

Selected Financial and Operating Information

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

	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
Revenue	16,861	2,439	39,127	9,570
Amortization of seismic data library	2,270	2,416	9,103	9,818
Net earnings (loss)	8,307	(1,948)	15,007	(7,907)
Per share basic and diluted	0.16	(0.04)	0.28	(0.15)
Cash provided by operating activities	7,001	761	23,524	11,992
Per share basic and diluted	0.13	0.01	0.44	0.22
EBITDA ^(a)	13,592	467	30,431	2,035
Per share basic and diluted ^(a)	0.26	0.01	0.57	0.04
Shareholder free cash flow ^(a)	10,946	908	24,829	3,200
Per basic and diluted ^(a)	0.21	0.02	0.47	0.06
Dividends				
Regular dividends declared and paid	724	670	2,862	2,685
Special dividend declared and paid	-	-	7,992	-
Special dividend declared in December 2023 and paid in January 2024	10,527	-	10,527	-
Total dividends	11,251	670	21,381	2,685
Shares				
Weighted average shares outstanding				
Basic and diluted	52,647,740	53,633,862	53,237,569	53,703,039
Shares outstanding at period-end			52,621,863	53,626,869
Seismic library				
2D in kilometres			829,207	829,207
3D in square kilometres			65,310	65,310

Financial Position and Ratio

(thousands of dollars except ratio)

	December 31,	December 31,
	2023	2022
Working capital	7,468	6,593
Working capital ratio	1.5:1	6.8:1
Cash and cash equivalents	15,948	5,822
Total assets	41,249	35,222
Long-term debt	-	-
EBITDA ^(a)	30,431	2,035
Shareholders' equity	25,655	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.

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

YEAR ENDED DECEMBER 31, 2023

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 year ended December 31, 2023, was prepared taking into consideration information available to February 15, 2024, and is supplemental to the audited consolidated financial statements and related notes for the year ended December 31, 2023. Throughout this MD&A reference will be made in the text and tables to "2023", which refers to the year ended December 31, 2023, and to "2022", which refers to the year ended December 31, 2022.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior year. Certain comparative figures were reclassified to conform to the current year's presentation. 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 that 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".

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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 (CCUS) projects, and 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.

SEISMIC DATA

Seismic data is an essential part of the oil and natural gas exploration and development process. Companies engaged in oil and natural gas exploration and development use seismic data to assist in exploring for and developing new reserves and in establishing the extent of existing reserves. To acquire seismic data, acoustical energy waves are transferred from an energy source at or near the surface of the Earth to the subsurface. The seismic waves reflect off various geological beds or strata in the Earth's subsurface. Sophisticated sensors and recording instruments at the surface collect the reflected waves and convert them to digital form. The data is subsequently processed, and an image of the subsurface formations is created, providing explorationists with valuable insight into the potential of a particular area to yield oil or natural gas reserves, and assisting in the selection of drilling locations.

2D SEISMIC

2D seismic data is measured in linear kilometres and after processing provides a sectional illustration of geological formations directly below the line on which the data was acquired. 2D seismic can extend over a distance spanning many kilometres. Intersecting 2D lines can enable explorers to map large pools of oil and natural gas but without the precision required for smaller or more complex targets. Exploration companies typically use 2D seismic to get a sense of the regional geology of an area they think is prospective for oil and natural gas. New energy companies are also utilizing 2D seismic for CCUS, lithium extraction over complex reservoir structures, and other new energies that require structural and reservoir attributes.

3D SEISMIC

3D seismic data is measured in square kilometres and after processing provides map-like overhead views and three-dimensional visualizations of the subsurface geology. 3D seismic data is shot in grids, generating a three-dimensional image of the subsurface. 3D seismic data enables a more precise definition of geologically complex targets, facilitating precise placement of oil and natural gas wells. 3D seismic is generally used to zero in on a discrete area of geological interest initially identified with 2D seismic. 3D seismic data is particularly important for horizontal drilling, unconventional plays (such as shale gas and tight sands), and complex conventional drilling. Typical 3D seismic surveys cover an area anywhere from a few square kilometres to several hundred square kilometres.

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, and that are complementary to its current library and 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.

ECONOMIC ENVIRONMENT AND SEISMIC INDUSTRY

Pulse has been successful throughout prior commodity price cycles, due to its low-cost structure, access to capital for funding growth initiatives, and ability to generate a high level of shareholder free cash flow relative to revenue. Shareholder free cash flow is a non-GAAP measure that the Company considers important in evaluating its financial performance.

Pulse's success depends on its ability to provide seismic coverage over the geographical areas associated with certain geological development areas or "play types" that the exploration and development sector focuses on in a given period. Activity in various plays is driven by commodity prices, geological understanding, the economic application of available and improving technologies, and the availability of oil and natural gas processing and transportation egress ("take-away") capacity at reasonable cost. Pulse has worked diligently through the years to enlarge its coverage.

The oil and natural gas exploration and development industry currently is mainly targeting natural gas reservoirs that are high in natural gas liquids and light crude oil, lying in unconventional shale and less permeable or "tight" formations. 2D and 3D seismic data are important tools for these plays. 2D seismic data is used to map the regional faults in shale gas prospects and 3D seismic data is used to map the exact contours of variable reservoirs, as well as small-scale fractures in shale formations, to plan accurate paths for horizontal wells.

Pulse's business results depend to a large extent on the level of capital spending on exploration activities by oil and natural gas companies. A sustained increase or decrease in the price of natural gas or crude oil, therefore, which could have a material impact on exploration activities, could also materially affect the Company's revenue, financial position, results of operations, EBITDA, and shareholder free cash flow. The relationship is not direct, however, and the Company has generated high revenue in periods of weak oil and natural gas prices and vice versa. In recent years the Company's revenue also includes data sales to new energy clients, and while sales to traditional oil and natural gas companies continue to be the majority, new energy-related revenue is growing.

CORPORATE AND ESG UPDATES

On December 18, 2023, the Company received TSX approval for a normal course issuer bid (NCIB) to purchase up to 2,957,406 common shares from December 20, 2023, to December 19, 2024. Management believes that its common shares may from time to time be undervalued and that such purchases are in the interests of the Company and its shareholders. The NCIB is an integral part of Pulse's capital allocation strategy.

In February 2024, the Company amended its \$25 million committed revolving credit facility. The new revolving demand facility has a \$5.0 million borrowing limit.

On February 15, 2024, the Pulse Board of Directors approved a regular quarterly dividend of \$0.01375 per share. The quarterly dividend will be paid on March 11, 2024, to shareholders of record at the close of business on March 1, 2024.

