

Selected Financial and Operating Information

(thousands of dollars except per share data,
numbers of shares and kilometres of seismic data)

	Three months ended September 30,		Nine months ended September 30,		Year ended
	2023	2022	2023	2022	December 31, 2022
	(unaudited)		(unaudited)		
Revenue					
Data library sales	5,083	2,163	22,203	6,934	9,345
Other revenue	20	15	63	197	225
Total revenue	5,103	2,178	22,266	7,131	9,570
Amortization of seismic data library	2,273	2,444	6,833	7,402	9,818
Net earnings (loss)	393	(1,675)	6,700	(5,959)	(7,907)
Per share basic and diluted	0.01	(0.03)	0.13	(0.11)	(0.15)
Cash provided by operating activities	10,564	829	16,524	11,231	11,992
Per share basic and diluted	0.20	0.02	0.31	0.21	0.22
EBITDA ^(a)	3,289	741	16,839	1,568	2,035
Per share basic and diluted ^(a)	0.06	0.01	0.32	0.03	0.04
Shareholder free cash flow ^(a)	2,793	880	13,883	2,292	3,200
Per basic and diluted ^(a)	0.05	0.02	0.26	0.04	0.06
Capital expenditures					
Property and equipment	14	-	28	12	12
Regular dividends paid	731	672	2,138	2,015	2,685
Special dividend paid	7,992	-	7,992	-	-
Total dividends paid	8,723	672	10,130	2,015	2,685
Weighted average shares outstanding					
Basic and diluted	53,135,041	53,699,692	53,436,340	53,726,390	53,703,039
Shares outstanding at period-end			52,681,363	53,634,317	53,626,869
Seismic library					
2D in kilometres			829,207	829,207	829,207
3D in square kilometres			65,310	65,310	65,310

Financial Position and Ratio

(thousands of dollars except ratio)

	September 30,	September 30,	December 31,
	2023	2022	2022
Working capital	7,820	6,597	6,593
Working capital ratio	2.3:1	7.5:1	6.8:1
Cash and cash equivalents	9,821	5,811	5,822
Total assets	34,727	37,552	35,222
Long-term debt	-	-	-
Trailing 12-month (TTM) EBITDA ^(b)	17,306	15,403	2,035
Shareholders' equity	28,225	35,964	33,496

(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 EBITDA is defined as the sum of EBITDA generated over the previous 12 months and is used to provide a comparable annualized measure.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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, 2023, was prepared taking into consideration information available to October 24, 2023 and should be read with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2023. This MD&A is supplemental to the MD&A, audited consolidated financial statements, and related notes for the year ended December 31, 2022.

The unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior period. The unaudited condensed consolidated interim 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 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 review the cautionary statement in "Forward-Looking Information".

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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 utilized by those requiring advanced geophysics to maximize the probability of project success and includes companies exploring for non-traditional forms of energy such as lithium, developing carbon capture, utilization and storage projects, and/or exploring for helium. 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 largest licensable seismic data library in Canada, currently consisting of approximately 65,310 net square kilometres of 3D seismic and 829,207 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

As a pure-play seismic data library company, Pulse's business model is designed to generate a growing stream of cash flow by repeatedly licensing the data in its seismic data library to the western Canadian oil and natural gas and new energy sectors.

Pulse is working with partners to explore the use of sophisticated processing technologies that provide advanced interpretation and visualization of seismic data to reduce the geological and drilling risks in exploring for subsurface targets. The application of such technologies is intended to increase the attractiveness and range of uses of Pulse's seismic dataset for existing and potential new customers. These include companies in emerging energy-transition projects such as lithium, carbon capture and sequestration, geothermal, and helium resource extraction together with Pulse's traditional core focus of oil and natural gas development.

Current seismic processing and visualization software allows historical 2D and 3D data to be reprocessed and reinterpreted, thereby maintaining the technical usefulness and marketability of historical data and, through repeated licensing sales, generating recurring revenue. The Company is continuously seeking and evaluating opportunities to expand its data library by acquiring high-quality 2D and 3D datasets that cover some of Western Canada's most prospective current exploration regions, are complementary to its current library, and are available at favourable valuations.

Pulse's strategy is to pursue growth opportunities that meet its financial and technical criteria while maintaining a low-cost structure.

CORPORATE UPDATE

On October 24, 2023, the Pulse Board of Directors approved a regular quarterly dividend of \$0.01375 per share. The quarterly dividend will be paid on November 21, 2023 to shareholders of record at the close of business on November 14, 2023.

