

SELECTED FINANCIAL AND OPERATING INFORMATION

<i>(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)</i>	Three months ended Sept. 30, 2017		Nine months ended Sept. 30, 2017		Year ended December 31, 2016
	2016		2016		
	(unaudited)		(unaudited)		
Revenue					
Data library sales	32,428	5,613	38,076	10,163	14,339
Amortization of seismic data library	4,639	4,701	13,912	14,316	18,973
Net earnings (loss)	18,704	(302)	13,776	(6,237)	(7,490)
Per share basic and diluted	0.34	(0.01)	0.25	(0.11)	(0.13)
Cash provided by operating activities	32,544	2,265	36,675	6,954	9,471
Per share basic and diluted	0.59	0.04	0.66	0.12	0.17
Cash EBITDA ^(a)	30,407	4,353	33,279	6,123	9,119
Per share basic and diluted ^(a)	0.55	0.08	0.60	0.11	0.16
Shareholder free cash flow ^(a)	23,569	4,336	26,428	6,026	9,029
Per share basic and diluted ^(a)	0.43	0.08	0.48	0.11	0.16
Capital expenditures					
Seismic data purchases, digitization and related costs	-	165	125	2,380	2,444
Property and equipment	4	-	41	6	6
Total capital expenditures	4	165	166	2,386	2,450
Weighted average shares outstanding					
Basic and diluted	55,069,815	56,161,432	55,381,245	56,126,720	56,105,593
Shares outstanding at period-end			54,593,017	56,161,432	55,921,060
Seismic library					
2D in kilometres			447,000	447,000	447,000
3D in square kilometres			28,647	28,642	28,647

FINANCIAL POSITION AND RATIO

<i>(thousands of dollars except ratio)</i>	September 30, 2017	September 30, 2016	December 31, 2016
Working capital	33,315	8,008	10,674
Working capital ratio	4.7:1	9.6:1	8.9:1
Cash and cash equivalents	38,686	3,949	5,847
Total assets	61,309	46,782	44,957
Long-term debt	-	-	-
Trailing twelve-month (TTM) cash EBITDA ^(b)	36,275	13,166	9,119
Shareholders' equity	49,106	40,406	38,646

(a) These non-GAAP financial measures are defined, calculated and reconciled to the nearest GAAP financial measures in the Management's Discussion and Analysis.

(b) TTM cash EBITDA is defined as the sum of the trailing 12 months' cash EBITDA and is used to provide a comparable annualized measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three and Nine Months Ended September 30, 2017

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The following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations of Pulse Seismic Inc. ("Pulse" or "the Company") for the three and nine months ended September 30, 2017 was prepared taking into consideration information available to November 1, 2017 and should be read with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2017. This MD&A is supplemental to the MD&A, audited consolidated financial statements and related notes for the year ended December 31, 2016.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior year. The consolidated financial statements and the MD&A were reviewed by Pulse's Audit and Risk Committee and approved by Pulse's Board of Directors. All financial information is reported in Canadian dollars. This MD&A discusses matters which Pulse's management considers material. Management determines whether information is material based on whether it believes a reasonable investor's decision whether or not to buy, sell or hold shares in the Company would likely be influenced or changed if the information were omitted or misstated. Readers should also read the cautionary statement in "Forward-Looking Information".

OVERVIEW

ABOUT PULSE

Pulse is a market leader in the acquisition, marketing and licensing of two-dimensional (2D) and three-dimensional (3D) seismic data for the energy sector in Western Canada. Seismic data is used by oil and natural gas exploration and development companies to identify portions of geological formations that have the potential to hold hydrocarbons. Seismic data is used in conjunction with well logging data, well core comparisons, geological mapping and surface outcrops to create a detailed map of the Earth's subsurface at various depths.

Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 28,600 net square kilometres of 3D seismic and 447,000 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin (WCSB), where most of Canada's oil and natural gas exploration and development occur.

Pulse calculates net kilometres of 2D data and net square kilometres of 3D data by multiplying the number of kilometres of seismic data in each 2D line and the number of square kilometres of seismic data in each individual 3D seismic dataset by Pulse's percentage of ownership in each.

MISSION AND STRATEGY

Pulse is a pure-play seismic data library company focused on the acquisition, marketing and licensing of seismic data to the western Canadian oil and gas sector. The Company's business model is designed to generate a growing stream of cash flow by repeatedly licensing the data in its seismic data library to oil and natural gas companies. Pulse's strategy is to pursue growth opportunities that meet its financial and technical criteria while maintaining a low cost structure.

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse's management to analyze business results are seismic revenue, in total and broken down between data library sales and participation survey revenue, net earnings, cash EBITDA and shareholder free cash flow. The definitions, calculations and reconciliations of cash EBITDA and shareholder free cash flow to the nearest GAAP financial measures are provided in "Non-GAAP Financial Measures and Reconciliations".

Results for the key performance indicators for the three and nine months ended September 30, 2017, with comparative figures for 2016, are set out in the following table:

	Three months ended September 30,			Nine months ended September 30,		
(thousands of dollars except per share data)	2017	2016	Variance	2017	2016	Variance
Total revenue - data library sales	32,428	5,613	26,815	38,076	10,163	27,913
Net earnings (loss)	18,704	(302)	19,006	13,776	(6,237)	20,013
Per share basic and diluted	0.34	(0.01)	0.35	0.25	(0.11)	0.36
Cash EBITDA	30,407	4,353	26,054	33,279	6,123	27,156
Per share basic and diluted	0.55	0.08	0.47	0.60	0.11	0.49
Shareholder free cash flow	23,569	4,336	19,233	26,428	6,026	20,402
Per share basic and diluted	0.43	0.08	0.35	0.48	0.11	0.37

On August 3, 2017 the Company signed its largest-ever seismic data licensing agreement, for \$29.5 million. The sale significantly increased data library sales for the nine months ended September 30, 2017 over the comparable period last year. This large transaction-based data library sale is the main factor contributing to the improvement in all of the Company's key performance metrics from the prior year's period.