ESG UPDATES 2022 - 2023

Since releasing our inaugural ESG Report for 2021, we have remained committed to building a sustainable future for our company and our industry. The priorities we laid out in 2021 were to reduce our footprint while continuing to grow our impact in the communities around us. We have done this with the support of the whole team; though we are only 15 people in an office, we are all dedicated to the company's ESG goals and priorities.

In 2022, with our warehouse and secondary office lease obligations ending, we significantly reduced our natural gas and electricity consumption. By the end of 2023, we have returned to our pre-2019 corporate acquisition consumption levels, accounting for a total reduction of ~87% GJs and ~ 83% tCO₂e consumption levels. We are also proud to share, as we committed to in our 2021 ESG Report, that we have now completed our data digitization project. Transferring a total of 193,937 lbs of physical data to a secure and protected digital platform, we have reduced our physical footprint to one office for our team.

Our commitment to supporting the community has remained strong since 2021, doubling our donations and sponsorships in 2023 (up from \$32,000 in 2022), providing \$62,000 to organizations in Alberta with a focus on vulnerable populations (women, children, those needing mental health support and those living in poverty). It is important to recognize that some of these funds are donated as part of our employee donation matching program, which offers additional funds to organizations of each employee's choice, ensuring they can further help the causes that matter most to them.

In addition to financial support, in 2022 and 2023, our team volunteered at the Ronald McDonald House and the Calgary Food Bank. Pulse was a proud sponsor of Team Canada at the World Ringette Championships in both years as well, with employees getting out to support the Canadian team in the 2023 tournament, which was held in Calgary. In the last two years, we have also sponsored industry ski events, golf tournaments, and curling bonspiels. These are valuable opportunities to spend time with many of our clients.

Another great initiative that we are proud to support is the Ann & Sandy Cross Conservation Area (ASCCA) in their reforestation project and educational programming. In 2023, the first year of our three-year partnership, we held our initial team tree-planting day at the ASCCA to help restore forests and ecosystems. The original idea behind this partnership was to plant trees to help offset the energy used in Pulse's office space. We will continue to plant trees annually, working with youth organizations who can assist us with increasing the numbers planted.

Education has always been a priority for Pulse. In the last two years, we have donated \$5.3M worth of seismic data to academic institutes, as well as annual scholarships to geoscience students through the Canadian Society of Exploration Geophysicists (CSEG), which we will offer again in 2024. We have contributed 595,000km² of 2D and 4,962km² of 3D geospatial seismic line data to the Alberta Biodiversity Monitoring Institute (ABMI) as part of our ongoing collaboration with the organization, supporting their Alberta Human Footprint Monitoring Program (AHFMP). Our enthusiasm for education also lies internally, with our whole team receiving program certificates for completing the University of Alberta Indigenous Canada Course in 2022. Our commitment to the rights of Indigenous peoples, learning their history, and building our understanding to foster relationship building remains a priority.

Finally, starting in 2023 we significantly increased mental health support in our employee benefits plan. The health and well-being of our employees have always been our priority; they are the reason for our continued success in this industry and our lives.

Moving forward, Pulse's leadership will continue to ensure that our ESG goals and priorities are at the forefront of our work and remain vigilant of changing and evolving ESG frameworks and reporting requirements. We are proud of the improvements we have made in recent years to our ESG goals and priorities and believe tracking the metrics leads to continuous improvement and successes that we will be pleased to share with our shareholders.

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse’s management to analyze business results are revenue, net earnings, cash provided by operating activities, 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 months and year ended December 31, 2023, with comparative figures for 2022, are set out in the following table:

(thousands of dollars except per share data)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Revenue	16,861	2,439	14,422	39,127	9,570	29,557
Net earnings (loss)	8,307	(1,948)	10,255	15,007	(7,907)	22,914
Per share basic and diluted	0.16	(0.04)	0.20	0.28	(0.15)	0.43
Cash provided by operating activities	7,001	761	6,240	23,524	11,992	11,532
Per share basic and diluted	0.13	0.01	0.12	0.44	0.22	0.22
EBITDA	13,592	467	13,125	30,431	2,035	28,396
Per share basic and diluted	0.26	0.01	0.25	0.57	0.04	0.53
Shareholder free cash flow	10,946	908	10,038	24,829	3,200	21,629
Per share basic and diluted	0.21	0.02	0.19	0.47	0.06	0.41

In the year ended December 31, 2023, Pulse generated \$39.1 million of revenue compared to \$9.6 million in 2022. The increase in 2023 revenue over 2022, which consists mainly of data library sales, is the reason for the year-over-year increase in all of the Company’s key performance metrics. In 2022, the Company generated record-low data library sales. In contrast, in 2023, Pulse’s revenue was positively impacted by the high level of industry merger-and-acquisition activity as well as an increase in demand on a traditional sales front, due to increased activity.

For the three months ended December 31, 2023, Pulse generated \$16.9 million of revenue compared to \$2.4 million for the same period in 2022. In the fourth quarter of 2023, the Company announced two material data licensing agreements. The first, for \$7.7 million, was announced on November 3, 2023. The second, for \$8.5 million, was announced on December 6, 2023. This sale had two components, with the first tranche comprising \$5.2 million of revenue being recognized in 2023. The second tranche, comprising \$3.3 million of data, was delivered to the client in January 2024, at which time the related revenue was recognized.

SEISMIC REVENUE FLUCTUATIONS

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

Traditional data library sales can occur at any time. This is due to the nearly continual changes in oil and natural gas industry conditions.

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

See the “Traditional Sales vs. Transaction-Based Sales: Ten-Year History” section in this report.

OUTLOOK

Following the high level of data licensing and financial performance achieved in 2023, the Company has also experienced a solid start to 2024, generating \$8.3 million of revenue as of February 15th. While the outlook for economic and commodity markets is mixed, several factors are expected to have a positive impact on the year ahead in the energy industry. The continued strength in crude oil prices and expectations that global demand for fossil fuels will continue to trend upward is key. That said, natural gas prices have continued to decline and are currently at a three and a half year low. The completion of the Trans Mountain Pipeline Expansion project is imminent and the progress on the LNG Canada facility is expected to be operational in early 2025. These critical energy projects will provide increased export capacity for delivering both oil and natural gas to global markets.

After two high-volume years of industry M&A activity, it is anticipated to decline year-over-year to approximately \$12 billion in 2024. This forecast reflects the stronger balance sheets and profitability in the industry and, accordingly, fewer assets and companies for sale. An initial 2024 forecast by Enserva anticipates industry capital spending growth of a further 10 percent this year, and land sales are forecast to remain robust. In November 2023, the Canadian Association of Energy Contractors issued an initial 2024 drilling forecast of 6,229 wells, up from 5,748 in 2023. On balance, Pulse is optimistic regarding the year ahead.

