulse's reserves as determined by independent evaluators. Furthermore, an increase in interest rates could result in a significant increase in the amount Pulse pays to service debt.

### **Issuance of Debt**

From time to time, Pulse may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Pulse's debt levels above industry standards. Neither Pulse's articles of incorporation nor its bylaws limit the amount of indebtedness that Pulse may incur. The level of Pulse's indebtedness from time to time could impair Pulse's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. Pulse's ability to meet its debt service obligations will depend on Pulse's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of Pulse. As certain of the indebtedness of Pulse would bear interest at rates which fluctuate with prevailing interest rates, increases in such rates would increase Pulse's interest payment obligations and could have a material adverse effect on Pulse's financial condition and results of operations. Further, Pulse's indebtedness would be secured by substantially all of Pulse's assets. In the event of a violation by Pulse of any of its loan covenants or any other default by Pulse on its obligations relating to its indebtedness, the lender could declare such indebtedness to be immediately due and payable and, in certain cases, foreclose on Pulse's assets. In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these

risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

### **Hedging**

From time to time, Pulse may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Pulse will not benefit from such increases. Similarly, from time-to-time Pulse may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Pulse will not benefit from its fluctuating exchange rate.

### **Litigation**

In the normal course of Pulse's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The possibility of, and the outcome of any, proceedings cannot be predicted with certainty and may be determined adversely to Pulse and as a result, could have a material adverse effect on Pulse's assets, liabilities, business, financial condition, and results of operations.

### **Aboriginal Claims**

Aboriginal peoples have claimed aboriginal title and rights to portions of Western Canada. Pulse is not aware that any claims have been made in respect of its properties and assets, however, if a claim arose and was successful such claim may have a material adverse effect on Pulse's business, financial condition, results of operations and prospects.

### **Tax Risk**

Pulse strives to run its business in as tax efficient a manner as possible. The tax system in Canada is complicated and subject to changes. Changes in taxation laws or reviews and assessments could result in higher taxes being payable by Pulse, which could adversely affect Pulse's profitability. Pulse has no control over changes in tax laws or reviews and assessments.

### **Breach of Confidentiality**

While discussing potential business relationships or other transactions with third parties, Pulse may disclose confidential information relating to its business, operations, or affairs. Although it is Pulse's practice for confidentiality agreements to be signed by third parties prior to the disclosure of any confidential information, a breach could put Pulse at competitive risk and may cause significant damage to its business. The harm to Pulse's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, Pulse will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

## **Conflicts of Interest**

Directors and officers of Pulse may also be directors and officers of other oil and gas companies involved in oil and gas exploration and development, and conflicts of interest may arise between their duties as officers and directors of Pulse and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to, such other procedures and remedies as apply under the ABCA.

## **Dilution**

Pulse may make future acquisitions or enter into financings or other transactions involving the issuance of its securities, which may be dilutive.

## **Seasonality**

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Wildfires are now prevalent during much of the year. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of Pulse's exploration and development activities, which could in turn have a material adverse impact on Pulse's business, operations and prospects.

## **Third Party Credit Risk**

Pulse is, or may be, exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, hedging counterparties, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Pulse, such failures could have a material adverse effect on Pulse and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Pulse's ongoing capital program, potentially delaying the program and the results of such program until Pulse finds a suitable alternative partner.

## **Alternatives to and Changing Demand for Petroleum Products**

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Pulse cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Pulse's business, financial condition, results of operations and cash flows.

## **Expansion into New Activities**

The operations and expertise of Pulse's management are currently focused primarily on oil and gas production, exploration and development in Western Canada. In the future, Pulse may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase Pulse's exposure to one or more existing risk factors, which may in turn result in Pulse's future operational and financial conditions being adversely affected.

## Forward-Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading “*Special Note Regarding Forward-Looking Statements*” above.

## DIVIDENDS

Pulse has not declared or paid any dividends since incorporation. There is no restriction that could prevent the Corporation from paying dividends; however, the Corporation anticipates that all earnings will be invested in the growth of its business and accordingly does not anticipate paying dividends on the Common Shares for the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of Pulse’s earnings, financial requirements and other conditions existing at the relevant time.