There were no participation surveys conducted so far in 2017 or throughout 2016.

SEISMIC REVENUE FLUCTUATIONS

Revenue fluctuations are a normal part of the seismic data library business, and data library sales can vary significantly from quarter to quarter and year-over-year.

Data library sales consist of traditional sales and transaction-based sales, which are further broken down according to their type of triggering event: corporate merger or acquisition sales, partnership or joint venture sales and asset disposition-related sales. For further information on transaction-based sales, see "Traditional Sales vs. Transaction-Based Sales: Seven-Year History" in the MD&A for the year ended December 31, 2016.

Traditional data library sales can occur at any time. This is due to the nearly continual changes in oil and natural gas industry conditions, to sudden increases in demand for seismic data covering a specific area or play, and to the timing of public offerings of petroleum and natural gas rights (land sales). Pulse no longer sees any patterns in traditional sales by quarter or by season.

Transaction-based sales can also occur at any time. This is due to corporate merger-and-acquisition, joint venture and asset disposition activity by Pulse's clients, which is unpredictable.

Participation survey revenue also varies significantly from year to year. The majority of new 3D seismic data is typically acquired under frozen ground conditions from November to March. Summer seismic programs can only be completed in certain areas that have drier ground conditions and can be easily accessed without environmental harm. In addition, the size and pre-funding levels of individual participation surveys can vary significantly. The number and size of participation surveys undertaken from 2014 to date for Pulse, and the industry in general in Western Canada, has been considerably less than historical averages. The Company has not undertaken a survey since early 2015.

OUTLOOK

Following its record transaction-based sale in the third quarter, Pulse is situated with the strongest balance sheet in its history, including an unprecedented cash position. This creates additional options for Pulse and its shareholders. The Company continues to seek opportunities to grow towards its objective of having the largest licensable seismic dataset in Western Canada.

Notwithstanding the sharp increase in third-quarter revenue – which will contribute to 2017 being one of the Company's strongest years since it doubled its 3D database through a major acquisition in 2010 – Pulse maintains its cautious outlook regarding oil and natural gas industry conditions and its traditional seismic data sales. At \$3.4 million, third-quarter traditional sales, though slightly improved over the first and second quarters and in line with Pulse's previous cautious outlooks, remained weak. As before, the Company is not anticipating an imminent rebound in its traditional sales business.

Industry indicators remain scattered and somewhat contradictory, though on balance slightly more positive than in the Company's second-quarter outlook. Crude oil prices have strengthened to just over US\$50 per bbl WTI as of mid-October, while AECO natural gas prices have weakened to a recent monthly index price of barely \$1.50 per mcf.

Industry field activity has, however, rebounded markedly. Reportedly, material amounts of capital have been reallocated from the oil sands sector to liquids-rich natural gas and unconventional or “tight” light oil prospects. Several of the largest of these plays are located in Pulse’s northwest Alberta focus area. Mineral lease auctions or “land sales” have extended their previously noted growth trend, with Alberta and B.C. collecting a combined \$582 million in bids through September 2017 compared to \$152 million in all of 2016.

On October 31, 2017, the Petroleum Services Association of Canada issued the third increase to its 2017 drilling forecast, this time from 7,200 wells to 7,550 wells. According to the Canadian Association of Oilwell Drilling Contractors, the number of active drilling rigs and the fleet utilization rate in the four months through September were up significantly from the rock-bottom levels of the same months in 2016, with typically 180-200 rigs active and up to 30 percent fleet utilization. While positive, this is still much lower than historical averages.

In the U.S., natural gas storage in early October was below year-ago levels and for several months has been tracking the five-year weekly average. LNG exports have grown to approximately 2.5 bcf per day. This is positive for natural gas prices. On the other hand, the active U.S. drilling rig fleet has been in the range of 900-950 since mid-July, suggesting that U.S. oil and gas production will remain robust.

Historically, commodity prices, land sales and drilling rates, while not directly correlated to Pulse’s data library sales, were leading indicators of activity. As before, the Company believes a recovery in its traditional data library sales depends on sustained material increases to the oil and gas industry’s capital investment and field activity. Accordingly, Pulse’s optimism continues to be tempered by the possibility of ongoing short-term weakness in traditional sales. As was demonstrated in the third quarter, transaction-based sales of any size could occur at any time.

At September 30, 2017, Pulse has cash reserves of \$38.7 million. On November 1, 2017, Pulse’s Board of Directors approved and declared a special dividend, enabling shareholders to benefit directly and immediately from the record sale in August. The cash reserves will be reduced by approximately \$10.9 million as a result of this dividend to be paid in December. Additionally, Pulse has calculated a current tax expense for the nine months ended September 30, 2017 of approximately \$6.9 million, which will be payable by the end of February 2018.

Pulse is strongly positioned to grow. In addition to the cash balance, the Company has unutilized credit facilities with borrowing capacity of up to \$70 million, an experienced management team and Board of Directors, annual cash costs of approximately \$6.0 million, a valuable, competitive and technically high-quality assets – its seismic data library – and a track record of successfully integrating large acquisitions.

DISCUSSION OF OPERATING RESULTS

SUMMARY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

EARNINGS (LOSS) BEFORE INCOME TAXES

For the three months ended September 30, 2017, the Company generated earnings before income taxes of \$25.6 million (\$0.47 per share basic and diluted) compared to a loss before income taxes of \$468,000 (\$0.01 per share basic and diluted) for the comparable period of 2016.

