

SELECTED FINANCIAL AND OPERATING INFORMATION

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)		Year ended December 31, 2018
(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	2019	2018	2019	2018	2018
Revenue					
Data library sales	2,460	1,596	18,354	5,790	10,076
Other revenue	127	10	437	85	112
Total revenue	2,587	1,606	18,791	5,875	10,188
Amortization of seismic data library	3,557	1,812	10,700	5,526	7,337
Net loss	(2,861)	(1,042)	(2,652)	(2,754)	(1,730)
Per share basic and diluted	(0.05)	(0.02)	(0.05)	(0.05)	(0.03)
Cash provided by operating activities	(1,609)	2,672	7,478	(5,707)	(3,250)
Per share basic and diluted	(0.03)	0.05	0.14	(0.11)	(0.06)
Cash EBITDA ^(a)	1,325	412	13,678	1,828	5,037
Per share – basic and diluted ^(a)	0.02	0.01	0.25	0.03	0.09
Shareholder free cash flow ^(a)	1,072	545	10,624	2,055	4,671
Per share – basic and diluted ^(a)	0.02	0.01	0.20	0.04	0.09
Capital expenditures					
Seismic data purchases, digitization and related costs	–	–	61,029	62	62
Property and equipment	–	5	398	9	18
Total capital expenditures	–	5	61,427	71	80
Weighted average shares outstanding					
Basic and diluted	53,793,317	53,822,117	53,793,317	53,853,199	53,838,106
Shares outstanding at period-end			53,793,317	53,793,317	53,793,317
Seismic library					
2D in kilometres			829,207	450,000	450,000
3D in square kilometres			65,310	28,956	28,956

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	September 30, 2019	September 30, 2018	December 31, 2018
Working capital	579	23,291	25,804
Working capital ratio	1.1:1	14.9:1	15:1
Cash and cash equivalents	814	20,568	23,016
Total assets	70,994	37,916	38,847
Long-term debt	31,854	–	–
Shareholders' equity	32,674	34,183	35,238
Long-term debt to equity ratio	0.97	0.00	0.00

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(thousands of Canadian dollars) (unaudited)

As at	Note	September 30, 2019	December 31, 2018
ASSETS			
Cash and cash equivalents		814	23,016
Trade and other receivables		4,620	3,314
Current tax assets		–	1,036
Prepaid expenses		384	281
Total current assets		5,818	27,647
Seismic data library	5	61,353	11,024
Property and equipment		368	103
Long-term receivables		2,100	–
Deferred financing costs		–	73
Right-of-use assets	6	1,355	–
Total non-current assets		65,176	11,200
Total assets		70,994	38,847
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities		1,006	976
Deferred revenue		1,798	867
Current portion of long-term debt	7	1,500	–
Current portion of lease liabilities	6	815	–
Current income tax liabilities		120	–
Total current liabilities		5,239	1,843
Long-term debt	7	30,354	–
Deferred income tax liabilities		1,207	1,674
Lease liabilities	6	1,415	–
Other long-term payable		105	92
Total non-current liabilities		33,081	1,766
Total liabilities		38,320	3,609
SHAREHOLDERS' EQUITY			
Share capital		74,581	74,581
Contributed surplus		2,363	2,385
Deficit		(44,270)	(41,728)
Total shareholders' equity		32,674	35,238
Total liabilities and shareholders' equity		70,994	38,847

See accompanying notes to condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(thousands of Canadian dollars except per share data) (unaudited)

	Note	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Revenue					
Data library sales	4	2,460	1,596	18,354	5,790
Other revenue		127	10	437	85
Total revenue		2,587	1,606	18,791	5,875
Operating expenses					
Amortization of seismic data library	5	3,557	1,812	10,700	5,526
Salaries, internal commissions and benefits		751	794	3,470	2,769
Other selling, general and administrative costs		457	491	1,450	1,560
Restructuring costs	13	275	–	2,518	–
Depreciation		165	18	480	53
Total operating expenses		5,205	3,115	18,618	9,908
Results from operating activities		(2,618)	(1,509)	173	(4,033)
Financing costs					
Financing expenses		634	39	1,988	116
Interest income		(32)	(115)	(62)	(362)
Net financing costs (income)		602	(76)	1,926	(246)
Loss before income taxes		(3,220)	(1,433)	(1,753)	(3,787)
Current income tax expense (reduction)		(279)	(57)	1,335	19
Deferred income tax reduction		(80)	(334)	(436)	(1,052)
Income tax expense (reduction)	8	(359)	(391)	899	(1,033)
Net loss and comprehensive loss		(2,861)	(1,042)	(2,652)	(2,754)
Net loss per share, basic and diluted	11	(0.05)	(0.02)	(0.05)	(0.05)