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse’s management to analyze business results are seismic data library sales, net earnings, EBITDA, and shareholder free cash flow. The definitions, calculations, and reconciliations of 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, 2023, with comparative figures for the same periods in 2022, are set out in the following table:

(thousands of dollars except per share data)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Data library sales	5,083	2,163	2,920	22,203	6,934	15,269
Other revenue	20	15	5	63	197	(134)
Total revenue	5,103	2,178	2,925	22,266	7,131	15,135
Net earnings (loss)	393	(1,675)	2,068	6,700	(5,959)	12,659
Per share basic and diluted	0.01	(0.03)	0.04	0.13	(0.11)	0.24
Cash provided by operating activities	10,564	829	9,735	16,524	11,231	5,293
Per share basic and diluted	0.20	0.02	0.18	0.31	0.21	0.10
EBITDA	3,289	741	2,548	16,839	1,568	15,271
Per share basic and diluted	0.06	0.01	0.05	0.32	0.03	0.29
Shareholder free cash flow	2,793	880	1,913	13,883	2,292	11,591
Per share basic and diluted	0.05	0.02	0.03	0.26	0.04	0.22

For the three months ended September 30, 2023, Pulse generated \$5.1 million of revenue compared to \$2.2 million for the same period in 2022. For the nine months ended September 30, 2023, Pulse generated \$22.3 million of revenue compared to \$7.1 million for the same period in 2022.

The significant increase in 2023 data library sales over the same periods in 2022 is the reason for the increases in all of the Company’s key performance metrics.

Contributing to the higher level of sales year-over-year, in the second quarter of 2023, the Company signed a \$9.0 million seismic data licensing sales contract, which resulted in the recognition of \$5.4 million of revenue related to the initial delivery of data under the contract. The remaining \$3.6 million of revenue will be reallocated from deferred revenue and recognized when the data is delivered to the customer. The majority of the remaining data will be delivered in 2023, with the final tranche of data to be delivered before the end of 2024.

OUTLOOK

With seismic data library sales of \$22.2 million in the first nine months of 2023, Pulse is pleased with the recovery from a slow 2022 and remains optimistic about the remainder of the year. Areas of strength continue to include buoyant global demand for fossil fuels, forecasts for relative strength in industry capital investment and field activities, ongoing corporate profitability, and Alberta mineral lease auctions (“land sales”) through September 30 showing the greatest year-to-date strength in nearly a decade. These positive factors are dampened by continued geopolitical instability and a challenging federal regulatory environment.

The Company cautions, as always, that industry conditions do not provide visibility regarding Pulse’s seismic data library sales levels. Pulse’s key strengths include zero debt, a low-cost structure, high leverage to increased revenue in its EBITDA margin, no capital spending commitments, Canada’s largest licensable seismic data library, and strong customer relations.

The Company remains focused on the business practices that have served it throughout the full range of conditions: maintaining a strong balance sheet with access to credit on favourable terms, careful management of cash resources including distributing cash to shareholders when prudent, a low cost structure, a disciplined and rigorous approach to growth opportunities, an experienced and capable management team, and excellent customer care complemented by the initiative to broaden the attractiveness of the seismic data library.

Discussion of Operating Results

SUMMARY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

EARNINGS (LOSS) BEFORE INCOME TAXES

For the three months ended September 30, 2023, the Company generated earnings before income taxes of \$1.1 million (\$0.02 per share basic and diluted) compared to a loss before income taxes of \$1.7 million (\$0.03 per share basic and diluted) for the comparable period in 2022.

For the nine months ended September 30, 2023, the Company generated earnings before income taxes of \$10.2 million (\$0.19 per share basic and diluted) compared to a loss before income taxes of \$6.2 million (\$0.11 per share basic and diluted) for the comparable period in 2022.

DATA LIBRARY SALES

Data library sales were \$5.1 million for the three months ended September 30, 2023, compared to \$2.2 million for the three months ended September 30, 2022.

Data library sales were \$22.2 million for the nine months ended September 30, 2023, compared to \$6.9 million for the nine months ended September 30, 2022.

Revenue fluctuations are normal in the seismic data library business as data library sales can significantly vary year-over-year and quarter-over-quarter.