For the nine months ended September 30, 2017, the Company generated earnings before income taxes of \$18.9 million (\$0.34 per share basic and diluted) compared to a loss before income taxes of \$8.6 million (\$0.15 per share basic and diluted) for the comparable period of 2016.

REVENUE

As there were no participation surveys conducted in 2016 or as of September 30, 2017, total revenue for all periods under discussion consists only of data library sales revenue.

DATA LIBRARY SALES

For the three months ended September 30, 2017, data library sales were \$32.4 million, with 90 percent categorized as transaction-based sales. For the three months ended September 30, 2016, data library sales were \$5.6 million, with 48 percent categorized as transaction-based sales.

For the nine months ended September 30, 2017, data library sales were \$38.1 million, with 80 percent categorized as transaction-based sales. For the nine months ended September 30, 2016, data library sales were \$10.2 million, with 38 percent categorized as transaction-based sales.

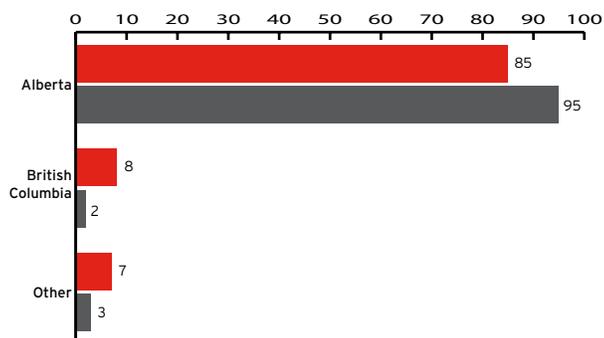
As stated above, on August 3, 2017, the Company signed a record \$29.5 million seismic data licensing agreement. The 2D and 3D seismic data is located throughout the Deep Basin of Alberta and in northeast British Columbia. This sale surpassed the previous record individual data licensing sale of \$27.8 million, set in 2012, which was also a transaction-based sale.

Before this transaction, the Company experienced lower data library sales in 2017 and 2016 than in previous years due to the ongoing cutbacks in the energy-producing sector's capital spending that generates traditional sales as well as lower-than-expected merger-and-acquisition activities that could trigger transaction-based sales.

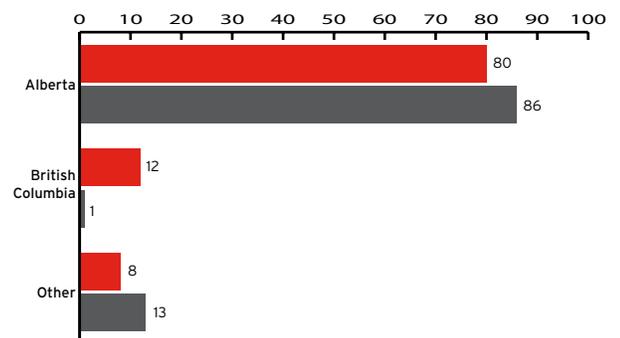
GEOGRAPHICAL SALES BREAKDOWN

The Company's customers are generally focusing on liquids-rich natural gas and oil pools found primarily in a broad corridor running from northwest of Calgary, Alberta, along the Foothills of the Rocky Mountains to the British Columbia border, as compared to "dry" natural gas more often found in British Columbia, on Alberta's eastern prairies and in Saskatchewan and Manitoba. In the first nine months of 2017, 80 percent of the data library sales were from data located in Alberta, 12 percent in British Columbia and 8 percent in other provinces.

GEOGRAPHICAL SALES BREAKDOWN (%) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017 ■ AND 2016 ■



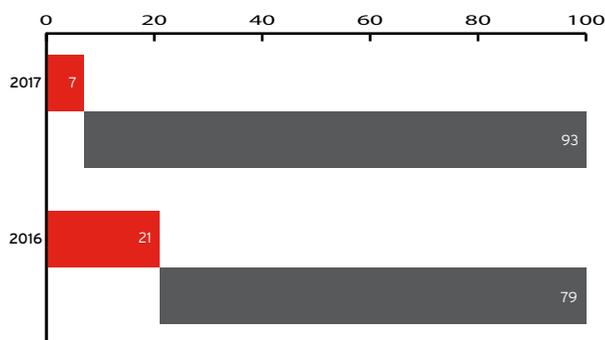
GEOGRAPHICAL SALES BREAKDOWN (%) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 ■ AND 2016 ■



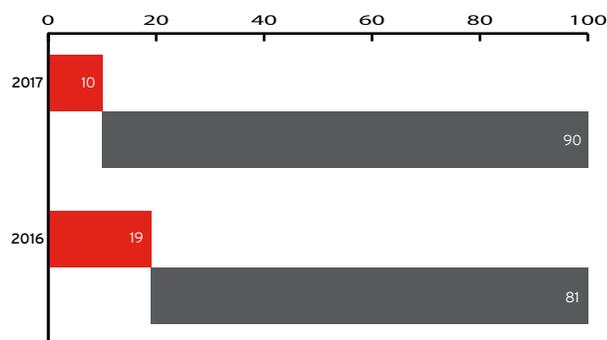
2D/3D SALES BREAKDOWN

As 3D seismic sale contracts are generally larger than 2D seismic sale contracts, the percentage of seismic data library revenues generated from 2D and 3D seismic data fluctuates significantly depending on the number of 3D seismic sale contracts signed during a given period. In the first nine months of 2017, 90 percent of data library sales revenue was from 3D data compared to 81 percent in the comparable period in 2016.