See accompanying notes to condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(thousands of Canadian dollars except number of shares) (unaudited)

	Note	Number of shares issued (repurchased)	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2018		54,020,817	74,896	2,554	(39,640)	37,810
Net loss for the period		-	-	-	(2,754)	(2,754)
Share-based compensation	10	-	-	264	-	264
Settlement of vested long-term incentive plan award		-	-	(411)	-	(411)
Tax effect of equity-settled share-based compensation		-	-	(53)	-	(53)
Normal course issuer bid	9	(227,500)	(315)	-	(358)	(673)
Balance at September 30, 2018		53,793,317	74,581	2,354	(42,752)	34,183

	Note	Number of shares issued (repurchased)	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2019		53,793,317	74,581	2,385	(41,728)	35,238
Net loss for the period		-	-	-	(2,652)	(2,652)
Share-based compensation	10	-	-	213	-	213
Settlement of vested long-term incentive plan award	10	-	-	(266)	-	(266)
Tax effect of equity-settled share-based compensation		-	-	31	-	31
IFRS 16, Leases, adjustment	3	-	-	-	110	110
Balance at September 30, 2019		53,793,317	74,581	2,363	(44,270)	32,674

See accompanying notes to condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars) (unaudited)

Nine months ended September 30,	Note	2019	2018
Cash flows provided by (used in):			
Operating:			
Net loss and comprehensive loss		(2,652)	(2,754)
Adjustment for:			
Amortization of seismic data library	5	10,700	5,526
Depreciation		480	53
Loss on disposition of capital assets		8	18
Income tax expense (reduction)		899	(1,033)
Equity-settled share-based compensation		213	264
Net financing costs		1,926	(246)
Interest and standby fees paid		(1,533)	(79)
Interest paid (lease liabilities)		(116)	–
Interest received		25	217
Income tax paid		(1,227)	(9,228)
Income tax received		1,048	23
		9,771	(7,239)
Net change in non-cash working capital	12	(2,293)	1,532
Cash provided by (used in) operating activities		7,478	(5,707)
Financing:			
Normal course issuer bid	9	–	(673)
Shares purchased for equity-settled share-based payments		(266)	(403)
Proceeds from long-term debt	7	35,500	–
Repayment of long-term debt		(3,350)	–
Capital lease cash payment for principal	6	(465)	–
Debt transaction costs		(387)	–
Cash provided by (used in) financing activities		31,032	(1,076)
Investing:			
Seismic data purchases, digitization and related costs	5	(61,029)	(62)
Additions to property and equipment		(398)	(9)
Cash used in investing activities		(61,427)	(71)
Decrease in cash and cash equivalents		(22,917)	(6,854)
Cash and cash equivalents, beginning of period		23,731	27,422
Cash and cash equivalents, end of period		814	20,568

See accompanying notes to condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

INFORMATION AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019 AND 2018.

(Tabular amounts in thousands of Canadian dollars, except per share data, numbers of shares and other exceptions as indicated)

1. REPORTING ENTITY

Pulse Seismic Inc. (the Company) was incorporated under the Canada Business Corporations Act and is a publicly-listed company on the Toronto Stock Exchange (TSX) trading under the symbol PSD and on the OTCQX International trading under the symbol PLSDF. The Company's registered office is in Calgary, Alberta. The Company is a provider of seismic data to the energy sector in western Canada.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The financial statements were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and using the accounting policies the Company adopted in its consolidated financial statements for the year ended December 31, 2018, except as discussed below. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

(B) BASIS OF PRESENTATION

The condensed consolidated interim financial statements include the accounts of the Company's wholly-owned subsidiaries.