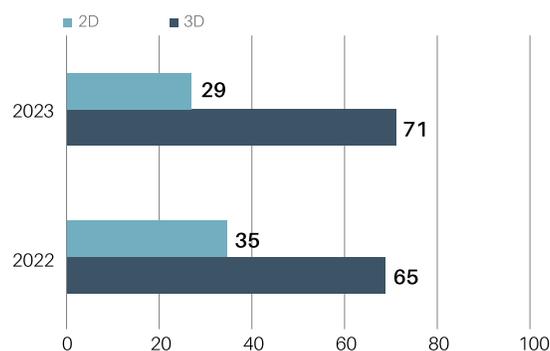
DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

Pulse disaggregates its data library sales in two ways. The following graphs illustrate the comparative disaggregated sales for the three and nine-month periods ended September 30, 2023 and 2022.

The first breakdown, by data type, compares sales of 2D and 3D seismic data. As 3D seismic licence contracts are generally larger than 2D seismic licence contracts, the percentage of seismic data library revenues generated from 2D and 3D seismic data can fluctuate significantly depending on the number of 3D seismic sales contracts signed during a given period.

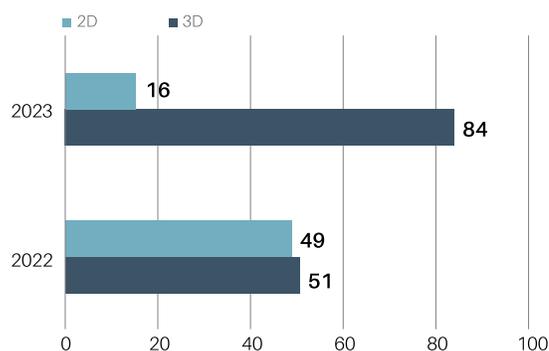
DISAGGREGATED SALES 2D/3D (%)

Three months ended September 30



DISAGGREGATED SALES 2D/3D (%)

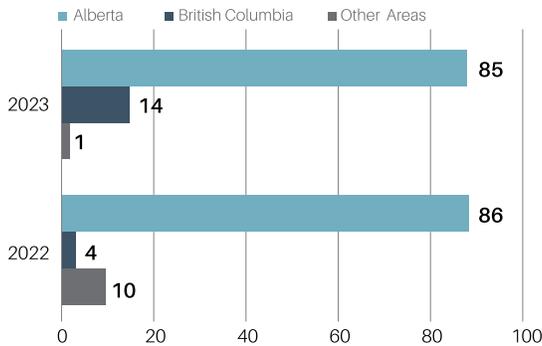
Nine months ended September 30



The second breakdown is geographical. The largest proportion of data sales usually comes from data located in Alberta, as that is where most of Pulse’s data coverage and current industry activity are.

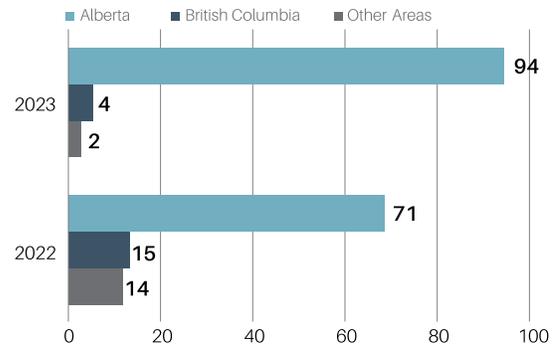
**DISAGGREGATED SALES
GEOGRAPHICAL (%)**

Three months ended September 30



**DISAGGREGATED SALES
GEOGRAPHICAL (%)**

Nine months ended September 30



The Company’s customers are currently and generally focusing on liquids-rich natural gas and light 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. During the nine months ended September 30, 2023, 94 percent (nine months ended September 30, 2022 – 71 percent) of the data library sales were from data located in Alberta, 4 percent from British Columbia (nine months ended September 30, 2022 – 15 percent) and 2 percent from other areas (nine months ended September 30, 2022 – 14 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended September 30, 2023, seismic data amortization was \$2.3 million compared to \$2.4 million for the three months ended September 30, 2022. For the nine months ended September 30, 2023, seismic data amortization was \$6.8 million compared to \$7.4 million for the nine months ended September 30, 2022. The slight decrease is due to data acquired in previous years becoming fully amortized.

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

IMPAIRMENT

At September 30, 2023, the Company assessed the cash-generating units (CGUs) in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were no indicators at September 30, 2023, and accordingly, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended September 30, 2023 was \$1.3 million compared to \$874,000 for the three months ended September 30, 2022.

SCB for the nine months ended September 30, 2023 was \$3.9 million compared to \$3.4 million for the nine months ended September 30, 2022.