SALES BREAKDOWN 2D ■ AND 3D ■ (%) FOR THE THREE MONTHS ENDED SEPTEMBER 30



SALES BREAKDOWN 2D ■ AND 3D ■ (%) FOR THE NINE MONTHS ENDED SEPTEMBER 30



AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended September 30, 2017, seismic data library amortization expense was \$4.6 million compared to \$4.7 million in the comparable period of 2016. For the nine months ended September 30, 2017, seismic data library amortization expense was \$13.9 million compared to \$14.3 million in the comparable period of 2016. The slight decrease in both the three and nine-month periods is due to data acquired in previous years becoming fully amortized.

Amortization of the seismic data library is described further under “Critical Accounting Estimates”.

SALARIES, INTERNAL COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended September 30, 2017 was \$1.8 million compared to \$714,000 in the comparable period of 2016. SCB for the nine months ended September 30, 2017 was \$3.6 million compared to \$2.3 million in the comparable period of 2016.

The increase in both the three-and-nine month periods is mainly attributable to higher internal selling commissions, and to higher short-term and long-term incentive plan expenses which are all variable expenses and dependent on the level of data library sales achieved. Additionally though to a lesser extent, the increase takes into account changes made in early 2017 to the long-term incentive plan for 2017 and future years.

OTHER SELLING, GENERAL AND ADMINISTRATIVE COSTS (SG&A)

SG&A for the three months ended September 30, 2017 was \$420,000 compared to \$594,000 for the three months ended September 30, 2016. The decrease was due to an increase in fees earned from seismic data partners (which offset commissions paid), lower rent expense and lower consulting fees. Some seismic data included in the Company’s seismic data library is jointly owned by Pulse and data partners. When selling this seismic data, the Company charges a management fee and commission. The Company has also decreased its rent expense quite significantly by moving in May 2017 to a smaller space with a lower base rent.

SG&A for the nine months ended September 30, 2017 was \$1.6 million compared to \$1.9 million for the nine months ended September 30, 2016. The decrease was primarily due to an increase from commissions earned from data partners, lower consulting fees, legal fees, regulatory costs and public reporting costs and other miscellaneous expenses. The decrease was offset by the moving expenses incurred in the second quarter and the write-off of the remaining net book value of certain office furniture that couldn't be sold. The new office space was leased fully furnished. In the second quarter, the Company also wrote off the net book value of certain computer equipment and software which became obsolete due to system changes and upgrades including the implementation of a Cloud-based solution for backing up its operational information. The second quarter write-off totalled \$104,000.

NET FINANCING COSTS

For the three months ended September 30, 2017, financing expenses of \$39,000 were the same as in the comparable period of 2016. The financing expenses were offset by interest income of \$75,000 compared to \$3,000 for the same period in 2016.

For the nine months ended September 30, 2017, financing expenses were \$116,000 compared to \$134,000 in the comparable period of 2016. Lower standby fees and lower amortization of deferred financing fees contributed to the decrease. The financing expenses were offset by interest income of \$139,000 compared to \$3,000 for the same period in 2016.

Financing expenses are primarily stand-by fees on the undrawn credit facility and were largely offset by the interest income earned from having the cash surplus invested in term deposits as well as the interest income from discounted accounts receivable from clients that had benefited from extended payment terms. The Company fully repaid its long-term debt in 2015 and the balance was nil at both September 30, 2017 and 2016.

INCOME TAXES

The income tax expense for the three months ended September 30, 2017 was \$6.9 million, compared to an income tax reduction of \$166,000 for the comparable 2016 period. The income tax expense for the nine months ended September 30, 2017 was \$5.1 million compared to a \$2.4 million income tax reduction for the comparable 2016 period. The effective rate for both periods was 27 percent.

REVIEW OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

SEISMIC DATA LIBRARY

The Company's business model includes seismic data library growth as a priority. Pulse acquires seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when the opportunity arises, and it also conducts participation surveys. Pulse partners with customers on participation surveys from which the seismic data collected is added to Pulse's data library to generate future licensing revenue. Pulse retains full ownership of the data, and participating customers are provided with a licensed copy.

In 2017, the Company did not conduct surveys or purchase data. Pulse incurred \$125,000 of digitization cost related to the data acquired in January 2016.

At September 30, 2017, the Company considered indicators of impairment for each of its cash-generating unit, and based on that review no impairment tests were performed.

The Company continues to seek and evaluate new opportunities to partner with customers on potential future participation surveys.

OTHER LONG-TERM PAYABLE

Included in the other long-term payable is the long-term portion of the cash-settled liability related to the long-term incentive plan.

SHARE CAPITAL SUMMARY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

The following table provides details of the Company's outstanding share capital:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Weighted average shares outstanding:				
Basic and diluted	55,069,815	56,161,432	55,381,245	56,126,720
Shares outstanding at period-end			54,593,017	56,161,432
Shares outstanding at November 1, 2017			54,593,017	

DILUTED EARNINGS PER SHARE RECONCILIATION

The Company does not have any dilutive securities.

LONG-TERM INCENTIVE PLAN (LTIP)

The Company has an LTIP for employees, officers and directors designed to align the Company's long-term incentive compensation with its performance and to increase levels of stock ownership. Participants are granted restricted share units (RSUs) and performance share units (PSUs). LTIP awards are at the discretion of the Board of Directors.

RSUs and PSUs have accompanying dividend-equivalent rights and, therefore, when applicable, additional RSUs and PSUs are issued to reflect dividends declared on the common shares. The plan's trustee purchases common shares on the open market for the after-tax number of RSUs and PSUs vested using funds provided by the Company.

On March 31, 2017, one-third of the LTIP awards which were eligible to vest were RSUs and two-thirds were PSUs. The Company's performance in 2016 did not meet the predetermined performance criteria and, consequently, no PSUs vested. RSUs vest automatically based upon time; all of the eligible RSUs, therefore, vested automatically on March 31, 2017.