(C) BASIS OF MEASUREMENT

The condensed consolidated interim financial statements were prepared on the historical cost basis.

(D) FUNCTIONAL AND PRESENTATION CURRENCY

The condensed consolidated interim financial statements are presented in Canadian dollars, the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share data, number of shares and other exceptions as indicated.

(E) BASIS OF CONSOLIDATION

(I) JOINT OPERATIONS

Certain of the Company's seismic data library assets are jointly owned with others. The condensed consolidated interim financial statements include the Company's share in the joint assets, joint liabilities, expenses incurred and income earned from the joint operations.

(II) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial statements.

(F) USE OF ESTIMATES AND JUDGEMENTS

Preparing the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) required management to make estimates and judgements that affected the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the revenue and expenses attributed to the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed at a minimum annually, as required by IFRS. Changes to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied by the Company in the audited consolidated financial statements for the year ended December 31, 2018.

Effective January 1, 2019 the Company adopted IFRS 16, *Leases*.

Upon identification of a lease contract, IFRS 16 requires the recognition of a right of use (ROU) asset and lease liability. At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to perform this assessment, the Company determines whether: i) the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period use; and ii) the Company has the right to direct the use of the identified asset. The term of the lease is determined as the non-cancellable period of a lease and periods in which there is reasonable certainty the Company will exercise an option to extend or cancel a lease. The Company considers all relevant facts and circumstances that would create an economic incentive to extend or terminate a lease.

At the commencement date of a lease, the Company measures lease liabilities at the present value of remaining lease payments, discounted using the interest rate implicit in a lease, if that rate can be readily determined. If not, the Company uses its incremental borrowing rate. Prospectively, the carrying amount of lease liabilities is increased by interest, offset by lease payments made. The initial cost of ROU assets is measured as the value of the lease liability, adjusted for any lease incentives received and initial direct costs. ROU assets are depreciated over the shorter of the lease term or the useful life of the asset and recognized as cost less any accumulated depreciation and impairment losses.

The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as ROU lease assets and lease liabilities on the statement of financial position, including those for most leases that were accounted for as operating leases. The Company has elected not to recognize assets and liabilities for leases with durations of 12 months or less and leases of low-value assets.

The total lease expense over the term of a lease will be unaffected by the new standard.

The presentation on the statement of earnings (loss) and other comprehensive income (loss) required by the new standard will result in the presentation of lease expenses as depreciation of ROU lease assets and financing costs arising from lease liabilities, rather than as a part of other selling, general and administrative costs.

The results of applying the current standard, although actual cash flows will be unaffected, are that the lessee's statement of cash flows will reflect increases in cash flows from operating activities (depreciation expense) offset by decreases in cash flows from financing activities (capital lease cash payment for principal).

Pulse elected to apply the modified retrospective approach and adjusted its retained earnings. An adjustment of \$110,000 was made on January 1, 2019. Pulse used an incremental borrowing rate of 6.7 percent to calculate the initial present value of the ROU and lease liability.

4. REVENUE

DATA LIBRARY SALES

The Company generates revenue from the licensing of seismic data. There are three ways to disaggregate the Company's data library sales: transaction type, data type and geographically. Revenue fluctuations are a normal part of the seismic data library business, and data library sales can vary significantly year-over-year.

The following tables provide a summary of the Company's revenue disaggregated by type:

(A) TRANSACTION TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Traditional sales	2,435	1,592	14,325	4,879
Transaction-based sales	25	4	4,029	911
Total data library sales	2,460	1,596	18,354	5,790

(B) DATA TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
2D data sales	759	216	1,899	1,270
3D data sales	1,701	1,380	16,455	4,520
Total data library sales	2,460	1,596	18,354	5,790

(C) GEOGRAPHICAL BREAKDOWN

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Alberta sales	2,426	1,282	10,362	4,897
British Columbia sales	–	36	7,149	113
Other area sales	34	278	843	780
Total data library sales	2,460	1,596	18,354	5,790

5. SEISMIC DATA LIBRARY

	September 30, 2019	December 31, 2018
Cost		
Opening balance, January 1	445,036	444,974
Acquisitions through purchases and related cost	61,029	62
Closing balance	506,065	445,036
Accumulated amortization		
Opening balance, January 1	434,012	426,675
Amortization for the period	10,700	7,337
Closing balance	444,712	434,012
Carrying amount	61,353	11,024

On January 15, 2019 the Company acquired 100 percent of the shares of Seitel Canada Ltd. (Seitel) and its seismic data library. After reviewing the fair value of all the assets and liabilities acquired by Pulse, an amount of \$61.0 million was allocated to the seismic data library. The details of the asset acquisition are provided in Note 13.