## DESCRIPTION OF CAPITAL STRUCTURE

Pulse is authorized to issue an unlimited number of Common Shares without nominal or par value. The holders of Common Shares are entitled to receive notice of, and to one vote per Common Share at, every meeting of shareholders of Pulse, to receive such dividends as the Board declares and to share equally in the assets of Pulse remaining upon the liquidation, dissolution or winding up of Pulse after the creditors of Pulse have been satisfied.

## MARKET FOR SECURITIES AND TRADING HISTORY

The Common Shares are listed and posted for trading on the TSXV under the symbol “PUL”.

The following table sets forth the price range (high and low prices) in Canadian dollars of Common Shares and volume traded on the TSXV for the periods indicated.

2023	High	Low	Volume
	\$	\$	
January	0.08	0.07	3,583,747
February	0.08	0.065	2,655,124
March	0.07	0.06	3,973,257
April	0.07	0.055	2,450,329
May	0.055	0.04	1,521,549
June	0.045	0.04	1,282,516
July	0.045	0.035	1,625,843
August	0.045	0.04	2,366,998
September	0.045	0.035	1,789,509
October	0.04	0.03	490,972
November	0.045	0.035	3,341,214
December	0.04	0.03	1,782,258

## DIRECTORS AND OFFICERS

The following table sets forth the names and municipalities of residence of the directors and executive officers of Pulse as at the date of this AIF, their respective positions and offices with Pulse, date first elected as a director (where applicable), their principal occupation(s) within the past five years and the number of Common Shares beneficially owned, directly or in indirectly, or controlled by the director or executive officer.

Name, Province and Country of Residence, and Office Held	Principal Occupations During Past Five Years	Date First Elected as a Director	Number and Percentage of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled
<p><b>Garth Johnson</b> <sup>(1)</sup> <i>British Columbia, Canada</i></p> <p>Chief Executive Officer, Secretary and Director</p>	<p>Chief Executive Officer, Secretary and Director of Pulse from February 24, 2017 to present. Co-founder, CEO, Director and Corporate Secretary of Pulse OpCo since 2015, which became a 100% owned subsidiary of Pulse on February 24, 2017.</p>	<p>February 24, 2017</p>	<p>12,543,417 (2.01%)</p>
<p><b>Drew Cadenhead</b> <sup>(2)</sup> <i>Taranaki, New Zealand</i></p> <p>Director</p>	<p>Director from February 2017 to present. President of Pulse from February 2017 to March 24 2023. Chief Operating Officer of Pulse from February 2017 to September 1, 2022. Co-founder, President, COO and a Director of Pulse OpCo since 2015, which became a 100% owned subsidiary of Pulse on February 24, 2017.</p>	<p>February 24, 2017</p>	<p>6,846,710 (1.10%)</p>
<p><b>Douglas Ellenor</b> <sup>(1)(2)</sup> <i>British Columbia, Canada</i></p> <p>Director</p>	<p>Director of Pulse from February 2017 to present. Since 2004, Dr. Ellenor has continued working in the oil and gas industry as an independent consultant.</p>	<p>February 24, 2017</p>	<p>586,750 (0.09%)</p>
<p><b>Daniel Bolstad</b> <i>Auckland, New Zealand</i></p> <p>Director</p>	<p>Director of Pulse from December 18, 2018 to present. From 2010 to present, Mr. Bolstad has worked as a lawyer at the offices of Kensington Swan in Auckland New Zealand.</p>	<p>December 18, 2018</p>	<p>4,928,638 (0.79%)</p>
<p><b>John Doyle</b> <sup>(1)(2)</sup> <i>Alberta, Canada</i></p> <p>Director</p>	<p>Director of Pulse from February 2017 to present. Co-founder and Partner of Base Engineering since 2005.</p>	<p>February 24, 2017</p>	<p>Nil</p>