To satisfy its obligation, in April 2017 the Company provided \$150,000 to the plan's trustee to purchase common shares on the open market for the total after-tax number of cash- and equity-settled RSUs that vested on March 31, 2017. The related payroll taxes of \$99,000 were paid in May 2017 to settle the fully accrued cash-settled portion of the share-based payment liabilities.

For the March 31, 2017 LTIP replenishment, the Board of Directors approved the following changes:

- The salary multiplier applicable for the determination of RSUs and PSUs in the notional accounts of the executive officers was increased; and
- The RSUs and PSUs in the notional accounts for the other employees were split half-and-half compared to one-third RSUs and two-thirds PSUs in the previous years.

At September 30 and November 1 2017, there were 520,808 RSUs and 665,108 PSUs outstanding.

DEFICIT

On September 30, 2017 the Company had a deficit of \$29.0 million, compared to \$41.1 million at December 31, 2016. Contributing to the deficit's reduction were the period's \$13.8 million in net earnings partially offset by the reduction of \$1.7 million to retained earnings due to the required accounting treatment of the Company purchasing and cancelling its common shares through its normal course issuer bid (NCIB). The adjustment relates to the difference between the price paid by the Company for the shares purchased and cancelled and the average historical cost of the Company's shares. The average historical cost of the shares purchased and cancelled was recorded as a reduction to share capital.

DIVIDENDS

On November 1, 2017, the Company declared a special dividend of \$0.20 per common share. The estimated dividend of \$10.9 million will be paid on December 8, 2017 to shareholders of record at the close of business on November 16, 2017.

Pulse confirms that all dividends paid to shareholders in 2017 are designated as "eligible dividends" entitling Canadian resident individuals to a higher gross-up and dividend tax credit. For non-resident shareholders, Pulse's dividends are subject to Canadian withholding tax.

DEFERRED TAX LIABILITY

The net deferred income tax liability was \$3.1 million at September 30, 2017 compared to \$4.9 million at December 31, 2016. The decrease in the deferred income tax liability was mainly due to the decrease in the difference between the tax base of the seismic data library and the carrying amount on the statement of financial position, partially offset by the decrease in the non-capital tax losses carried forward.

The deferred income tax liability consists mainly of taxable temporary differences between the tax base of the seismic data library and the carrying amount on the statement of financial position, partially offset by non-capital tax losses carried forward.

The Company is aware that the Canada Revenue Agency (CRA) may revise the way it assesses amortization for income tax purposes of certain seismic data library costs. No policy document has been issued by the CRA and, therefore, the Company is unable to estimate the impact any change might have on its income tax calculations, carry-forward balances or consolidated financial statements.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

(thousands of dollars, except per share data)	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Data library sales	32,428	2,929	2,719	4,176	5,613	2,779	1,771	8,759
Participation survey revenue	-	-	-	-	-	-	-	-
Total revenue	32,428	2,929	2,719	4,176	5,613	2,779	1,771	8,759
Amortization of seismic data library	4,639	4,638	4,635	4,657	4,701	4,706	4,909	4,979
Impairment loss	-	-	-	-	-	-	-	937
Net earnings (loss)	18,704	(2,426)	(2,502)	(1,253)	(302)	(2,441)	(3,494)	658
Per share - basic and diluted	0.34	(0.04)	(0.04)	(0.02)	(0.01)	(0.04)	(0.06)	0.01

The revenue streams generated by Pulse's operations are data library sales and customer pre-funding of participation surveys. Data library sales consist of traditional sales and transaction-based sales, as described in "Traditional Sales vs. Transaction-based Sales: Seven-Year History" in the Company's MD&A for the year ended December 31, 2016. See also "Seismic Revenue Fluctuations".

During the second and third quarters of 2017, the second and third quarters of 2016 and the fourth quarter of 2015, transaction-based sales contributed to data library sales to varying degrees. Very little transaction-based sales revenue was generated in the other quarters depicted in the above table.

Seismic data library amortization is greater in quarters when participation surveys are completed, as each participation survey is amortized at 50 percent immediately upon delivery of data to the participant, with the remainder amortized equally over seven years. There is a lag between the progressive recognition of participation survey revenue and initial amortization upon survey completion. As amortization is a non-cash expense, the Company continued to generate cash EBITDA and shareholder free cash flow in each quarter.

During the past eight fiscal quarters, the fluctuations in net earnings or loss have largely been a function of fluctuating data library sales, decreasing data library amortization and a one-time impairment expense recorded in 2015. Increases in data library sales have a highly positive impact on earnings, as the operating costs fluctuate little from period to period.

All financial data included in the above table is presented in Canadian dollars, the Company's functional currency, and was prepared in accordance with IFRS.

CONTRACTUAL OBLIGATIONS

There have been no material changes to Pulse's contractual obligations from those discussed in the Company's MD&A for the year ended December 31, 2016.

In January 2017, the Company signed a sublease agreement for new office space, which started in April and expires in March 2023. The new space is smaller and has a lower base rent, which will reduce the Company's annual rental expense by approximately 40 percent over the new term.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At September 30, 2017 Pulse had working capital of \$33.3 million and a working capital ratio of 4.7:1.

In the first nine months of 2017 the Company generated cash from operating activities of \$36.7 million compared to \$7.0 million in the same period of 2016.

The Company utilized cash provided by operating activities during the first nine months of 2017 for the following cash outlays:

- Purchase and cancellation of 1,328,043 common shares through its NCIB, for a total of \$3.5 million (at an average price of \$2.65 per common share including commissions);
- Purchase of shares to settle the 2016 LTIP obligation for \$147,000;
- Seismic data digitization for \$125,000; and
- Additions of property and equipment for \$41,000.

Over this period, the cash balance increased by \$32.8 million from the 2017 opening balance of \$5.8 million to \$38.7 million at September 30, 2017.