The Company cautions, as always, that industry conditions do not provide visibility regarding Pulse's seismic data library sales levels and remains focused on the business practices that have served it throughout the full range of conditions. Pulse maintains a strong balance sheet, has zero debt, no capital spending commitments, and a disciplined and rigorous approach to evaluating growth opportunities. This 15-person company, led by an experienced and capable management team, operates with a low-cost structure, and focuses on developing excellent client relations and providing exceptional customer service. Pulse's strong financial position, the high leverage to increased revenue in its EBITDA margin, and careful management of its cash resources have resulted in the return of capital to shareholders through regular and special dividends and the repurchase of its shares.

Discussion of Operating Results

SUMMARY FOR THE YEAR ENDED DECEMBER 31, 2023

EARNINGS (LOSS) BEFORE INCOME TAXES

Pulse generated net earnings before income taxes of \$21.6 million (\$0.41 per share basic and diluted) in 2023 compared to a net loss before income taxes of \$8.1 million (\$0.15 per share basic and diluted) for 2022.

REVENUE

Pulse's revenue consists of data library sales, which are conducted under various types of sales contracts. These are classified as data library sales, library cards (discount agreement, paid on predetermined payment terms with periods of up to one year to select data), commitment cards (discount agreement, paid when data is selected and delivered within a one-year period), and review-and-possession agreements (client is provided with data to review and selects a portion of this data to license long-term, with the agreement often having set payment terms). Pulse plans to continue providing customers with a variety of contract options to maximize future data library sales. The unearned portion of a contract's value is deferred until Pulse's revenue recognition criteria are met, with data library sales revenue being recognized upon delivery of seismic data to the customer.

In 2023, revenue was \$39.1 million compared to \$9.6 million in 2022.

The higher volume of merger-and-acquisition activity in 2023 is the main reason for the year-over-year increase in revenue.

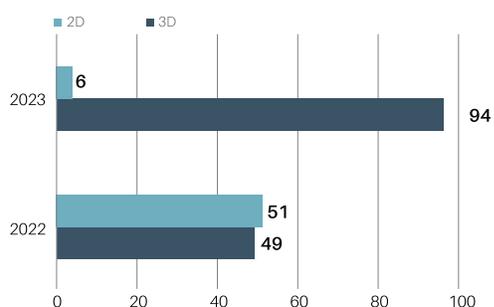
DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

Pulse disaggregates its data library sales in two ways. The following graphs illustrate the comparative disaggregated sales for the three-month periods and years ended December 31, 2023, and 2022.

The first breakdown, 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 sale contracts signed during a given period.

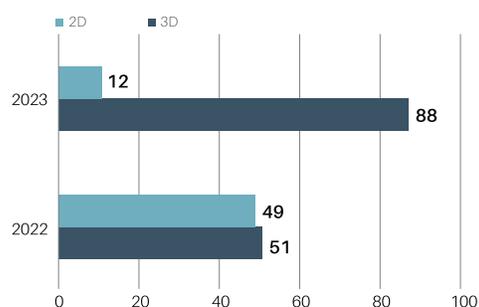
DISAGGREGATED SALES 2D/3D (%)

Three months ended December 31



DISAGGREGATED SALES 2D/3D (%)

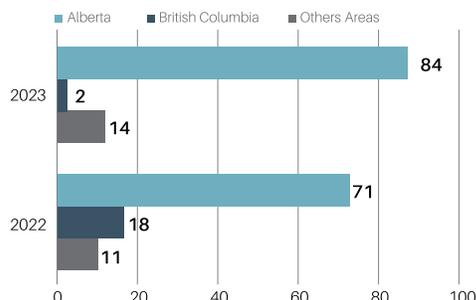
Years ended December 31



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

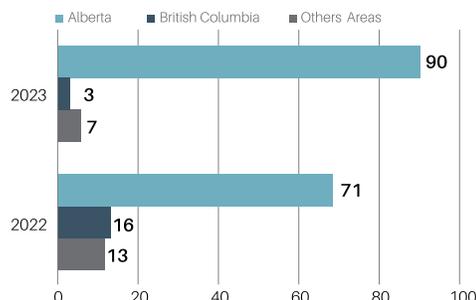
**DISAGGREGATED SALES
GEOGRAPHICAL (%)**

Three months ended December 31



**DISAGGREGATED SALES
GEOGRAPHICAL (%)**

Years ended December 31



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 year ended December 31, 2023, 90 percent (year ended December 31, 2022 – 71 percent) of the data library sales were from data located in Alberta, 3 percent from British Columbia (year ended December 31, 2022 – 16 percent), and 7 percent from other areas (year ended December 31, 2022 – 13 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

Seismic data library amortization expense was \$9.1 million for 2023 compared to \$9.8 million in 2022. The decrease is due to certain data acquired in previous years becoming fully amortized during the year.

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

IMPAIRMENT

At December 31, 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 December 31, 2023, and accordingly, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB includes salaries, related benefits, incentive compensation, and internal commissions. For 2023, SCB was \$6.5 million compared to \$4.5 million in 2022.

The increase in comparative periods is mainly due to the high level of data sales generated in 2023, which led to excellent financial performance. The short-term and long-term incentive plan expense accruals for the year increased as did internal sales commissions.

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

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, data storage expenses, directors’ fees and corporate costs, and consulting and professional fees. For 2023, SG&A was \$2.2 million, a decrease of \$869,000 from \$3.1 million in 2022. The decrease is mainly due to the 2022 expiration of the office and warehouse leases related to the acquisition of Seitel Canada Ltd. (Seitel) in 2019. Categorized as restructuring costs, the final expenses, \$813,000, were incurred in 2022.

NET FINANCING COSTS (INCOME)

For the year ended December 31, 2023, the Company’s net financing income was \$382,000 compared to net financing costs of \$95,000 for the year ended December 31, 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.

In 2023, the Company didn't carry any long-term debt. The long-term debt balance was fully repaid in the first quarter of 2022.

The cash surplus, if any, is invested in short-term term deposits.

INCOME TAXES

The income tax expense in 2023 was \$6.6 million compared to an income tax recovery of \$228,000 in 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 average combined income tax rate for 2023 and 2022 was 23 percent. A reconciliation of the income tax expense or reduction is included in the consolidated financial statements.

SUMMARY FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

EARNINGS (LOSS) BEFORE INCOME TAXES

For the three months ended December 31, 2023, the Company generated earnings before income taxes of \$11.4 million (\$0.22 per share basic and diluted) compared to a loss before income taxes of \$2.0 million (\$0.04 per share basic and diluted) for the comparable period of 2022.

REVENUE

Total revenue for the three months ended December 31, 2023, was \$16.9 million compared to \$2.4 million for the three months ended December 31, 2022.