The increase in both comparative periods is due to a combination of factors. Individual salaries increased in 2023, there were higher internal sales commissions, and also higher short-term and long-term incentive plan expense accruals related to the increased sales and resulting financial performance in 2023 compared to 2022.

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

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, reprocessing, data storage expenses, directors' fees and corporate costs, consulting fees, and professional fees. For the three months ended September 30, 2023, SG&A was \$518,000 compared to \$563,000 for the three months ended September 30, 2022. SG&A for the nine months ended September 30, 2023 was \$1.6 million compared to \$2.2 million for the nine months ended September 30, 2022.

The decrease in both periods is mainly because the expenses previously categorized as restructuring costs related to the 2019 acquisition of Seitel Canada Ltd. (Seitel) were completed in 2022.

Restructuring costs for the three months ended September 30, 2022 were \$18,000 and \$506,000 for the nine months ended September 30, 2022.

NET FINANCING COSTS (INCOME)

For the three months ended September 30, 2023, the Company's net financing income was \$130,000 compared to net financing costs of \$11,000 for the three months ended September 30, 2022. For the nine months ended September 30, 2023, net financing income was \$263,000 compared to net financing costs of \$104,000 for the same period in 2022.

Net financing costs include two items, financing expenses and interest income. The financing expenses mainly consist of the interest and standby fees related to the Company's revolving credit facility as well as a nominal amount of interest related to the lease liabilities as per IFRS 16.

For the three and nine months ended September 30, 2023, financing expenses were more than offset by interest income earned on the cash surplus.

INCOME TAXES

For the three months ended September 30, 2023, the income tax expense was \$734,000 compared to an income tax recovery of \$64,000 for the three months ended September 30, 2022. For the nine months ended September 30, 2023, the income tax expense was \$3.5 million compared to an income tax recovery of \$209,000 for the nine months ended September 30, 2022.

The main factor affecting the tax rate calculation in both years is the permanent difference between the tax basis and the accounting value of the seismic data library acquired in 2019. The scientific research and experimental development investment tax credits, the change in valuation allowance related to future resource deductions, and non-deductible expenditures also contributed slightly to the variance between the effective and the enacted income tax rate.

The average combined income tax rate for 2023 and 2022 is 23 percent. A reconciliation of the income tax expense or reduction is included in the "Condensed Consolidated Interim Financial Statements".

Review of Financial Position

AS AT SEPTEMBER 30, 2023

TRADE AND OTHER RECEIVABLES

Trade and other receivables at September 30, 2023 totalled \$3.7 million compared to \$1.1 million at December 31, 2022.

SEISMIC DATA LIBRARY

Historically, Pulse has acquired seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when it finds appropriate opportunities, and it also has conducted participation surveys whereby 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. While Pulse has not conducted a participation survey since 2015, the Company has grown significantly during this time through acquisitions.

At September 30, 2023, the Company considered indicators of impairment for each of its CGUs and based on that review, no impairment test was performed. The last impairment test was performed at March 31, 2020 and no impairment loss was recognized.

RIGHT-OF-USE (ROU) ASSETS

The Company's office lease agreement terminated on March 31, 2023.

The Company entered into a new lease agreement for the current office space upon the termination of the previous lease. The lease is for the period April 2023 to June 2028. The ROU assets were recognized on April 1, 2023.

Included in the ROU assets is the present value of the basic rent related to Pulse's new office lease agreement. The present value is calculated using an incremental borrowing rate of 7.45 percent. The operating costs associated with the lease agreements were not included as those costs are not fixed or based on an index or rate.

CURRENT INCOME TAX LIABILITIES

Current income tax liabilities at September 30, 2023 includes 2023 current tax expense less income tax instalments made in 2023.

DEFERRED REVENUE

On July 14, 2023, the Company collected payment for the \$9.0 million seismic data licensing sales contract signed at the end of June 2023. \$5.4 million of the \$9.0 million, which was the amount recognized in revenue for the quarter, was included in accounts receivable at the end of June, 2023. The remaining \$3.6 million was not included in accounts receivable at that date, however upon collection, resulted in the recognition of deferred revenue. When the related seismic data is delivered to the client this deferred revenue will be reclassified as revenue.

LONG-TERM DEBT

The Company has an undrawn \$25 million revolving credit facility with a maturity date of January 15, 2025.

In January 2022, following the collection of the December 31, 2021 accounts receivable, the Company repaid the balance of its revolving credit facility. The Company has not carried any long-term debt since then.