Name, Province and Country of Residence, and Office Held	Principal Occupations During Past Five Years	Date First Elected as a Director	Number and Percentage of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled
<b>Patrick Harrison</b> <i>Auckland, New Zealand</i> Director	Director of Pulse from September 4, 2022 to present. Presently an Auckland based entrepreneur.	September 4, 2022	58,285,713 (9.35%)
<b>Aaron Doyle</b> <sup>(3)</sup> <i>Alberta, Canada</i> Chief Financial Officer	Chief Financial Officer of Pulse from February 2017 to present. Owner and Director of private independent consulting company, AFLO Resources Corp. from 2006 until present.	N/A	204,668 (0.03%)
<b>Darren Lehne</b> <sup>(3)</sup> <i>Alberta, Canada</i> Chief Operating Officer	Chief Operating Officer of Pulse from September 1, 2022 to present. Owner and Director of independent consulting company, Base International Corp. from 2010 until present.	N/A	Nil

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Not a director.

The directors and executive officers listed above collectively own 83,395,896 Common Shares, representing 13.38% of the issued and outstanding Common Shares as of the date hereof. The directors listed above will hold office until the next annual meeting of the shareholders of Pulse or until their successors are elected or appointed.

**Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed in this AIF, no director or executive officer of Pulse, is, as at the date of this AIF, or was, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) was the subject of a cease trade or similar order or an order that denied the other company access to any exemptions under applicable securities law that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed in this AIF, no director, executive officer, or, to the best of Pulse’s knowledge, shareholder holding a sufficient number of securities of Pulse to affect materially the control of Pulse, is, as at the date of this AIF, or has been within ten years prior to the date of this AIF, a

director or executive officer of any company (including Pulse) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

No director, executive officer or, to the best of Pulse's knowledge, shareholder holding a sufficient number of securities of Pulse to affect materially the control of Pulse, has, within the past ten years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### **Penalties or Sanctions**

No director, executive officer or, to the best of Pulse's knowledge, shareholder holding a sufficient number of securities of Pulse to affect materially the control of Pulse has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best of the Corporation's knowledge, and other than disclosed herein, there are no known existing or potential material conflicts of interest between the Corporation or a subsidiary of the Corporation and any director or officer of the Corporation or of a subsidiary of the Corporation, except that all of the directors and officers of Pulse are engaged in and will continue to be engaged in companies or businesses, which may be in competition with the business of Pulse. Accordingly, situations may arise where some or all of the directors and officers of Pulse will be in direct competition with Pulse. Conflicts, if any, will be subject to the procedures and remedies as provided under the ABCA. See also "Risk Factors".

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings to which Pulse is or was a party or of which any of its property is the subject matter during the Corporation's most recently completed financial year, and there are no such proceedings known to Pulse to be contemplated.

There are no:

- (i) penalties or sanctions imposed against Pulse by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year;
- (ii) other penalties or sanctions imposed by a court or regulatory body against Pulse that would likely be considered important to a reasonable investor in making an investment decision; and

- (iii) settlement agreements Pulse entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

## **INTEREST OF MANAGEMENT AND OTHER IN MATERIAL TRANSACTIONS**

For the purposes of this AIF, “informed person” means:

- (a) a director or executive officer of the Corporation;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Corporation; and
- (c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

No informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction undertaken by the Corporation during its three most recently completed financial years or during the current financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries.

## **TRANSFER AGENT AND REGISTRAR**

Pulse’s transfer agent and registrar is Computershare Trust Company of Canada at its offices at 530 – 8th Avenue SW, Calgary, Alberta, T2P 3S8.

## **MATERIAL CONTRACTS**

Except as disclosed herein and other than contracts entered into in the ordinary course of business, there have been no material contracts entered into by Pulse within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

## **INTERESTS OF EXPERTS**

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by Pulse during, or related to, the year ended December 31, 2023, other than McDaniel, Pulse’s independent engineering evaluators, who prepared the McDaniel Report, and MNP LLP, Pulse’s auditors.