As discussed above, the Company closed two significant deals in the fourth quarter of 2023.

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended December 31, 2023, seismic data library amortization expense was \$2.3 million compared to \$2.4 million for the same period in 2022.

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

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended December 31, 2023, was \$2.6 million compared to \$1.1 million in the comparable period of 2022. The increase in 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 in excellent financial performance in 2023 compared to 2022.

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

SG&A for the three months ended December 31, 2023, was \$639,000 compared to \$866,000 for the three months ended December 31, 2022. The decrease is mainly due to the restructuring costs related to the acquisition of Seitel Canada Ltd. (Seitel) in 2019. There were no restructuring costs for the three months ended December 31, 2023, and \$307,000 for the same period in 2022.

NET FINANCING COSTS (INCOME)

For the three months ended December 31, 2023, net financing income was \$119,000 compared to net financing income of \$9,000 for the same period in 2022. The increase in net financing income is due to the higher average cash balance and more interest earned by the Company on the investment of surplus cash in term deposits at higher rates.

INCOME TAXES

The income tax expense for the three months ended December 31, 2023, was \$3.1 million compared to an income tax recovery of \$19,000 for the fourth quarter of 2022. The increased tax expense is the result of the increase in net earnings before income taxes due to higher sales in the fourth quarter of 2023 compared to the same period in 2022.

Review of Financial Position

AS AT DECEMBER 31, 2023

TRADE AND OTHER RECEIVABLES

Trade and other receivables at December 31, 2023, totalled \$6.3 million compared to \$1.1 million at December 31, 2022. This is a direct result of the increased sales in the fourth quarter of 2023 over 2022.

SEISMIC DATA LIBRARY

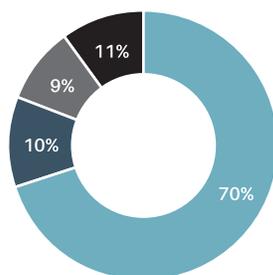
Historically, Pulse has acquired seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when it finds appropriate opportunities, and it also has conducted participation surveys whereby Pulse partners with customers on participation 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 December 31, 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.

The breakdown of Pulse's 2D and 3D seismic data by geographical location is shown in the following graphs.

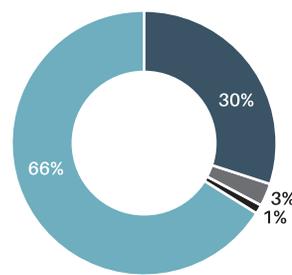
2D OWNERSHIP

■ Alberta ■ British Columbia ■ Sask/Man ■ Other



3D OWNERSHIP

■ Alberta ■ British Columbia ■ Sask/Man ■ Other



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 its 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 are the present value of the basic rent related to this 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

Included in current tax liabilities is the current tax expense for 2023 less the 2023 tax instalments.

LONG-TERM DEBT

At December 31, 2023, the Company had an undrawn \$25 million revolving credit facility with a maturity date of January 15, 2025.

As explained previously, in February 2024, the Company amended its \$25 million committed revolving credit facility. The new revolving demand facility has a \$5.0 million borrowing limit. More details on the new facility are provided in the "Liquidity, Capital Resources and Capital Requirements" section.

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 expected cash-settled portion of the liability related to the LTIP.

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 December 31,		Years ended December 31,	
	2023	2022	2023	2022
Weighted average shares outstanding: Basic and diluted	52,647,740	53,633,862	53,237,569	53,703,039
Shares outstanding at period-end			52,621,863	53,626,869
Shares outstanding at February 15, 2024			52,003,063	

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 purchases 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 December 31, 2023, there were 1,102,971 RSUs and 1,192,080 PSUs outstanding.

On March 31, 2024, a portion of the LTIP awards, RSUs, and PSUs, will be eligible to vest. The Company's performance in 2023 surpassed the maximum predetermined performance criteria and, consequently, all eligible PSUs, 485,064 units, will vest on March 31, 2024. RSUs vest automatically based upon time; all of the eligible RSUs, 474,564 units, will, therefore, vest automatically on March 31, 2024.

In February 2024, the Board of Directors approved an amendment to the long-term incentive plan. The share-based plan has previously been equity settled, with shares purchased on the open market and distributed to the unitholders. The amendment will allow the Board, at its discretion, to choose to settle the vested units with either equity or equivalent cash payment.

DEFICIT

On December 31, 2023, the Company had a deficit of \$50.7 million, compared to \$43.8 million at December 31, 2022. The net earnings for the year of \$15.0 million, the dividends declared and paid of \$10.9 million, the dividends declared of \$10.5 million, and a reduction of \$550,000 due to the required accounting treatment of the Company purchasing and cancelling its common shares contributed to the deficit increase. The purchasing and cancelling common shares adjustment relates to the difference between the price paid by the Company for the shares purchased and cancelled under the 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 totalling \$8.7 million were paid on August 22, 2023, to shareholders of record at the close of business on August 14, 2023.

On October 24, 2023, the Company approved a quarterly dividend of \$0.01375 per share. The dividend totalling \$724,000 was paid on November 21, 2023, to shareholders of record at the close of business on November 14, 2023.

On December 6, 2023, the Company declared a special dividend of \$0.20 per common share. The dividend totalling \$10.5 million was paid on January 8, 2024, to shareholders of record at the close of business on December 21, 2023.

On February 15, 2024, the Company declared a quarterly dividend of \$0.01375 per share. The dividend totalling \$715,000 will be paid on March 11, 2024, to shareholders of record at the close of business on March 1, 2024.

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 INCOME TAX ASSETS / LIABILITIES

The net deferred income tax assets were \$91,000 at December 31, 2023, compared to net deferred income tax liabilities of \$264,000 at December 31, 2022. The net deferred income tax assets are mainly due to the increase in long-term incentive plan temporary difference and the decrease in the difference between the tax base of the seismic data library and the carrying amount on the statement of financial position.

The deferred income tax assets or liabilities consist mainly of taxable temporary differences between long-term incentive plan accounting expense and future tax deductions and the tax base of the seismic data library and the carrying amount on the statement of financial position.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

(thousands of dollars, except per share data)	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Data library sales	16,833	5,083	8,740	8,380	2,411	2,163	3,028	1,743
Other revenue	28	20	16	27	28	15	69	113
Total revenue	16,861	5,103	8,756	8,407	2,439	2,178	3,097	1,856
Amortization of seismic data library	2,270	2,273	2,274	2,286	2,416	2,444	2,443	2,515
Net earnings (loss)	8,307	393	3,399	2,908	(1,948)	(1,675)	(1,766)	(2,518)
Per share basic and diluted	0.16	0.01	0.06	0.05	(0.04)	(0.03)	(0.03)	(0.05)

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. For future reporting periods, the immaterial amount of data sales related to copy and reproduction revenue will be included with data sales and reported as one revenue stream.