At September 30, 2019, the Company assessed its seismic data library cash-generating units for indicators of impairment as required under IFRS. It concluded there were no such indicators and no impairment test was performed.

6. ROU ASSETS AND LEASE LIABILITIES

The ROU assets and related lease liabilities are included in the tables below:

ROU ASSETS

As at	September 30, 2019	December 31, 2018
Office lease, on adoption of IFRS 16, Leases on January 1, 2019	325	-
Acquisition during the period (Note 13)	1,385	-
Total ROU assets	1,710	-
Less		
Accumulated depreciation	(355)	-
ROU assets	1,355	-

LEASE LIABILITIES

As at	September 30, 2019	December 31, 2018
Office lease, on adoption of IFRS 16, Leases on January 1, 2019	325	-
Acquisition during the period (Note 13)	2,370	-
Repayments	(465)	-
Total lease liabilities	2,230	-
Less		
Current portion	(815)	-
Long-term portion	1,415	-

Under IFRS 16 the initial recognition of the ROU asset is usually equal to the liability. For the office lease acquired from Seitel in January 2019, no fair value was allocated to the ROU asset as this office was not in use by Pulse and while it was available for sublease the Company was uncertain of finalizing a long-term sublease given current market conditions. The liabilities are calculated using the basic rent included in the lease agreement. In the third quarter a sub-lease for the remainder of the term of the acquired office space was finalized, which will lead to a recovery of a portion of the monthly operating costs.

7. LONG-TERM DEBT

As at	September 30, 2019	December 31, 2018
Senior term debt	14,250	-
Senior revolving credit facility	7,900	-
Subordinated debt	10,000	-
Deferred financing cost	(296)	-
Total long-term debt	31,854	-
Less		
Current portion of term debt	(1,500)	-
Long-term portion	30,354	-

On January 15, 2019 the Company acquired 100 percent of the shares of Seitel. The purchase consideration included an initial cash payment of \$53.6 million on closing, plus potential additional payments of up to \$5.0 million, in aggregate, within two years of closing. The amount of the additional payments was determined as 50 percent of sales revenue generated from the former Seitel database prior to December 31, 2020. In April 2019, Pulse repaid \$1.1 million to Seitel for sales realized in the first quarter of 2019. In July 2019, Pulse repaid the remaining \$3.9 million to Seitel for sales realized in the second quarter of 2019. Pulse had thereby paid 100 percent of the maximum \$5.0 million deferred payment related to the Seitel acquisition.

In connection with the acquisition (Note 13), Pulse amended and restated its syndicated credit agreement. The facility is comprised of \$15 million in term debt, all of which was utilized for the acquisition, and a \$30.0 million revolving facility, \$8.0 million of which was drawn for the acquisition. The facility specifies repayment terms, interest rates and financial covenants that are described below.

Significant terms of the credit facility are:

- Interest on the term debt and the revolving facility is based on the lead lender's prime rate plus 0.25 percent to 2.75 percent, following an eight-tier margin structure based on the Company's total debt to adjusted EBITDA ratio as described below;
- The facility includes an accordion feature allowing the Company to increase the facility's size up to an additional \$25 million, subject to the lenders' consent;
- \$1.5 million aggregate annual principal payments on the term debt and no principal repayments required on the revolving facility, with voluntary prepayments permitted in whole or part at any time, without premium or penalty;
- Three-year term until January 15, 2022, with an extension of up to one year available on the revolving facility on January 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;
- The Company will pay a 0.30 percent to 1.0 percent standby fee based on the daily undrawn balance of the revolving portion of the credit facility and its total debt to adjusted EBITDA ratio. On July 23, 2019 the applicable margin and standby fee were adjusted at third level of rates available under the facility; and
- 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:

1) MAXIMUM SENIOR DEBT TO ADJUSTED EBITDA RATIO

The senior debt to adjusted EBITDA ratio shall not be greater than 3.75:1 on September 30, 2019 and shall decrease in steps to 3:1 for fiscal quarters ending December 31, 2020 and thereafter.

