

SELECTED FINANCIAL AND OPERATING INFORMATION

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)		Year ended December 31, 2019
(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	2020	2019	2020	2019	2019
Revenue					
Data library sales	1,829	2,460	5,869	18,354	23,635
Other revenue	76	127	257	437	520
Total revenue	1,905	2,587	6,126	18,791	24,155
Amortization of seismic data library	2,489	3,557	8,855	10,700	14,200
Net loss	(1,937)	(2,861)	(7,073)	(2,652)	(3,411)
Per share basic and diluted	(0.04)	(0.05)	(0.13)	(0.05)	(0.06)
Cash provided by (used in) operating activities	603	(1,609)	3,062	7,478	8,605
Per share basic and diluted	0.01	(0.03)	0.06	0.14	0.16
Cash EBITDA ^(a)	1,222	1,325	3,290	13,678	17,557
Per share – basic and diluted ^(a)	0.02	0.02	0.06	0.25	0.33
Shareholder free cash flow ^(a)	861	1,072	2,395	10,624	13,605
Per share – basic and diluted ^(a)	0.02	0.02	0.04	0.20	0.25
Capital expenditures					
Seismic data purchases, digitization and related costs	96	–	287	61,029	61,029
Property and equipment	–	–	7	398	439
Total capital expenditures	96	–	294	61,427	61,468
Weighted average shares outstanding					
Basic and diluted	53,793,317	53,793,317	53,793,317	53,793,317	53,793,317
Shares outstanding at period-end			53,793,317	53,793,317	53,793,317
Seismic library					
2D in kilometres			829,207	829,207	829,207
3D in square kilometres			65,310	65,310	65,310

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	September 30, 2020	September 30, 2019	December 31, 2019
Working capital	2,007	579	596
Working capital ratio	1.6:1	1.1:1	1.1:1
Cash and cash equivalents	282	814	1,356
Total assets	56,901	70,994	69,807
Long-term debt	28,417	31,854	31,511
Trailing 12-month (TTM) cash EBITDA ^(b)	7,169	16,887	17,557
Shareholders' equity	24,909	32,674	31,973
Long-term debt to TTM cash EBITDA ratio	3.96	1.89	1.79
Long-term debt to equity ratio	1.14	0.97	0.99

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

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

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

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

CONTENTS			
		Liquidity, Capital Resources and Capital Requirements	11
Overview	2	Non-Capital Resources	14
Covid-19 Impact on the Company's Operations and Risks	2	Non-GAAP Financial Measures and Reconciliations	14
Corporate Update	3	Financial Instruments	16
Key Performance Indicators	3	New IFRS Standards	16
Seismic Revenue Fluctuations	4	Critical Accounting Estimates	16
Outlook	4	Disclosure Controls and Procedures (DC&P) and Internal Controls over Financial Reporting (ICFR)	17
Discussion of Operating Results	5	Risk Factors	17
Review of Financial Position	8	Additional Information	17
Financial Summary of Quarterly Results	10	Forward-Looking Information	17
Contractual Obligations	11		

The following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations of Pulse Seismic Inc. ("Pulse" or the "Company") for the three and nine months ended September 30, 2020 was prepared taking into consideration information available to November 10, 2020 and should be read with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2020. This MD&A is supplemental to the MD&A, audited consolidated financial statements and related notes for the year ended December 31, 2019.

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

OVERVIEW

ABOUT PULSE

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

Pulse owns the largest licensable seismic data library in Canada, currently consisting of approximately 65,310 net square kilometres of 3D seismic and 829,207 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin (WCSB), where most of Canada's oil and natural gas exploration and development occur.

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

MISSION AND STRATEGY

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

COVID 19-IMPACT ON THE COMPANY'S OPERATIONS AND RISKS

In March 2020, the COVID-19 outbreak was recognized as a pandemic. In addition, global commodity prices declined significantly due to disputes between major oil-producing countries, combined with the pandemic's impact. Governments worldwide, including those in Canada, enacted emergency measures to combat the spread of the virus. These measures included travel bans, quarantine periods, shutdowns of numerous businesses and economic sectors, and social distancing, causing material disruption to businesses globally, resulting in a severe economic slowdown. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; the longer-term success of these interventions, however, is not currently determinable. In the third quarter of 2020, the Company benefited from the Canada Emergency Wage Subsidy in the amount of \$135,000, bringing the total benefit to \$357,000 in 2020. All amounts were received by September 30, 2020.