The primary source of revenue, data library sales, fluctuates greatly from quarter to quarter, as shown, as well as annually.

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

SELECTED ANNUAL FINANCIAL INFORMATION

(thousands of dollars, except per share data)	Years ended December 31,		
	2023	2022	2021
Revenue	39,127	9,570	49,150
Net earnings (loss)	15,007	(7,907)	21,514
Per share basic and diluted	0.28	(0.15)	0.40
Total assets	41,249	35,222	52,899
Long-term debt	-	-	2,265
Total non-current financial liabilities	541	581	3,114
Dividends declared	\$0.40375	\$0.05	\$0.0525

In 2021, after the pandemic and drastic cutbacks in the energy-producing sector's capital spending, seismic data library sales rebounded strongly, becoming the second-highest annual total in Pulse's history. In 2022, sales were lower than the historical average despite overall favourable industry conditions, including increasing field activity by the oil and natural gas industry. In 2023, because of higher industry activity as well as ongoing merger-and-acquisition activity in the energy sector, seismic data library sales rebounded strongly.

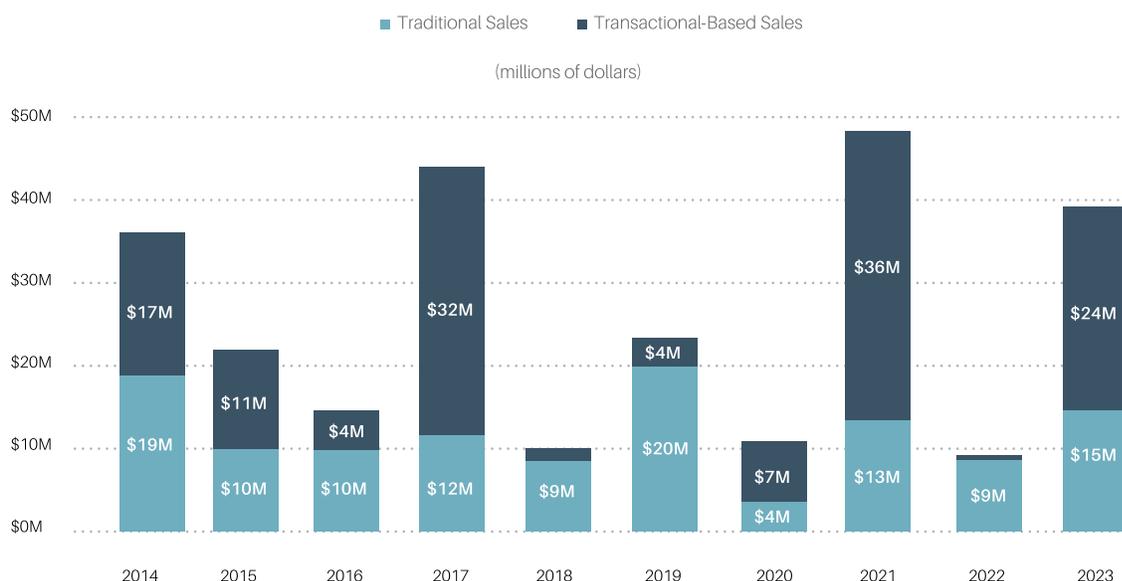
In 2023 and 2021, the Company generated net earnings because of higher revenue. In 2022, Pulse incurred a net loss due primarily to low revenue and high amortization expense.

Total assets decreased from 2021 to 2022 due to amortization of the seismic data library. Total assets increased from 2022 to 2023 due to high data library sales generating cash and accounts receivable. The amortization of the seismic data library offset the increase in total assets.

Total non-current financial liabilities were almost the same in 2023 and 2022. In 2021, total non-current financial liabilities included the long-term debt balance of \$2.3 million and \$572,000 of deferred income tax liabilities.

In 2023, Pulse declared and paid one quarterly regular dividend of \$0.0125 per share, three regular quarterly dividends of \$0.01375 per share, and one special dividend of \$0.15 per share. In December 2023, Pulse also declared one special dividend of \$0.20 per share. In 2022, the Company declared and paid four quarterly dividends of \$0.0125 per share. In 2021, the Company declared a special dividend of \$0.04 per share as well as a regular quarterly dividend of \$0.0125 per share.

TRADITIONAL SALES VS. TRANSACTION-BASED SALES: TEN-YEAR HISTORY



There are three main types of transaction-based sales. The first is the partnership or joint venture, in which an oil and natural gas asset holder elects to pool its expertise, capital and/or assets with one or more new participants to explore or develop a play. Under the Company's current standard-form licensing agreements, any new technical or operational participant that wishes to view or interpret the seismic data must purchase a data licence from Pulse, generally at a discount (usually pre-defined in the initial licensing agreement). Purely financial partners that do not wish to view or interpret the seismic information are exempt.

The second kind of transaction-based sale is a corporate merger or acquisition. In this case, the seismic data is transferred to the new organization. Under the Company's current standard-form licensing agreements, the buyer has 30 days to determine whether it will pay a relicensing fee to keep the data or return the data to Pulse.

The third type is the sale of an oil and gas asset or group of assets (as well as partial mineral rights to particular zones below the asset owner's lands). Under the Company's current standard-form licensing agreements, the licence is not transferable upon an asset sale. In this case, no rights to the seismic data transfer to the buyer, and there are no terms of payment in the licence agreement. Should the buyer be interested in Pulse's seismic data, it must negotiate a new license for the data from Pulse. Following this type of transaction, considerable time may pass until a data licensing sale occurs because the new asset owner may defer the development of the particular asset. In addition, the new asset owner may be interested in only portions of the original dataset. The attraction of Pulse's library remains the far lower cost of licensing the data than shooting new seismic over the same area.

The precise terms of individual licence agreements (including those historically used by Pulse and its predecessors and those assumed by Pulse on data acquisitions) can vary greatly. Relicensing fees and joint venture copy fees may not always be payable, and licence agreements may not always be non-assignable.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at December 31, 2023, are comprised of an office space lease, payments under seismic data services contracts, accounts payable and accrued liabilities, and dividends payable. 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	269	65	155	49	-
Seismic data services contracts	138	138	-	-	-
Accounts payable and accrued liabilities	2,980	2,643	337	-	-
Dividends payable	10,527	10,527	-	-	-
Total contractual obligations	13,914	13,373	492	49	-

Obligations in the category of seismic data services contracts are for physical seismic data storage.