The Company has a three-year extendible revolving credit facility of \$30.0 million with a syndicate of two banks. Up to \$5.0 million of the revolving facility is available as an operating line of credit.

On an annual basis, the Company has the option to extend the maturity date for one additional year with the lenders' approval. On December 13, 2016, the Company extended the maturity date to February 13, 2020.

Highlights of the credit facility:

- Four-tier margin structure based on the Company's total debt to adjusted EBITDA ratio as described below;
- Accordion feature allowing the Company to increase the facility's size up to an additional \$40.0 million, subject to the lenders' consent;
- No regularly scheduled principal payments, with voluntary prepayments permitted in whole or part at any time, without premium or penalty; and
- Three-year term, with an extension of up to one year available on February 15 of every year with the approval of the lenders. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date.

At September 30, 2017 and November 1, 2017 the Company had no balance owing on the revolving credit facility and \$30 million available for future draws.

The credit facility is secured by a charge on all of the assets of the Company and its material subsidiaries. The credit facility also includes the following two financial covenants:

- Total debt to adjusted EBITDA not to exceed a ratio of 2.50:1. Total debt is equal to the sum of, without limitation, debts and liabilities for borrowed money (including the negative mark-to-market exposure of hedging obligations), bankers' acceptances, letters of credit, and letters of guarantee, capital leases and contingent guarantees.

Adjusted EBITDA is to be calculated on a trailing 12-month basis and is defined as earnings or loss before interest, income taxes, depreciation and amortization, plus extraordinary losses, non-cash losses and expense charges, and any other unusual or non-recurring cash charges, expenses or losses consented to by the lenders, less participation survey revenue, extraordinary gains and non-cash gains and income. Adjusted EBITDA is to be adjusted for acquisitions or dispositions to reflect such acquisition or disposition as if it occurred on the first day of such calculation period.

- Interest coverage ratio is to be at least 3:1 at all times. The interest coverage ratio is equal to adjusted EBITDA divided by interest expense.

The total debt to adjusted EBITDA ratio was zero as there was no debt outstanding at September 30, 2017.

The interest coverage ratio at September 30, 2017 was calculated as follows:

Interest Coverage Ratio (ICR)

(thousands of dollars except ratio)

Adjusted EBITDA	36,275
Divided by:	
Interest expense	105
ICR (to be at least 3:1)	345:1

Adjusted EBITDA was calculated as follows:

(thousands of dollars)

Cash EBITDA for the twelve months ended December 31, 2016	9,119
Less: cash EBITDA for the nine months ended September 30, 2016	6,123
Add: cash EBITDA for the nine months ended September 30, 2017	33,279
TTM cash EBITDA	36,275
Adjustment for acquisitions or dispositions	-
Adjusted EBITDA	36,275

Interest expense was calculated as follows:

(thousands of dollars)

Interest paid for the twelve months ended December 31, 2016	128
Less: interest paid for the nine months ended September 30, 2016	102
Add: interest paid for the nine months ended September 30, 2017	79
TTM interest paid	105
Adjustments	-
Interest expense	105

The Company was in compliance with the credit facility's covenants at September 30, 2017.

The Company pays a standby fee based on the daily undrawn balance of the credit facility and its total debt to adjusted EBITDA ratio. The interest and standby fee rates are adjusted two business days after the covenant's calculation for the previous fiscal quarter is received and approved by the lenders. On September 30, 2017 the applicable margin and standby fee were set at the lowest rates available under the facility.

The applicable margin and standby fee rate are determined as follows:

Total Debt to Adjusted EBITDA Ratio	Applicable Margin for Canadian Prime Rate Loans	Applicable Margin for Bankers' Acceptances	Standby Fee Rate
Less than or equal to 1:1	0.50%	1.75%	0.35000%
Greater than 1:1 but less than or equal to 1.5:1	0.75%	2.00%	0.45000%
Greater than 1.5:1 but less than or equal to 2:1	1.00%	2.25%	0.50625%
Greater than 2:1 but less than or equal to 2.5:1	1.50%	2.75%	0.61875%

Toronto Stock Exchange (TSX) rules determine the number of shares the Company is permitted to purchase through its NCIB.

On December 19, 2016, the Company renewed its NCIB. The Company may purchase, for cancellation, up to a maximum of 3,493,536 common shares, equal to 10 percent of the public float of 34,935,363 common shares as at December 15, 2016. The Company is limited under the NCIB to purchasing up to 4,728 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until December 20, 2017. Purchases will be made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB will be cancelled.

From January 1, 2017 to September 30, 2017, the Company purchased 1,328,043 common shares under the NCIB. Purchases were made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB were cancelled.

Funding for Pulse's future capital expenditures will generally depend on the level of future data library sales. Pulse's management believes that the Company's capital resources will be sufficient to finance future operations and carry out the necessary capital expenditures through 2017. The Company anticipates that future capital expenditures will be financed through cash on hand, available credit facilities, funds from operations and customer pre-funding on surveys. The Company has a \$30.0 million revolving credit facility for future draws in 2017, and an accordion feature allowing Pulse to increase the facility's size by up to \$40.0 million, subject to the lenders' consent. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities in raising additional capital where opportunities for seismic data acquisitions or participation surveys arise. Historically, the Company has used a combination of debt and equity to finance various growth initiatives, and it continues to rely on internal measures such as the long-term debt to cash EBITDA ratio and long-term debt to equity ratio, to structure and forecast its capital requirements. Long-term debt is defined as long-term debt, excluding deferred financing costs. At September 30, 2017, both ratios were 0.00:1 as the long-term debt was zero. Pulse's management considers the current capital structure appropriate.