The current challenging economic climate may continue to have significant adverse impacts on the Company including, but not limited to:

- Material declines in revenue and cash flows as the Company's customers, which are concentrated in the oil and natural gas industry, further cut capital budgets and reduce field activities;
- Declines in revenue that could, in turn, result in an impairment charge against the Company's seismic data library assets;
- Declines in revenue that could make the Company unable to comply with covenants in its syndicated credit facility. Based on management's forecasts, which have been updated to reflect the current market conditions caused by COVID-19 and the decline in commodity prices, the Company expects to remain in compliance with its syndicated credit facility covenants. As certain financial metrics are expected to be near the covenant thresholds, further market weakness and an extended impact from COVID-19 could change management's forecasts, which could in turn affect the Company's future covenant compliance; and
- Non-performance by the Company's customers, in turn resulting in non-payment of accounts receivable and customer defaults.

Although the economies of Alberta and B.C. slowly re-opened during the spring/summer and government authorities in both provinces are currently attempting to avoid reimposing greater restrictions, the situation remains dynamic and the ultimate duration and magnitude of the economic impact and financial effects on the Company cannot be determined. Estimates and judgements made by management in the preparation of the financial statements are difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Management and the Board of Directors have taken cost-cutting measures in response to low sales revenue and the expectations that sales could remain low. Pulse has implemented salary reductions ranging from 7.5 percent to 20 percent for all of its employees. Director's fees for the chair of the Board of Directors have been reduced by 50 percent and all other independent directors' fees have been reduced by 40 percent. All administrative and operating expenses and capital spending plans have been evaluated and reduced where appropriate. The Company also applied and received the Canada Emergency Wage Subsidy for its 16 employees.

Pulse remains committed to the health and safety of its employees. In response to the public health measures associated with the pandemic, Pulse implemented its disaster recovery plan and the downtown office staff began working remotely on March 13, 2020. On July 6, 2020 a small number of staff returned to work in the downtown office, with strict policies and procedures for the health and safety of these employees. In addition, the Company has a small group working at its warehouse facility. The guidance of health authorities continues to be closely monitored and Pulse intends to have approximately one-third of its 16 staff continue to work remotely for the foreseeable future. Pulse's business is supplying licences to a digitally-based product, seismic data and, as a result, the combination of staff working in the office and remotely allows for timely responses to customers' needs. The Company's top priorities continue to be the safety of its employees, preserving cash and protecting the balance sheet while weathering these uncertain and unprecedented times.

CORPORATE UPDATE

At September 30, 2020 the Company was in compliance with all covenants related to its syndicated credit facility. In January 2019 Pulse borrowed a total of \$38.0 million to partially fund the acquisition of Seitel Canada Ltd. (Seitel). This indebtedness included approximately \$23.0 million in senior debt from its syndicated credit facility, \$10.0 million in subordinated debt and an additional potential sales-based deferred payment of \$5.0 million due to the vendor of Seitel. The acquisition more than doubled the size of Pulse's seismic data library, which the Company believes has doubled the opportunity set for future sales. At September 30, 2020 the balance owing on these credit facilities was \$28.7 million, of which \$18.7 million was due on the Company's senior credit facility and \$10.0 million was subordinated debt. The sales-based deferred payment was fully satisfied by mid-2019.

With uncertainty continuing as to the length and severity of the oil and natural gas industry downturn, in June 2020 Pulse negotiated with the lead bank of its syndicated credit facility an amendment to its financial covenants to ensure additional flexibility in future quarters. Changes are disclosed in the liquidity, capital resources and capital requirements section.

KEY PERFORMANCE INDICATORS

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

Results for the key performance indicators for the three and nine months ended September 30, 2020, with comparative figures for 2019, are set out in the following table:

(thousands of dollars except per share data)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Data library sales	1,829	2,460	(631)	5,869	18,354	(12,485)
Other revenue	76	127	(51)	257	437	(180)
Total seismic revenue	1,905	2,587	(682)	6,126	18,791	(12,665)
Net loss	(1,937)	(2,861)	924	(7,073)	(2,652)	(4,421)
Per share basic and diluted	(0.04)	(0.05)	0.01	(0.13)	(0.05)	(0.08)
Cash generated by operating activities	603	(1,609)	2,212	3,062	7,478	(4,416)
Per share basic and diluted	0.01	(0.03)	0.04	0.06	0.14	(0.08)
Cash EBITDA	1,222	1,325	(103)	3,290	13,678	(10,388)
Per share basic and diluted	0.02	0.02	(0.00)	0.06	0.25	(0.19)
Shareholder free cash flow	861	1,072	(211)	2,395	10,624	(8,229)
Per share basic and diluted	0.02	0.02	0.00	0.04	0.20	(0.16)

Since the beginning of 2020 the Company has experienced low data library sales, which continued in the third quarter. Quarterly sales have fluctuated greatly since the end of 2014, due to the reduced capital spending in the energy-producing sector. Given the approximate doubling of licensable seismic data in the library since the major acquisition of Seitel in the first quarter of 2019, by comparison to prior years, data sales declined further in the first, second and third quarters of 2020. The COVID-19 pandemic and the collapse of commodity prices in the first quarter caused Pulse's customers to further reduce capital expenditures in Canada. For the three months ended September 30, 2020, Pulse generated \$1.9 million of revenue compared to \$2.6 million for the same period in 2019. The 2020 third quarter's revenue included \$1.8 million in data library sales from two transaction-based deals.