The long-term debt is normally offset by deferred financing charges, which are amortized over three years. When the Company does not carry a balance on its revolving credit facility, the deferred financing costs are included in the non-current assets. The balance of the deferred financing costs was \$26,000 at September 30, 2023.

LEASE LIABILITIES

As stated above, the Company entered into a lease agreement for office space for the period of April 2023 to June 2028. The lease liabilities were recognized on April 1, 2023.

Included in the lease liability is the present value of the basic rent related to the lease agreement. The present value is calculated using an incremental borrowing rate of 7.45 percent. The operating costs associated with the lease agreements were not included as those costs are not fixed or based on an index or rate.

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,	
	2023	2022	2023	2022
Weighted average shares outstanding: Basic and diluted	53,135,041	53,699,692	53,436,340	53,726,390
Shares outstanding at period-end			52,681,363	53,634,317
Shares outstanding at October 24, 2023			52,659,363	

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, additional RSUs and PSUs are issued to reflect dividends declared on the common shares. The plan's trustee will purchase common shares on the open market for the after-tax number of RSUs and PSUs vested with funds provided by the Company.

On March 31, 2023, 451,253 RSUs and 451,729 PSUs were eligible to vest. The Company's performance in 2022 did not meet the predetermined minimum performance benchmarks and, consequently, none of the PSUs vested on March 31, 2023. RSUs vest automatically based upon time and, consequently, all the eligible RSUs vested on March 31, 2023.

To satisfy its obligation, in April 2023 the Company provided \$473,000 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, 2023. The related payroll taxes of \$338,000 were paid in the second quarter to settle the accrued cash-settled portion of the share-based payment liabilities.

At September 30, 2023 and October 24, 2023, there were 1,155,890 RSUs and 1,234,655 PSUs outstanding.

DEFICIT

On September 30, 2023, the Company had a deficit of \$47.8 million, compared to \$43.8 million at December 31, 2022. The change was the result of generating net earnings of \$6.7 million for the nine months ended September 30, 2023, paying dividends of \$10.1 million and a reduction of \$519,000 due to the required accounting treatment of the Company purchasing and cancelling its common shares. The adjustment for purchasing and cancelling common shares relates to the difference between the price paid by the Company for the shares purchased and cancelled under the normal course issuer bid (NCIB) 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 February 16, 2023, the Company approved a quarterly dividend of \$0.0125 per common share. The dividend totalling \$670,000 was paid on March 20, 2023 to shareholders of record at the close of business on March 13, 2023.

On May 2, 2023, the Company increased the regular quarterly dividend by 10 percent and declared a quarterly dividend of \$0.01375 per common share. The dividend totalling \$737,000 was paid on May 24, 2023 to shareholders of record at the close of business on May 16, 2023.

On July 25, 2023, the Company declared a special dividend of \$0.15 per share and a regular quarterly dividend of \$0.01375 per share. The special and quarterly dividends were paid on August 22, 2023 to shareholders of record at the close of business on August 14, 2023.

As mentioned previously in the Corporate Update section, on October 24, 2023, the Pulse Board of Directors approved a regular quarterly dividend of \$0.01375 per share. The quarterly dividend will be paid on November 21, 2023, to shareholders of record at the close of business on November 14, 2023.

Pulse confirms that all dividends paid to shareholders in 2023 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 \$74,000 at September 30, 2023 compared to \$264,000 at December 31, 2022. The decrease in the deferred income tax liability is mainly due to the decrease in the difference between the tax basis of the seismic data library and the carrying amount on the statement of financial position.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

	2023			2022			2021	
(thousands of dollars, except per share data)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total data library sales	5,083	8,740	8,380	2,411	2,163	3,028	1,743	16,172
Other revenue	20	16	27	28	15	69	113	133
Total revenue	5,103	8,756	8,407	2,439	2,178	3,097	1,856	16,305
Amortization of seismic data library	2,273	2,274	2,286	2,416	2,444	2,443	2,515	2,500
Net earnings (loss)	393	3,399	2,908	(1,948)	(1,675)	(1,766)	(2,518)	8,158
Per share basic and diluted	0.01	0.06	0.05	(0.04)	(0.03)	(0.03)	(0.05)	0.15

The revenue streams generated by Pulse's operations are data library sales and other revenue. Other revenue includes revenue from client services consisting of copy and reproduction charges. In the first half of 2022, it also included fees earned for storage from a third party at the data warehouse facility. The third-party agreement ended when Pulse's warehouse lease ended in April 2022. The primary source of revenue, data library sales, fluctuates greatly from quarter to quarter, as shown, as well as annually. The annual MD&A for the year ended December 31, 2022 provides a ten-year historical sales breakdown.