Accounts payable and accrued liabilities at December 31, 2023, include the interest and standby fee accrual of \$10,000 related to the long-term debt, the accrual of \$1.1 million related to the STIP, and the accrual of \$654,000 related to the LTIP.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At December 31, 2023, Pulse had working capital of \$7.5 million and a working capital ratio of 1.5:1.

In 2023, the Company generated \$23.5 million of cash from operating activities compared to \$12.0 million for the same period in 2022. The main differences between the two periods relate to higher data library sales offset by higher income tax paid during the year and lower net change in non-cash working capital.

The Company also utilized cash for the following outlays:

- Settlement of equity share-based payment of \$473,000;
- Purchase and cancellation of 1,005,006 common shares through its NCIB for a total of \$1.9 million (at an average price of \$1.93 per common share including commissions);
- Dividends paid of \$10.9 million;
- Property and equipment of \$28,000; and
- Capital lease principal repayments of \$100,000.

Significant terms of the credit facility at December 31, 2023, were:

- 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 of the assets of the Company and its material subsidiaries.

At December 31, 2023, the Company did not have a balance owing on the revolving credit facility and the applicable interest rate was 7.95 percent (December 31, 2022 - 7.2 percent).

The credit facility also included 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 December 31, 2023, and thereafter.

At December 31, 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 December 31, 2023, and thereafter.

At December 31, 2023, the interest coverage ratio was 203:1.

The interest coverage ratio related to the financial covenant at December 31, 2023, was calculated as follows:

Interest Coverage Ratio (ICR)

(thousands of dollars, except ratio)

Adjusted EBITDA	31,295
Divided by: Interest expense	154
ICR (to be at least 2.5:1)	203:1

The Company was therefore in compliance with the credit facility's covenants at December 31, 2023.

The Company paid 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 to adjusted EBITDA ratio at December 31, 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 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%

In February 2024, the Company amended its \$25 million committed revolving credit facility. The new revolving demand facility has a \$5.0 million borrowing limit and is secured through a charge on all the assets of the Company and its material subsidiaries.

The revolving demand credit facility also includes the following financial covenants:

1) Maximum Total Debt to Adjusted EBITDA Ratio

The total debt to adjusted EBITDA ratio shall not be greater than 3.0:1 at all times.

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.

2) Minimum Interest Coverage Ratio

The minimum 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 all times.

Pulse has an NCIB in place to buy back its shares on the Toronto Stock Exchange (TSX). TSX rules determine the number of shares the Company is permitted to purchase through its NCIB for any renewal period.

On November 18, 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 was 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 continued until November 15, 2023. 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.

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 could 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 were made by the Company's broker based on parameters set by the Company when it was 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 was entered into in accordance with the requirements of applicable Canadian securities laws and terminated on November 15, 2023.

From November 18, 2022, to November 15, 2023, the Company purchased 996,854 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.

On December 18, 2023, the Company received TSX approval for its application to renew its NCIB. The Company will be allowed to purchase, for cancellation, up to a maximum of 2,957,406 common shares, equal to 10 percent of the public float of 29,574,064 common shares, as at December 13, 2023. The Company will be limited under the NCIB to purchase up to 2,618 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until December 19, 2024. 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.

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 2024. The Company anticipates that future capital expenditures will be financed through funds from operations. As at the date of this MD&A, the Company has a \$5.0 million credit facility, which is 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 of 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. 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 generated and available to allocate.

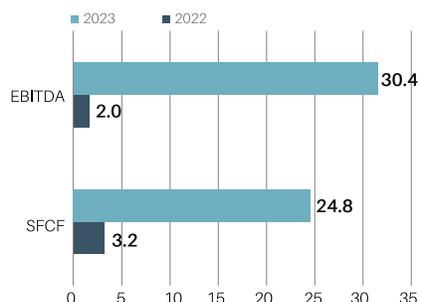
EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation, and amortization.

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 pay dividends, to purchase its common shares, and to repay debt when applicable, by adding non-cash expenses and non-cash deferred financing charges and deducting net financing costs and current income tax expense.

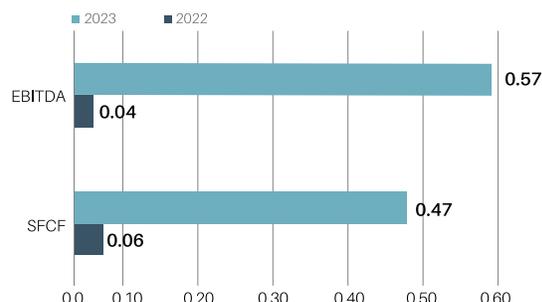
A reconciliation of net earnings or loss to EBITDA and shareholder free cash flow follows:

(thousands of dollars, except per share data)	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
Net earnings (loss)	8,307	(1,948)	15,007	(7,907)
Add:				
Amortization of seismic data library	2,270	2,416	9,103	9,818
Net financing costs (income)	(119)	(9)	(382)	95
Income tax expense (recovery)	3,113	(19)	6,623	(228)
Depreciation	21	27	80	257
EBITDA	13,592	467	30,431	2,035
Add:				
Non-cash expenses	502	166	969	572
Net restructuring costs	-	307	-	705
Non-cash deferred financing charges	26	16	42	69
Deduct:				
Net financing costs (income)	(119)	(9)	(382)	95
Current income tax expense	3,293	57	6,995	86
Shareholder free cash flow (SFCF)	10,946	908	24,829	3,200
EBITDA per share basic and diluted	0.26	0.01	0.57	0.04
SFCF per share basic and diluted	0.21	0.02	0.47	0.06

EBITDA AND SFCF
YEARS ENDED DECEMBER 31
(millions of dollars)



EBITDA AND SFCF PER SHARE (BASIC AND DILUTED)
YEARS ENDED DECEMBER 31
(dollars per share)



As reported in previous filings concerning the Seitel acquisition, Pulse assumed various future liabilities viewed by the Company as being part of the total cost of the acquisition. These costs have been expensed over time between 2019 and 2022 and categorized as restructuring costs, with a large percentage occurring in the first year, 2019. Because these expenses were non-recurring, they were excluded from the Company's calculation of shareholder free cash flow.

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 the long-term debt approximates the carrying value because interest charges under the bank loan are based on current Canadian bankers' acceptance rates and margins.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable.

The Company is exposed to customer credit risk in connection with data sales to its customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The nature of the Company's customer base, including the default risk of the industry in which customers operate, influences credit risk. As the Company operates to a large extent in the oil and natural gas industry, nearly all of its trade receivables relate to customers from this industry.

The effective monitoring and control of credit risk is a core competency of the Company. Each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. The Company's review includes credit reference checks and credit limits for all customers as well as other monitoring activities. Accounts receivable aging is reviewed regularly.

The Company has been doing business with several of its customers for many years, with insignificant credit losses to date. The Company does not require collateral in respect of trade receivables.