The decrease in data library sales during the three and nine months ended September 30, 2020 from the same periods of 2019 is the main factor contributing to the period-over-period decrease in the Company's key performance metrics of cash EBITDA and shareholder free cash flow.

SEISMIC REVENUE FLUCTUATIONS

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

Traditional data library sales can occur at any time. This is due to the nearly continual changes in oil and natural gas industry conditions, sudden or increased demand for seismic data covering a specific area or play, and the timing of public offerings of petroleum and natural gas rights (land sales).

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.

OUTLOOK

The current extreme economic uncertainty renders it difficult for Pulse to issue a specific outlook concerning industry and market conditions over the next 12 months. The plunge in domestic Canadian crude oil prices and further reductions to oil and natural gas producers' capital expenditures make it very likely that industry activity will be extremely low over the next several quarters. Accordingly, Pulse expects low traditional seismic data library sales. Transaction-based sales, however, occur as a result of industry merger and acquisition and asset sales and could happen at any time.

Having spent the past five years reducing controllable costs, maximizing efficiencies, maintaining a strong balance sheet and optimizing its access to credit, Pulse is well-prepared to weather an extended period of weak sales. As demonstrated in the first three quarters of 2020, the Company can generate positive shareholder free cash flow with sales of \$5.9 million. Pulse will continue to seek further cost reductions where possible, without impairing the Company's ability to serve its clients, conduct sales and act on attractive opportunities. The seismic library's data does not deteriorate or expire and incurs minimal maintenance costs.

DISCUSSION OF OPERATING RESULTS

SUMMARY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

LOSS BEFORE INCOME TAXES

For the three months ended September 30, 2020, the Company incurred a loss before income taxes of \$2.0 million (\$0.04 per share basic and diluted) compared to a loss before income taxes of \$3.2 million (\$0.06 per share basic and diluted) for the comparable period of 2019.

For the nine months ended September 30, 2020, the Company incurred a loss before income taxes of \$7.6 million (\$0.14 per share basic and diluted) compared to a loss before income taxes of \$1.8 million (\$0.03 per share basic and diluted) for the comparable period of 2019.

DATA LIBRARY SALES REVENUE

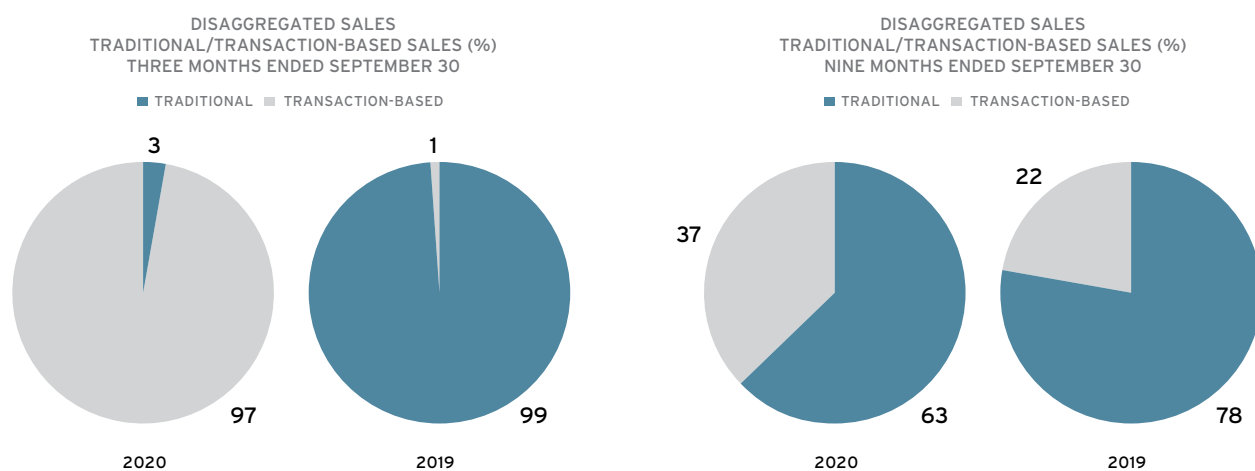
Data library sales were \$1.8 million for the three months ended September 30, 2020 compared to \$2.5 million for the three months ended September 30, 2019.