During the past eight quarters, the fluctuations in net earnings or losses have largely been a function of the corresponding quarterly fluctuations in revenue.

As amortization is a non-cash expense, the Company continued to generate EBITDA and shareholder free cash flow in each quarter.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at September 30, 2023 are comprised of an office lease, payments for a seismic data storage contract, and accounts payable and accrued liabilities. The following table reflects the Company's anticipated payment of contractual obligations:

Contractual Obligations (thousands of dollars)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Lease liabilities	305	64	147	94	-
Seismic data storage contract	42	42	-	-	-
Accounts payable and accrued liabilities	1,573	1,339	234	-	-
Current income tax liabilities	910	910	-	-	-
Total contractual obligations	2,830	2,355	381	94	-

Accounts payable and accrued liabilities at September 30, 2023 include accruals for the standby fee related to the credit facility, sales commissions as well as estimates related to both the short- and long-term incentive plans.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At September 30, 2023, Pulse had working capital of \$7.8 million and a working capital ratio of 2.3:1. Included in current liabilities is deferred revenue of \$3.6 million, a non-cash liability representing the value of the data remaining to be delivered under a contract signed in the second quarter.

For the nine months ended September 30, 2023, the Company generated \$16.5 million of cash from operating activities compared to \$11.2 million for the same period in 2022. The main differences between the two periods relate to higher data library sales and higher income tax expense offset by lower net change in non-cash working capital. The large accounts receivable balance at the end of 2021 led to cash being collected in the first quarter of 2022, increasing the non-cash working capital significantly.

The Company also utilized cash for the following outlays:

- Purchase and cancellation of 945,506 common shares through its NCIB for a total of \$1.8 million (at an average price of \$1.94 per common share including commissions);
- Shares purchased for equity-settled share-based payments of \$473,000;
- Dividends paid of \$10.1 million;
- Property and equipment of \$28,000; and
- Capital lease principal repayments of \$64,000.

Significant terms of the current credit facility are:

- Interest is based on prime rate plus 0.75 percent to 4.25 percent following a ten-tier margin structure based on the Company's long-term debt to adjusted EBITDA ratio as described below;
- Standby fee is based on the daily undrawn balance of the credit facility and the Company's long-term debt to adjusted EBITDA ratio following a ten-tier margin structure;
- Three-year term until January 15, 2025, with an extension of up to one year available on January 15 of every year with the approval of the lender. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date; and
- Security through a charge on all the assets of the Company and its material subsidiaries.

At September 30, 2023, the Company had a zero balance on the revolving credit facility.

The credit facility also includes the following two financial covenants:

1) Maximum long-term debt to Adjusted EBITDA Ratio

The long-term 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, lease payments treated as capital lease, warehouse storage fees, 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.

The long-term debt to adjusted EBITDA ratio shall not be greater than 3.0:1 on September 30, 2023 and thereafter.

At September 30, 2023, there was no long-term debt outstanding; therefore, the long-term debt to adjusted EBITDA ratio was 0.00:1.

2) Interest Coverage Ratio

The interest coverage ratio is defined as the ratio of adjusted EBITDA to interest expense.

The minimum interest coverage ratio shall not be less than 2.5:1 at September 30, 2023 and thereafter.

At September 30, 2023, the interest coverage ratio was 126:1.

The Company was therefore in compliance with the credit facility's covenants at September 30, 2023.

The Company pays interest and a standby fee based on the daily undrawn balance of the credit facility and its long-term debt to adjusted EBITDA ratio. Interest and standby fees on the revolving facility are calculated based on the lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. The long-term debt (before deferred financing charges) to adjusted EBITDA ratio at September 30, 2023 was 0.00:1, and the applicable margin and standby fee will be set at the first-level rates specified in the facility.

The interest and standby fee rates are adjusted the day after the covenant's calculation for the previous fiscal quarter is received and approved by the lender.