None of the designated professionals of McDaniel had any registered or beneficial interests, direct or indirect, in any securities or other property of Pulse or of Pulse’s associates or affiliates at the

time it prepared the McDaniel Report, have received any such interest at any time thereafter, or will receive any such interest.

For the purposes of this AIF, “designated professional” means, in relation to McDaniel:

- (a) each partner, employee or consultant of McDaniel who participated in and who was in a position to directly influence the preparation of the McDaniel Report; and
- (b) each partner, employee or consultant of McDaniel who was, at any time during the preparation of the McDaniel Report, in a position to directly or indirectly influence the outcome of the preparation of the McDaniel Report, including, without limitation:
  - (i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner employee or consultant in the performance of the preparation of the McDaniel Report, including those at all successively senior levels through to the expert’s chief executive officer;
  - (ii) any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the McDaniel Report; and
  - (iii) any person who provides quality control for the preparation of the McDaniel Report.

MNP LLP, Pulse’s auditors, are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Pulse or any associate or affiliate of Pulse.

## **ADDITIONAL INFORMATION**

Additional information relating to Pulse can be found under Pulse’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of Pulse’s securities and securities authorized for issuance under equity compensation plans, is contained in Pulse’s information circular for Pulse’s most recent shareholders’ meeting that involved the election of directors. Additional financial information is contained in Pulse’s consolidated financial statements and the related management’s discussion and analysis for the year ended December 31, 2023.

Additional copies of this AIF and the materials listed in the preceding paragraph are available on the foregoing basis and upon request by contacting Pulse at its offices at 500, 666 Burrard Street, Vancouver, BC V6C 3P6 or by phone at (604) 909-1152.

**SCHEDULE A - FORM 51-101F2 REPORT ON RESERVES DATA BY  
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR**

March 26, 2024

**Pulse Oil Corp.**  
500, 666 Burrard Street  
Vancouver, British Columbia  
V6C 3P6

Attention: Mr. Drew Cadenhead, President and Director

Reference: **Pulse Oil Corp.**  
**Evaluation of Petroleum Reserves**  
**Forecast Prices and Costs**

Dear Sir:

Pursuant to your request, we have prepared an evaluation of the proved and probable petroleum reserves and the net present values of these reserves for the petroleum interests of Pulse Oil Corp., hereinafter referred to as the "Company", as of December 31, 2023. The reserves estimates and future net revenue forecasts have been prepared and presented in accordance with the Canadian standards set out in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101 (NI 51-101).

The future net revenues and net present values presented in this report were calculated using the average forecast price and costs of McDaniel & Associates Consultants Ltd. ("McDaniel"), GLJ Ltd. and Sproule Associates Limited as of January 1, 2024 ("Jan. 2024 Consultant Avg.") for the future crude oil, natural gas and natural gas product prices and were presented in Canadian dollars.

Most of the future net revenues and net present value estimates in this report are presented before income taxes although future net revenues and net present value estimates were presented after income tax in selected tables in this summary report at the corporate level. The future net revenues presented in this report may not necessarily represent the fair market value of the reserves estimates.

The properties evaluated in this report were indicated to include essentially all of the Company's petroleum interests in Canada. The Company's principal crude oil and natural gas properties are located in the Bigoray and Queenstown areas in the Province of Alberta..

The Company's share of remaining reserves and net present values are presented on a total Company basis in the summary section of this report. The location of the Company's properties and a summary of the forecast production, net revenue and reserves distributions are presented graphically in the summary section. In addition, the NI 51-101 summary section contains Company data in F1 format and the Form 51-101F2. Tables summarizing the reserves, production and revenues for the various reserves classes are presented in Appendices 1 to 10. A summary of the Company's interests and burdens in each property is presented in Appendix 11. Discussions of the assumptions and methodology employed to prepare the reserves estimates and future revenue forecasts are also contained in the "Evaluation Methodology" section.

Detailed reserves estimates, future net revenue forecasts and other supporting data for each of the properties that were reviewed in detail were provided in the Detailed Property Report. Property discussions and a detailed description of the economic factors employed to derive the future net revenue forecasts were also included in the Detailed Property Report.