The Company's customers are in the energy industry, with the majority located in Alberta. At December 31, 2023, 95 percent of total accounts receivable was due from two customers. All accounts receivable were collected subsequent to year-end.

Accounts receivable over 90 days are monitored and assessed for impairment. Those accounts are evaluated on a case-by-case basis using information received from the customer and market information.

Cash and cash equivalents are held with one of Canada's five largest chartered banks. The carrying amount of financial assets represents the maximum credit exposure. The Company considers the risk on cash and cash equivalents to be very low.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash or other financial assets, i.e., repaying its debt and paying its suppliers. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Beyond total working capital of \$7.5 million, the Company had a revolving-term credit facility, which offered flexibility in drawing and paying down debt without penalty, of which \$25.0 million remained available at December 31, 2023, for future draws, as described in "Liquidity, Capital Resources and Capital Requirements". As explained above, in February 2024, the Company amended its revolving credit facility. The new facility is a revolving demand facility with a \$5.0 million borrowing limit. The Company deems this to be a sufficient level of extra liquidity and will result in reduced financing costs going forward.

The Company regularly monitors cash flow. In addition, it monitors funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to maintaining financial flexibility. The Company does not believe it will encounter difficulty in meeting its obligations associated with financial liabilities.

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

Several new standards, amendments to standards, and interpretations have been issued by the International Accounting Standards Board but were not yet effective for the year ending December 31, 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.

SEISMIC DATA LIBRARY

Amortization of the seismic data library, the Company's largest asset, with a net book value of \$18.3 million at December 31, 2023 (December 31, 2022 - \$27.4 million), is conducted by reference to the estimated timing of the economic return of the seismic library. Amortization of the seismic data library is based on management's estimates of expected future sales, expected useful lives, market developments, and experience. These estimates may change due to changes in market conditions, potential prospects, exploration licence periods, exploration and development in certain areas, government regulations, and general economic conditions. Because of the inherent difficulty in estimating market developments and future sales, the amortization rates might not accurately reflect the systematic allocation of the seismic data library over its useful life.

Additions to the seismic library have been made in two ways: (i) participation surveys, and (ii) the purchase of existing seismic data. Costs directly incurred in acquiring, processing, and otherwise completing seismic surveys were capitalized to the seismic data library. Subsequent expenditures on data library assets, such as reprocessing and digitization, are capitalized only when the expenditure increases the asset's future economic benefits. All other expenditures are recognized in earnings as incurred.

The costs of purchased data are amortized on a straight-line basis over seven years.

The carrying amounts of the seismic data library are reviewed at each reporting date by management to determine whether there is any indication of impairment. If so, the asset's recoverable amount is estimated and impairment recorded, if any. The determination of the Company's CGUs was based on management's judgements regarding the smallest identifiable group of seismic data that generates cash inflows largely independent of the cash inflows from other data. Estimating future cash flows and residual values for purposes of impairment testing requires management to make judgements regarding long-term forecasts of future revenues and costs and future residual values related to the seismic data library. These forecasts are uncertain as they require assumptions about future market conditions and demand for seismic data. With the extremely low net book value remaining for the data library assets, it is unlikely that there will be any future impairment provisions.

As discussed above, the Company did not recognize an impairment loss in 2023 or 2022.

Estimates of useful lives and the pattern of expected future economic benefits are based on historical experience and internal business plans. Expected future economic benefits are determined based on historical revenue patterns.

PERFORMANCE SHARE UNITS

In determining the amount of share-based compensation related to PSUs, management makes estimates about future results and vesting criteria. It is reasonably possible that future outcomes could be different from the estimates and could 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.

DEFERRED INCOME TAX ASSETS / LIABILITIES

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable income. The estimates of projected future taxable income are based on a variety of factors and assumptions, many of which are subjective and beyond the Company's control. Accordingly, these estimates could differ significantly from year to year, and the Company might end up realizing more or less of the deferred tax assets than recognized in the consolidated financial statements.

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

DC&P

Management has evaluated the effectiveness of its DC&P (as defined in National Instrument 52-109), under the supervision of its CEO and CFO, at December 31, 2023. Based on this evaluation, the CEO and CFO have concluded that the DC&P were effective at December 31, 2023.

ICFR

Management, under the supervision of its CEO and CFO, evaluated the effectiveness of ICFR (as defined in National Instrument 52-109) at December 31, 2023, in accordance with the Internal Control 2013 Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Information and Related Technology Framework (COBIT). Based on this evaluation, Pulse's CEO and CFO concluded that the ICFR were effective at December 31, 2023.

No changes were made to ICFR during the period beginning on October 1, 2023, and ending on December 31, 2023, that have materially affected, or are reasonably likely to materially affect, Pulse's ICFR.

RISK FACTORS

OIL AND NATURAL GAS PRICES

Most of Pulse's customers are oil and natural gas exploration and development companies. Oil and natural gas prices are volatile and directly affect the capital budgets, drilling activity, and access to capital and credit by Pulse's customers, which in turn directly affect the demand by such customers for seismic data.

DEMAND FOR SEISMIC DATA

Pulse's ability to generate revenue, EBITDA, shareholder free cash flow, and earnings depends on the demand for seismic data from its oil and natural gas, and energy customers over geological plays and areas that such customers focus on in a given period. Activity in such plays and areas depends on commodity prices, customers' budgets, geological understanding, advances in drilling technology, government fiscal and regulatory regimes, and access to processing and pipeline capacity, all of which are beyond Pulse's control. The Company endeavours to grow its high-quality proprietary data library, expand and maintain its customer base, and provide good customer service with short delivery time and broad data coverage in prospective locations.

PRICING OF DATA LIBRARY LICENCE SALES

Pulse's ability to generate revenue, EBITDA, shareholder free cash flow, and earnings and to grow its data library depends on its ability to market data library licences and on the pricing of these licences.

CYBERSECURITY

Pulse maintains strong cybersecurity over its IT systems, networks, and website to prevent cyber attacks. Cyber attacks are intentional attempts to gain unauthorized access to information systems, networks, and websites for unlawful or improper purposes. Attempts to breach cybersecurity are continually becoming more sophisticated and could lead to unauthorized access and release of confidential information and disruption in operating systems.

Cyber attackers may use a range of techniques, from manipulating people to using sophisticated malicious software and hardware on a single or distributed basis. Some cyber attacks use a combination of techniques in their attempts to evade safeguards. Pulse uses firewalls, intrusion prevention systems, and antivirus software in the security program of its systems and networks. The risk and consequences of cyber attacks can surpass traditional physical security risks due to the rapidly evolving scope and sophistication of these threats.