This discussion on liquidity, capital resources and capital requirements contains forward-looking information; users of this information are cautioned that actual results may vary and are encouraged to review the discussions of risk factors and forward-looking statements below.

NON-CAPITAL RESOURCES

The Company's main non-capital resource is its key management and staff. The Company has an experienced team with extensive knowledge about the seismic industry. Pulse's management understands industry cycles and how to manage the business in the downturn and recovery phases. Pulse has built strong sales, financial and information technology departments. Key management and staff are eligible to participate in the short-term and long-term incentive plans, which are tied to the Company's shareholder free cash flow per share.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

This MD&A and the Company's continuous disclosure documents provide discussion and analysis of cash EBITDA and shareholder free cash flow. IFRS do not include standard definitions for these measures and, therefore, may not be comparable to similar measures used and disclosed by other companies. As IFRS have been incorporated into Canadian generally accepted accounting principles (GAAP), these non-IFRS measures are also non-GAAP measures. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them to evaluate the Company's financial performance.

Cash EBITDA and shareholder free cash flow are not calculations based on IFRS and should not be considered in isolation or as a substitute for IFRS performance measures, nor should they be used as an exclusive measure of cash flow, because they do not consider working capital changes, capital expenditures, long-term debt repayments and other sources and uses of cash which are disclosed in the consolidated audited and interim statements of cash flows.

CASH EBITDA AND SHAREHOLDERS FREE CASH FLOW

Cash EBITDA represents the capital available to invest in growing the Company's 2D and 3D seismic data library, to pay interest and principal on its long-term debt, to purchase its common shares, to pay taxes and to pay dividends if applicable.

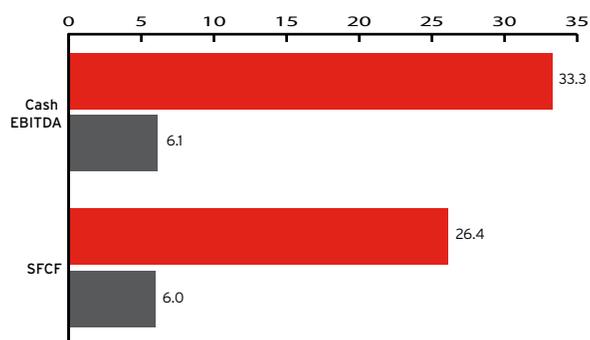
Cash EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation and amortization less participation survey revenue, plus non-cash and non-recurring expenses. Cash EBITDA excludes participation survey revenue as this revenue is directly used to fund specific participation surveys and is unavailable for discretionary expenditures. The Company believes cash EBITDA helps investors compare Pulse's results on a consistent basis without regard to participation survey revenue and non-cash items, such as depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors such as historical cost.

Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, to repay debt, to purchase its common shares and to pay dividends if applicable, by deducting non-discretionary expenditures from cash EBITDA. Non-discretionary expenditures are defined as debt financing costs (net of deferred financing expenses amortized in the current period) and current tax provisions.

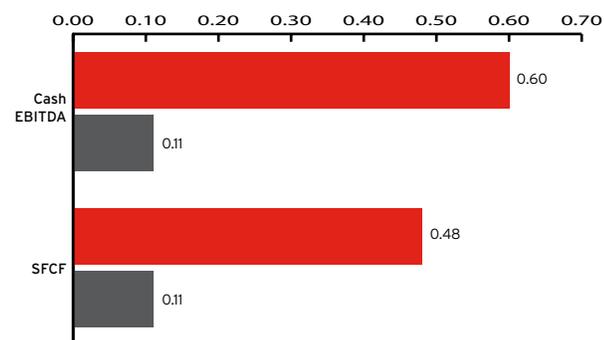
A reconciliation of net earnings or loss to EBITDA, cash EBITDA and shareholder free cash flow follows:

(thousands of dollars, except per share data)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2017	2016	2017	2016
Net earnings (loss)	18,704	(302)	13,776	(6,237)
Add:				
Amortization of seismic data library	4,639	4,701	13,912	14,316
Net financing costs (income)	(36)	36	(23)	131
Income tax expense (reduction)	6,907	(166)	5,079	(2,371)
Depreciation	30	36	93	108
EBITDA	30,244	4,305	32,837	5,947
Deduct:				
Participation survey revenue	-	-	-	-
Add:				
Non-cash expenses	163	48	442	176
Non-recurring expenses	-	-	-	-
Cash EBITDA	30,407	4,353	33,279	6,123
Deduct:				
Net financing costs (income)	36	(36)	23	(131)
Current income tax expense	(6,874)	-	(6,874)	-
Add:				
Non-cash deferred financing charges	-	-	-	15
Current income tax reduction	-	19	-	19
Shareholder free cash flow (SFCF)	23,569	4,336	26,428	6,026
Cash EBITDA per share (basic and diluted)	0.55	0.08	0.60	0.11
SFCF per share (basic and diluted)	0.43	0.08	0.48	0.11

CASH EBITDA AND SFCF (\$ millions) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 ■ AND 2016 ■



CASH EBITDA AND SFCF PER SHARE (basic and diluted) (\$) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 ■ AND 2016 ■



FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the statement of financial position when the Company becomes a party to the instrument's contractual obligations. The Company's financial assets include cash and cash equivalents, trade and other receivables. Its financial liabilities mainly comprise accounts payable and long-term debt, if applicable.

FAIR VALUE

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of the long-term debt, if applicable, approximates the carrying value because interest charges under the bank loan are based on current Canadian bankers' acceptance rates and margins.

CREDIT RISK

There have been no significant changes in Pulse's credit risk as disclosed in the Company's MD&A for the year ended December 31, 2016.

At September 30, 2017, 74 percent of the total accounts receivable were due from three customers. They are expected to be collected subsequent to quarter-end.