In preparing this report, we relied upon factual information including ownership, technical well data, production, prices, revenues, operating costs, capital costs, contracts, and other relevant data from public sources as well as non-public data supplied by the Company. The extent and character of all factual information supplied by the Company were relied upon by us in preparing this report and has been accepted as represented without independent verification. We have relied upon representations made by the Company as to the completeness and accuracy of the data provided and that no material changes in the performance of the properties has occurred nor is expected to occur, from that which was projected in this report, between the date that the data was obtained for this evaluation and the date of this report, and that no new data has come to light that may result in a material change to the evaluation of the reserves presented in this report.

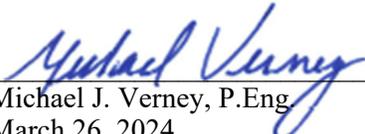
The reserves estimates presented in this report were prepared on the basis of an overall evaluation of the reserves of the Company. Individual property reserves estimates may not reflect the same confidence level as required by the reserves definitions for the overall group of properties. Consequently, McDaniel reserves the right to re-assess the reserves estimates and future net revenues for any individual property or group of properties if considered in isolation.

This report was prepared by McDaniel & Associates Consultants Ltd. for the exclusive use of Pulse Oil Corp. and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Pulse Oil Corp. without the knowledge and consent of McDaniel & Associates Consultants Ltd.

We reserve the right to revise any estimates provided herein if any relevant data existing prior to preparation of this report was not made available, if any data between the effective date of the evaluation and the date of this report were to vary significantly from that forecast, or if any data provided was found to be erroneous.

Sincerely,

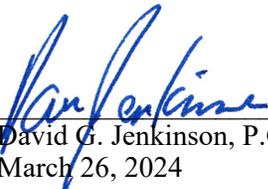
**McDANIEL & ASSOCIATES CONSULTANTS LTD.**  
**APEGA PERMIT NUMBER: P3145**

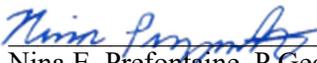
  
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Michael J. Verney, P.Eng.  
March 26, 2024

  
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Shannon L. Scott, P.Eng.

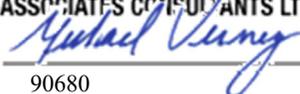
  
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Oluchi P. Anioke, E.I.T.

  
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Jenya Sergeeva, E.I.T.

  
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David G. Jenkinson, P.Geol.  
March 26, 2024

  
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Nina E. Prefontaine, P.Geol.

MJV/SLS/OPA/JS/DGJ/NEP:jep  
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<b>PERMIT TO PRACTICE</b>	
MCDANIEL & ASSOCIATES CONSULTANTS LTD.	
RM SIGNATURE:	
RM APEGA ID #:	90680
DATE:	March 26, 2024
<b>PERMIT NUMBER: P003145</b>	
The Association of Professional Engineers and Geoscientists of Alberta (APEGA)	

## SCHEDULE B - FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

*Terms to which a meaning is ascribed in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities have the same meaning herein.*

### Report of Management and Directors on Reserves Data and Other Information

Management of Pulse Oil Corp. (“**Pulse**” or the “**Corporation**”) are responsible for the preparation and disclosure of information with respect to Pulse’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

#### Reserves Data to Report

An independent qualified reserves evaluator has evaluated Pulse’s reserves data. The report of the independent qualified reserves evaluator is presented in the Annual Information Form of Pulse for the year ended December 31, 2023.

The Board of Directors of Pulse has:

(a) reviewed Pulse’s procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Board of Directors has reviewed Pulse’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

/s/ Garth Johnson  
Garth Johnson  
CEO, Secretary and Director

/s/ Drew Cadenhead  
Drew Cadenhead  
Director

/s/ Douglas Ellenor  
Douglas Ellenor  
Director

/s/ John Doyle  
John Doyle  
Director

*/s/ Daniel Bolstad*

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Daniel Bolstad

Director

*/s/ Patrick Harrison*

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Patrick Harrison

Director

Dated: April 29, 2024.