The applicable margin and standby fee rate were 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	0.75%	2.25%	0.45000%
Greater than 1:1 but less than or equal to 1.5:1	1.00%	2.50%	0.50000%
Greater than 1.5:1 but less than or equal to 2:1	1.25%	2.75%	0.55000%
Greater than 2:1 but less than or equal to 2.5:1	1.50%	3.00%	0.67500%
Greater than 2.5:1 but less than or equal to 3:1	1.75%	3.25%	0.73125%
Greater than 3:1 but less than or equal to 3.5:1	2.25%	3.75%	0.93750%
Greater than 3.5:1 but less than or equal to 4:1	2.75%	4.25%	1.06250%
Greater than 4:1 but less than or equal to 4.5:1	3.25%	4.75%	1.18750%
Greater than 4.5:1 but less than or equal to 5:1	3.75%	5.25%	1.31250%
Greater than 5:1	4.25%	5.75%	1.43750%

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

On November 14, 2022, the Company received TSX approval for its application to renew its NCIB. The Company could purchase, for cancellation, up to a maximum of 3,070,659 common shares, equal to 10 percent of the public float of 30,706,598 common shares as at November 10, 2022. The Company is limited under the NCIB to purchasing up to 4,248 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until November 15, 2023. 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.

On February 24, 2023, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its NCIB. The Company may purchase common shares at the times when the Company would not be active in the market due to regulatory restrictions, including insider trading rules, and the Company's own internal trading blackout periods. Purchases will be made by the Company's broker based on parameters set by the Company when it is not in possession of any material non-public information about the Company or its securities, and in accordance with the limits and other terms of the ASPP. The ASPP has been entered into in accordance with the requirements of applicable Canadian securities laws.

From November 16, 2022 to September 30, 2023, the Company purchased 952,954 common shares under the NCIB. All 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 2023. The Company anticipates that future capital expenditures will be financed through the available credit facility and funds from operations. At September 30, 2023 (as well as at the date of this MD&A), the Company had a \$25.0 million revolving credit facility fully undrawn. 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 for raising additional capital to finance opportune seismic data acquisitions. Historically, the Company has used a combination of debt and equity to finance growth initiatives, and it continues to rely on internal measures such as the long-term debt to equity ratio to structure and forecast its capital requirements. 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 IT departments. Key management and staff are eligible to participate in the STIP and LTIP, 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 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.

EBITDA and shareholder free cash flow are not calculated 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.

EBITDA AND SHAREHOLDER FREE CASH FLOW

EBITDA and shareholder free cash flow represent 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.

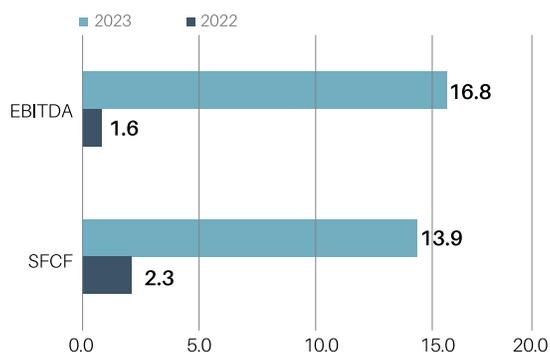
EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation, and amortization.

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, by adding non-cash expenses and non-cash deferred financing charges and deducting net financing costs and current income tax expense.

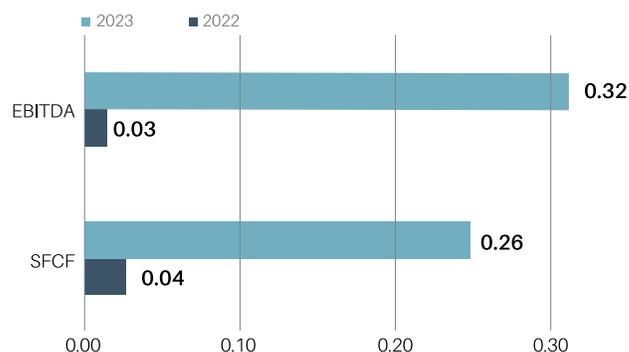
A reconciliation of net earnings or loss to EBITDA and shareholder free cash flow follows:

(thousands of dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings (loss)	393	(1,675)	6,700	(5,959)
Add:				
Amortization of seismic data library	2,273	2,444	6,833	7,402
Net financing costs (income)	(130)	11	(263)	104
Income tax expense (recovery)	734	(64)	3,510	(209)
Depreciation	19	25	59	230
EBITDA	3,289	741	16,839	1,568
Add:				
Non-cash expenses	184	96	467	406
Net restructuring costs	-	18	-	398
Non-cash deferred financing charges	6	16	16	53
Current income tax recovery	-	20	-	-
Deduct:				
Net financing costs (income)	(130)	11	(263)	104
Current income tax expense	816	-	3,702	29
Shareholder free cash flow (SFCF)	2,793	880	13,883	2,292
EBITDA per share basic and diluted	0.06	0.01	0.32	0.03
SFCF per share basic and diluted	0.05	0.02	0.26	0.04

EBITDA AND SFCF
NINE MONTHS ENDED SEPTEMBER 30
 (millions of dollars)



EBITDA AND SFCF (BASIC AND DILUTED)
NINE MONTHS ENDED SEPTEMBER 30
 (dollar per share)



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 and trade and other receivables. Its financial liabilities mainly comprise accounts payable and long-term debt.