2) MINIMUM INTEREST COVERAGE RATIO

On any date on which the senior debt to adjusted EBITDA ratio has been lower than 2:1 for two consecutive quarters, the minimum interest coverage ratio, defined as the ratio of adjusted EBITDA to interest expense, shall not be less than 3:1.

On any date on which the senior debt to adjusted EBITDA ratio is equal to or higher than 2:1 for two consecutive quarters, the fixed charge coverage ratio replaces the interest coverage ratio.

The fixed charge coverage ratio is equal to adjusted EBITDA less unfunded capital expenditures, cash taxes and permitted cash distributions divided by the sum of scheduled principal repayments and interest expense paid in cash, and shall not be less than 1.2:1.

Senior debt is total debt less subordinated debt. Total debt is determined on a consolidated basis and in accordance with IFRS.

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.

Further, Pulse has also entered into a five-year subordinated debt agreement for \$10 million. It has no requirement to repay the principal prior to the end of the term. Under the agreement's terms, the loan will accrue interest daily at a rate of 10 percent per annum, payable quarterly at the end of each quarter.

Interest and standby fees on the syndicated revolving bank loan are calculated based on the syndicate lead lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. At September 30, 2019 the applicable interest rate on the long-term debt was 4.7 percent (September 30, 2018 - 4.2 percent).

At September 30, 2019 the senior debt to adjusted EBITDA ratio was 1.28:1 and the fixed charge coverage ratio was 3.81:1. The Company was in compliance with all covenants at September 30, 2019.

8. INCOME TAX EXPENSE (REDUCTION)

Income tax expense differs from the amount that would be computed by applying the basic combined federal and provincial statutory income tax rate to earnings before income taxes. The reasons for the differences are as follows:

	September 30, 2019	September 30, 2018
Loss before income tax	(1,753)	(3,787)
Combined federal and provincial income tax rate	26.5%	27%
Expected income tax expense	(465)	(1,022)
Effects of difference:		
Non-deductible expenses	45	9
Adjustment in respect to prior years	9	-
Change in valuation allowance	(17)	(20)
Permanent difference related to the seismic data library acquired in January 2019	1,480	-
Permanent difference related to IFRS 16, Leases	(49)	-
Change in Alberta future corporate income tax rates	(104)	-
Actual income tax expense (reduction)	899	(1,033)

9. EQUITY

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common and an unlimited number of preferred shares, issuable in series. The shares have no stated par value. No preferred shares have been issued. All common shares are entitled to receive dividends as declared and are entitled to one vote per share at Company meetings.

The Company did not renew its normal course issuer bid upon its expiry in December 2018; therefore in the nine months ended September 30, 2019 no shares were purchased. For the nine months ended September 30, 2018, 227,500 shares were purchased and cancelled at a total cost of \$673,000.

10. SHARE-BASED PAYMENTS

The Company has a long-term incentive plan (LTIP) for employees, officers and directors designed to align the Company's long-term incentive compensation with its performance and to increase individual share ownership.

The LTIP awards consist of restricted share units (RSUs) and performance share units (PSUs), with directors being granted RSUs only. Upon vesting, each RSU and PSU entitles the holder to one common share of the Company. RSUs and PSUs have accompanying dividend-equivalent rights and, therefore, additional RSUs and PSUs are issued to reflect dividends declared, if applicable, on the common shares.

In determining the amount of equity-settled share-based compensation related to PSUs, management makes estimates about future results and vesting criteria. It is reasonably possible that future outcomes could differ from the estimates, which are based on current knowledge, and require a material adjustment to the share-based compensation expense recorded in future periods. The impact of any change in the number of PSUs expected to vest is recognized in the period the estimate is revised.

On March 31, 2019 184,657 RSUs and 248,296 PSUs were eligible to vest. The Company's performance in 2018 did not meet the predetermined performance benchmarks and, consequently, no PSUs vested on March 31, 2019. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested automatically on March 31, 2019.

