

November 15, 2022

## Last Piece of the Puzzle Almost in Place

### Bigoray Site Visit

Last week Pulse Oil Corp. ("PUL") hosted an investor day which included a site visit to the Bigoray EOR project in central Alberta. Installation of a new fit-for-purpose pump for the injection of solvent is well underway (Figures 2,3&4), with commissioning expected to start next week. Also, the site preparation for the NGL's storage tanks ("bullets") has been completed with the bullets expected to be installed next week as well. Subsequent to the site visit we feel confident the PUL is on track to commence injection into the Nisku D reef in November 2022. The Bigoray EOR project has the potential to add substantial light oil production and we expect the stock should begin to move higher as production responds to the solvent flood. We reiterate our SPECULATIVE BUY recommendation.

### Bigoray EOR Project Expected to Boost Production in 2023

**Bigoray EOR Project Overview:** PUL holds a 100% interest in two Nisku pinnacle reefs (Nisku D and Nisku E Pools) that have produced an average of 28% of the 33.5 million barrels (MMboe) of discovered petroleum initially in place ("DPIIP") under waterflood. The Company plans to substantially increase oil recovery through the implementation of a solvent flood program, which involves the injection of a mixture of natural gas liquids ("solvent") into the reef, which mixes with the oil in the reservoir, lowering the viscosity and increasing mobility.

**Secures Solvent for Bigoray EOR Project:** On October 31, 2022, PUL announced that it has secured a solvent supply from a large mid-stream company and expects to commence injection into the Nisku D pool in November 2022. The contracted amount of solvent is for 6,000 m<sup>3</sup>/month (~38,000 bbls) for the period December 2022 through to March 31, 2023. After March 31, 2023, PUL has the option to lock-in a minimum of 6,000 m<sup>3</sup>/d of solvent supply, on an annual basis, which will allow the Company to commence injection into the Nisku E Pool.

**New Measurement Facility to Connect Bigoray to the Sales Market:** On October 31, 2022, PUL announced an agreement with a second large mid-stream company to fund, construct and operate a Lease Automatic Custody Unit ("LACT"). The LACT facility (Figure 6) will tie-in the mid-streamer's facilities with PUL's existing pipelines and will measure all oil and gas volumes produced from the Bigoray property, as well as facilitate in the transfer of custody of oil and gas sales from the EOR project.

See nextd page for photos of the investor day site visit.

#### KEY INFORMATION

Price	C\$0.06
Price Target	C\$0.15
Rating	SPECULATIVE BUY
Market Cap (\$M)	C\$28.32

#### MARKET DATA

PUL-TSXV	C\$0.06
52 Week Range	C\$0.08 - C\$0.04
Basic Shares O/S (mm)	517.3
Fully Diluted O/S (mm)	770.0
Enterprise Value (\$M)	C\$28.7

#### ESTIMATES

		2022E	2023E	2024E
FFO (\$MM)	Q1	1.1	(5.4)	8.8
	Q2	0.8	(4.9)	9.8
	Q3	0.7	(2.5)	11.1
	Q4	(1.2)	5.4	12.5
	FY	1.4	(7.4)	42.2
Production	Q1	262	145	3,665
	Q2	160	248	4,098
	Q3	145	632	4,382
	Q4	145	2,148	4,841
	FY	178	798	4,250

#### ANALYST INFORMATION

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## **BIGORAY EOR PROJECT**

PUL holds a 100% interest in the Bigoray EOR project located in Central Alberta, which includes the Nisku-D and Nisku-E pinnacle reefs that have produced on primary and secondary recovery (water flood) but were never converted to a miscible flood (“solvent flood”). The Nisku pools produce light sweet crude (~38° API) that is currently priced at a small discount to the WTI reference oil price. There are 52 Nisku pinnacle reefs within the Bigoray greater area that have been developed with a miscible flood, achieving a remarkable average recovery factor of ~82% of DPIIP.

**Final Stages of Infrastructure Expansion:** PUL owns a 100% interest in the Bigoray production facilities (Figure 1). Commissioning of the new fit for purpose injection skid (Figure 2) for the injection of solvent is expected to commence next week. PUL is also installing a pipeline (Figure 3) from the injection skid to the injection well (Figure 4). Injection should commence in early November.

Figure 1: Bigoray Battery and Facilities



Source: Research Capital Corp.



**Figure 2: Installation New NGL Injection Skid**



*Source: Research Capital Corp.*



**Figure 3: Preparing NGL' pipeline to connect Injection Skid to Injection Well**



*Source: Research Capital Corp.*



Figure 4: Injection Well



Source: Research Capital Corp.

Figure 5: Production Well



Source: Research Capital Corp.



**Figure 6: LACT Facility Site**



*Source: Research Capital Corp.*



## Company Description:

Pulse Oil Corp. is a Canadian oil and gas company that is primarily focused on the implementation of a solvent flood EOR project on two Nisku Pinnacle reef at its 100% owned Bigoray property in west Central Alberta.

## Risks:

While this is not an exhaustive list, we view the following risks as being noteworthy to investors in PUL.

**FINANCIAL RISK** | At the current production level, PUL is generating a limited amount of cash flow. Future expenditures will be dependent on cash flow as well as external capital sources which may include debt or equity. Should it not be possible to obtain the necessary financing, there would likely be an adverse impact on the company's development or production activities.

**EOR PROJECT** | PUL plans to implement a miscible flood program on the Nisku-D and Nisku-E oil pools. Although both pools responded well to a waterflood program, the effectiveness of a miscible flood program is unknown at this time.

**COMMODITY PRICE RISK** | Operational results and financial condition, and therefore the amount of capital expenditures are dependent on the prices received for crude oil and natural gas production. A prolonged or significant weakness in the price of oil and natural gas would affect PUL's ability to spend capital and potentially lead to shut-in of operations.

**REGULATORY POLICY RISK** | Various levels of government extensively regulate the energy industry with influence over exploration and production activities, prices, taxes, royalties and export restrictions. New regulations or modifications to existing regulations could adversely impact the company's profitability.

Site Visits: The analyst has visited the Issuer in the past 18 months to view operations. All expenses were paid by RCC.

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Bill Newman, CFA has visited Pulse Oil Corp. in the past 18 months.

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