A successful attack on Pulse's systems, networks, website, or infrastructure could prevent Pulse from providing reliable service and information, allow for the unauthorized interception, destruction, use, or dissemination of Pulse's or its customers' information, and/or prevent Pulse from operating its networks. Such events could cause the Company to lose customers, lose revenue, incur expenses, and suffer reputational and goodwill damages. It could also lead to a loss or devaluation of Pulse's intellectual property rights and could subject the Company to litigation or government investigation. The costs of such events could include liability for information loss and repairs to infrastructure and systems. Pulse's insurance may not cover or be adequate to fully reimburse the Company for these costs and losses.

To mitigate these risks, Pulse has implemented measures and processes that reduce the risk of physical and cyber attacks. Pulse has policies, controls, and monitoring systems that protect its assets and employees. Pulse also uses cyber threat intelligence, testing, intrusion prevention/detection, and incident response capabilities to help identify possible cyber threats and adjust its security measures accordingly.

Pulse has a recovery plan in case of a cyber attack. It includes locally-redundant storage that allows the resumption of day-to-day operations. The recovery plan has been tested.

Pulse uses a third party to store its digital seismic data, the Company's revenue-generating asset. The third party backs up the data using technology that includes redundant offsite storage in a secured data facility.

As part of the risk management strategy, the Company's IT Director reports in person regularly to the Audit and Risk Committee of the Board of Directors the key risk indicators, including any new risks that Pulse is facing in its day-to-day operations along with updates to the risk mitigation plans. The Audit and Risk Committee has the oversight responsibility for cyber security. The goal of the strategy is to be prepared, protected, and able to quickly detect and respond appropriately to the situation, and to ensure that post-breach reporting requirements are met in case of a security breach.

Pulse has not experienced a security incident or breach. If a material security breach happens in the future, the management team's Disclosure Committee will activate the communications plan to inform the relevant stakeholders including employees, directors, customers, securities commissions, stock exchanges, government agencies, and shareholders as soon as possible.

RELICENSING FEES AND PARTNER COPY SALES

Data library licences are generally not transferable. Under Pulse's current standard-form licence agreement, upon a change of control of the licensee in a merger or acquisition transaction, a relicensing fee is generally payable if the acquirer wants to keep a copy of the data. Under Pulse's current standard-form licence agreement, a licensee generally may not give the licensed data to a joint interest partner in the oil and natural gas lands. If the joint interest partner wishes to view or interpret the seismic data, it must purchase an additional copy directly from Pulse.

The precise terms of individual licence agreements (including those historically used by Pulse and its predecessors and those assumed by Pulse on data acquisitions) can vary greatly. Relicensing fees may not always be payable and joint interest partners may not always wish or have to purchase an additional licensed copy.

In addition, merger-and-acquisition and joint venture activity in the oil and natural gas industry is unpredictable.

LAWS AND REGULATIONS

Pulse's oil and natural gas customers are subject to federal and provincial laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, and safety. Compliance with these laws and regulations, and changes in these laws and regulations, may affect oil and natural gas exploration and development activities and the demand for seismic data licences and participation surveys by such customers.

COMPETITION

Pulse owns the largest seismic data library in Canada, consisting of high-quality data with extensive coverage in the WCSB. Other geophysical companies that own large data libraries are considered to be indirect competitors of Pulse, as there is generally little overlap between 3D databases. With each company owning unique seismic data, clients seeking specific data will usually choose to license available data from the appropriate library as the cost of overshooting an already-surveyed area is much higher than licensing existing data. Seismic data library companies and individual oil and natural gas companies may, however, elect to overshoot an existing 3D dataset if it is not of the desired quality or specifications.

KEY MANAGEMENT, OPERATIONS AND MARKETING PERSONNEL

Pulse depends on certain key management, operations, and marketing personnel for the success of its seismic acquisition, marketing, and licensing business. Pulse endeavours to obtain written employment agreements with such personnel containing confidentiality and non-competition provisions where appropriate. Personnel risk is further mitigated by providing compensation packages designed to support Pulse's business philosophy and which are both market-driven and performance-based. This includes short- and long-term incentive programs which are directly tied to shareholder free cash flow per share, which the Board of Directors believes is the key financial metric for the long-term increase in the value of Pulse. Pulse also has a succession plan to provide adequate training and education to its future leaders, which is reviewed annually by the Board of Directors.

LOSS OF SEISMIC DATA

Pulse's largest asset and source of revenue is the seismic data library. The safety and security of the data library asset is essential to the Company's success. The digital data is stored in two secure locations and managed by Pulse staff and a data storage company. Backups of the digital data are kept in separate secure locations. For further information, please see "Cybersecurity" above.

PROTECTION OF INTELLECTUAL PROPERTY

Pulse relies on a combination of licence agreements, copyright, confidentiality, and other intellectual property rights to protect its ownership rights and copyright in its seismic data. Despite Pulse's efforts to enforce its licence agreements and copyright, there is a risk that unauthorized parties might improperly obtain, copy, or use Pulse's seismic data without Pulse's knowledge or permission. The cost of litigation necessary to enforce Pulse's ownership rights and copyright could be prohibitive.

NEW PRODUCTS

Seismic data is used by energy companies to identify portions of geological formations that have the potential to hold hydrocarbons. There are currently no other products that compete directly against seismic data for such purposes. Should a new product or method be introduced that was technically and/or economically comparable or superior to seismic data, Pulse's data library sales and/or the pricing thereof could be adversely affected.

CLIMATE CHANGE

The Company's seismic data library is a digital asset that is generally unaffected by climate change. Climate change, however, affects Pulse's customers, the oil and natural gas exploration and production companies that license seismic data for drilling and exploration. Carbon and environmental laws and regulations, including those related to climate change and carbon regulations, as well as the apprehended physical effects of climate change, including extreme weather events, resource shortages, and changing sea levels and temperatures, may over time adversely affect these companies, their businesses, operations and financial condition, and are likely to change their exploration, development, and production programs, their capital expenditures, and their need for seismic data, which could in turn result in an unmeasurable adverse impact on Pulse's sales, cash flow, and profitability.

The Company recognizes climate change as an important global challenge and is committed to promoting responsible energy use in its own business and operations. The Board of Directors and management routinely monitor proposed changes in carbon and environmental policy, legislation, and regulation and will continue to assess the risks of climate change on the Company's business and operations.

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 "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 2024;
- 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 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 poor visibility of seismic revenue. Pulse cautions readers not to place undue reliance on these statements as several 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 that 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

HEAD OFFICE

Suite 2700, 421 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Telephone: 403-237-5559
Toll Free: 1-877-460-5559
Email: info@pulseseismic.com

www.pulseseismic.com



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For the three months and year ended
December 31, 2023

TSX: PSD
OTCQX:PLSDF