To satisfy its obligation, in April 2019 the Company provided \$266,000 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, 2019. The related withholding taxes of \$191,000 were paid in May 2019 to settle fully the accrued cash-settled portion of the share-based payment liabilities.

In the condensed consolidated interim statement of comprehensive income for the nine months ended September 30, 2019, the Company recognized \$447,000 (nine months ended September 30, 2018 - \$368,000) in compensation expense related to the LTIP in salaries, internal commissions and benefits. The equity-settled portion was \$213,000 (nine months ended September 30, 2018 - \$264,000).

At September 30, 2019 the obligation related to the cash-settled portion of the LTIP was \$244,000 (September 30, 2018 - \$262,000) with \$139,000 (September 30, 2018 - \$149,000) included in accounts payable and accrued liabilities and \$105,000 (September 30, 2018 - \$113,000) included in other long-term payable.

The following summarizes activity in the Company's LTIP during the periods ended September 30, 2019 and 2018:

RSUs	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Outstanding, beginning of period	556,895	528,670	528,670	553,666
Vested	-	-	(184,657)	(173,850)
Granted	5,459	-	224,678	178,928
Cancelled or forfeited	(8,779)	-	(15,116)	(30,074)
Outstanding, end of period	553,775	528,670	553,575	528,670

PSUs	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Outstanding, beginning of period	708,282	687,938	687,938	707,071
Vested	-	-	-	(65,508)
Granted	5,459	-	280,435	206,725
Cancelled or forfeited	(8,779)	-	(263,411)	(160,350)
Outstanding, end of period	704,962	687,938	704,962	687,938

The 184,657 RSUs that vested on March 31, 2018 were settled in May 2018. The 248,296 PSUs that did not vest were cancelled from the notional accounts on the vesting date.

11. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of \$2.7 million for the nine months ended September 30, 2019 (nine months ended September 30, 2018 - net loss of \$2.8 million) and a weighted average number of common shares of 53,793,317 (nine months ended September 30, 2018 - 53,853,199), calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Common shares outstanding, beginning of period	53,793,317	53,850,917	53,793,317	54,020,817
Effect of common shares purchased and cancelled during period	-	(28,800)	-	(167,618)
Weighted average number of common shares	53,793,317	53,822,117	53,793,317	53,853,199

The Company does not have any dilutive securities.

12. NET CHANGE IN NON-CASH WORKING CAPITAL

Nine months ended September 30,	2019	2018
Trade and other receivables	(1,306)	3,028
Prepaid expenses	(103)	70
Long-term receivables	(2,100)	-
Accounts payable and accrued liabilities	30	(1,522)
Deferred revenue	931	(49)
Other long-term payable	13	(95)
Other	242	100
Net change in non-cash working capital	(2,293)	1,532

13. SEITEL CANADA LTD. ACQUISITION

On January 15, 2019, the Company acquired 100 percent of the shares of Seitel. The Company accounted for the transaction as an asset acquisition. As such, the assets acquired were recognized at cost based on their relative fair values. The Company determined the estimated fair values by reviewing and considering relevant information, including but not limited to information supplied by the vendor, quoted market prices and estimates made by management. The purchase price at the date of acquisition was allocated to net assets acquired as follows:

ASSETS

Cash and cash equivalents	715
Trade and other receivables	420
Prepaid expenses and deposits	211
Seismic data library	61,029
ROU assets	1,385
Total assets	63,760

LIABILITIES

Accounts payable and accrued liabilities	833
Deferred revenue	1,598
Lease liabilities	2,370
Total liabilities	4,801
Net assets acquired	58,959

Transaction costs of \$144,000 associated with the acquisition were capitalized to the seismic data library.

During the first nine months of 2019, the Company incurred \$2.5 million of restructuring costs. This amount includes severance payments of \$1.5 million and other costs related to the Seitel integration.

14. MAJOR CUSTOMERS

Data library sales to three customers represented approximately \$11.1 million or 60 percent of the Company's total data library sales for the nine months ended September 30, 2019 (nine months ended September 30, 2018 - sales to three customers represented approximately \$3.6 million or 61 percent).