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 long-term debt, when a balance is carried, 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, 2022.

At September 30, 2023, 89 percent of the total accounts receivable were due from one customer. The Company does not anticipate problems collecting any of its accounts receivable.

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, 2022.

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, amendments to standards, and interpretations have been issued by the International Accounting Standards Board but were not yet effective for the period ending September 30, 2023. Accordingly, they were not applied in preparing the consolidated financial statements. None is expected to have a significant effect on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Management's estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's critical accounting estimates are discussed annually with the Audit and Risk Committee of the Company's Board of Directors and are described below.

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, 2023 and ending on September 30, 2023 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.

No changes were made to ICFR during the period beginning on July 1, 2023 and ending on September 30, 2023 that have materially affected, or are reasonably likely to materially affect, Pulse's 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, 2022.

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. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “forecast”, “target”, “project”, “guidance”, “may”, “will”, “should”, “could”, “estimate”, “predict” or similar words suggesting future outcomes or language suggesting an outlook.

This MD&A and, specifically, the “Outlook” and the “Liquidity, Capital Resources and Capital Requirements” sections herein contain forward-looking information, which includes but is not limited to, statements regarding:

- The outlook of the Company for the year ahead, including future operating costs and expected revenues;
- Recent events on the political, economic, regulatory, public health, and legal fronts affecting the industry’s medium- to longer-term prospects, including progression and completion of contemplated pipeline projects;
- The Company’s capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities, and carry out the necessary capital expenditures through 2023;
- Pulse’s capital allocation strategy;
- Pulse’s dividend policy;
- Oil and natural gas prices and forecast trends;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- 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, as they relate to the Company or to the oil and natural gas industry as a whole.

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.

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections, and other forward-looking statements will not be achieved. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently limited visibility of seismic revenue. Pulse cautions readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, estimates, and intentions expressed in such forward-looking information. These factors include, but are not limited to:

- Uncertainty of the timing and volume of data sales from the recently acquired seismic data library, which was partially funded with long-term debt;
- Volatility of oil and natural gas prices;
- Risks associated with the oil and natural gas industry in general;
- The Company’s ability to access external sources of debt and equity capital;
- Credit, liquidity, and commodity price risks;
- The demand for seismic data;
- The pricing of data library licence sales;
- Cybersecurity;

- Relicensing (change-of-control) fees and partner copy sales;
- Environmental, health and safety risks;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, and public health and safety;
- Competition;
- Dependence on key management, operations, and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights;
- The introduction of new products; and
- Climate change.

Pulse cautions that the foregoing list of factors that may affect future results 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" herein, under "Risk Factors" in the Company's most recent annual information form, and in the Company's most recent audited annual financial statements, management information circular, quarterly reports, material change reports, and news releases. Copies of the Company's public filings are available on SEDAR at www.sedar.com.

When relying on forward-looking information to make decisions with respect to Pulse, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Furthermore, the forward-looking information in this MD&A is provided as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, except as required by law. The forward-looking information in this document is provided for the limited purpose of enabling current and potential investors to evaluate an investment in Pulse. Readers are cautioned that such forward-looking information may not be appropriate, and should not be used, for other purposes.

Corporate Information

Pulse is a market leader in the acquisition and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the largest licensable seismic data library in Canada, currently consisting of 65,310 net square kilometres of 3D seismic and 829,207 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

Catherine Samuel
Corporate Secretary

BOARD OF DIRECTORS

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

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

Dallas Droppo ^{(1) (2) (3)}
Director

Patrick R. Ward ^{(2) (4)}
Director

Melanie Westergard ^{(1) (2) (4)}
Director

Neal Coleman ⁽⁴⁾
Director

(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 ESG-Health Committee

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

SOLICITORS

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

MNP LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX: PSD
OTCQX: PLSDF

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www.pulseseismic.com



PULSE

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Q3

For the three and six months
ended September 30, 2023

TSX: PSD
OTCQX:PLSDF