LIQUIDITY RISK

There have been no significant changes in Pulse's liquidity risk as disclosed in the Company's MD&A for the year ended December 31, 2016.

COMMODITY PRICE RISK

The Company is not directly exposed to commodity price risk as it does not have any contracts directly based on commodity prices. A change in commodity prices, specifically oil and natural gas prices, could have a material impact on the Company's customers' cash flows and could therefore affect seismic data library sales and participation surveys. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. Given that this is an indirect influence, the financial impact on the Company of changing oil and natural gas prices is not reasonably determinable.

NEW IFRS STANDARDS

A number of new standards, and amendments to standards and interpretations, have been issued by the International Accounting Standards Board (IASB) and are not yet effective for the year ended December 31, 2017. They were not applied in preparing the condensed consolidated interim financial statements. None is expected to have a significant effect on the consolidated financial statements, except:

- IFRS 15, *Revenue from Contracts with Customers*, which provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The new standard will also enhance revenue disclosure.

After review, Pulse's management concluded that IFRS 15 would affect the Company's policy for recognizing participation survey revenue. Pulse currently recognizes revenue on participation surveys based on the percentage of completion of the survey in question. Under the amended standard, participation survey revenue can only be recognized in the financial statements when the survey is complete in all respects, meaning the risks and rewards of the final product have been passed on to the customer. Pulse will therefore have to adjust its revenue recognition policy accordingly and may choose to adopt IFRS 15 before January 2018. With this adjustment, the lag between the progressive recognition of participation survey revenue and initial amortization upon survey completion will disappear. The other data library sale contracts will not be impacted by IFRS 15 and the revenue recognition policy will remain the same than in previous periods and years.

- IFRS 16, *Leases*. IFRS 16 was issued in January 2016, significantly revising the way in which companies account for leases by requiring almost all leases to be included on the balance sheet of lessees. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for companies that also apply IFRS 15, *Revenue from Contracts with Customers*. The Company continues to evaluate the potential impact of IFRS 16 on the financial statements, which remains unknown.
- IFRS 9, *Financial Instruments*. IFRS 9 was issued in 2014 and brings together the classification and measurement, impairment and hedge accounting to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cashflow characteristics. The standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. After review, Pulse's management concluded that IFRS 9 will not have a significant effect on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes in Pulse's critical accounting estimates as disclosed in the Company's MD&A for the year ended December 31, 2016.

DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

The Company applies the COSO Internal Control – Integrated Framework (2013 Framework). There were no changes in the ICFR that occurred during the period beginning on July 1, 2017 and ending on September 30, 2017 that materially affected, or are reasonably likely to materially affect, the Company's ICFR. No material weaknesses relating to the design of the ICFR were identified. As well, there were no limitations on the scope of the design of the DC&P or the ICFR.

RISK FACTORS

There have been no significant changes in Pulse's risk factors as described in the Company's MD&A for the year ended December 31, 2016.

ADDITIONAL INFORMATION

You may find additional information relating to Pulse, including the Company's Annual Information Form, on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This document contains information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities legislation.

The Outlook and the Liquidity, Capital Resources and Capital Requirements sections contain forward-looking information which includes, among other things, statements regarding:

- Pulse maintains its cautious optimistic outlook regarding oil and natural gas industry conditions and its traditional seismic data sales business;
- The Company is not anticipating an imminent rebound in its traditional seismic data sales business;
- Pulse's management believes that the Company's capital resources will be sufficient to finance future operations and carry out the necessary capital expenditures through 2017;
- Pulse's capital allocation strategy;
- Oil and natural gas prices;
- Oil and natural gas drilling and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Future demand for participation surveys;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance.

Sources for the forecasts and the material assumptions underlying this forward-looking information are, where applicable, noted in the relevant sections of this MD&A.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to vary and in some instances to differ materially from those anticipated in the forward-looking information. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently poor visibility of seismic revenue.

The material risk factors include, without limitation:

- Oil and natural gas prices;
- The demand for seismic data and participation surveys;
- The pricing of data library license sales;
- Relicensing (change-of-control) fees and partner copy sales;
- Cybersecurity;
- The level of pre-funding of participation surveys, and the Company's ability to make subsequent data library sales from such participation surveys;
- The Company's ability to complete participation surveys on time and within budget;
- Environmental, health and safety risks;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection and safety;
- Competition;
- Dependence on qualified seismic field contractors;
- Dependence on key management, operations and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights; and
- The introduction of new products.

The foregoing list is not exhaustive. Additional information on these risks and other factors which could affect the Company's operations and financial results is included under "Risk Factors" in the MD&A for the most recently completed financial year and interim periods. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company's management at the time the information is presented.

CORPORATE INFORMATION

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 28,600 net square kilometres of 3D seismic and 447,000 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occur.

OFFICERS

Neal Coleman
President and CEO

Pamela Wicks
Vice President Finance and CFO

Trevor Meier
*Vice President
Sales and Marketing*

Norman Hall
Corporate Secretary

BOARD OF DIRECTORS

Robert Robotti ^{(1) (2) (3)}
Chair

Daphne Corbett ^{(1) (3) (4)}
Director

Paul Crilly ^{(1) (3) (4)}
Director

Karen El-Tawil ^{(2) (4)}
Director

Clark Zentner ^{(2) (3)}
Director

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta

Alberta Treasury Branches
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company
of Canada
Calgary, Alberta

SOLICITORS

Gowling WLG
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

Stock Exchange Listing
TSX: PSD
OTCQX: PLSDF

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(1) *Member of the
Audit and Risk Committee*

(2) *Member of the
Compensation Committee*

(3) *Member of the Corporate
Governance and
Nominating Committee*

(4) *Member of the Environment,
Health and Safety Committee*