Data library sales were \$5.9 million for the nine months ended September 30, 2020 compared to \$18.4 million for the nine months ended September 30, 2019.

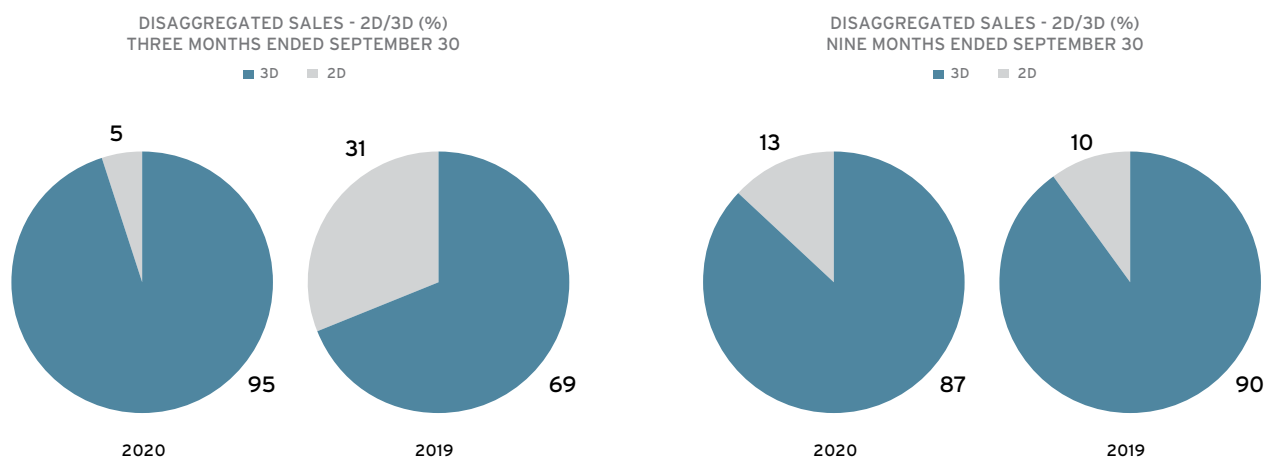
DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

Pulse uses three ways to disaggregate its data library sales. The following graphs illustrate the three forms of sales disaggregation for the three- and nine-month periods ended September 30, 2020 and 2019.

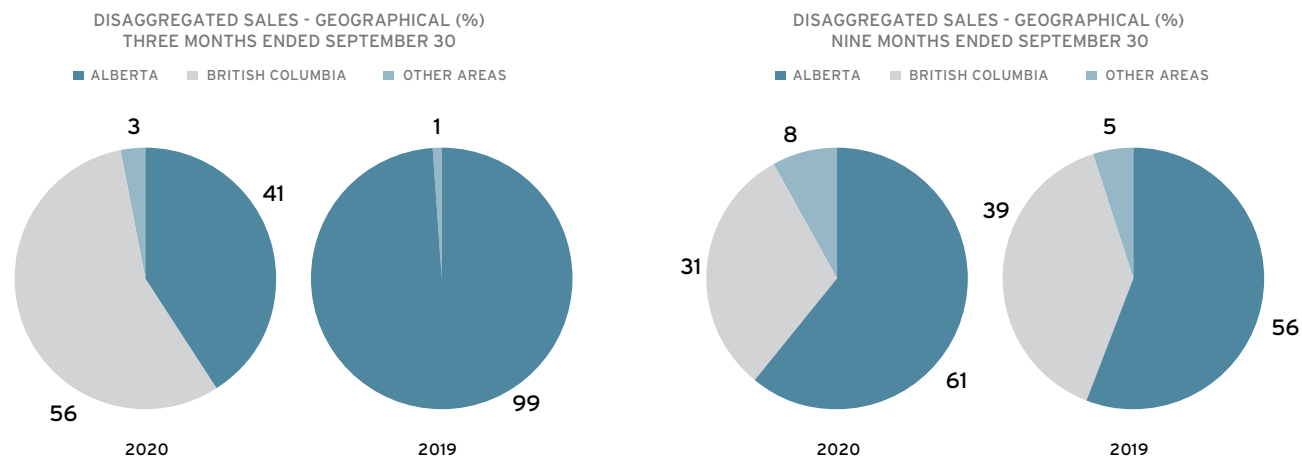
The first breakdown, transaction type, separates sales between traditional and transaction-based sales. These two types fluctuate greatly from period to period and year to year. An eight-year historical breakdown is also provided in the MD&A for the year ended December 31, 2019.



The second 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.



The third 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.



AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended September 30, 2020, seismic data library amortization expense was \$2.5 million compared to \$3.6 million in the comparable period of 2019. For the nine months ended September 30, 2020, seismic data library amortization expense was \$8.9 million compared to \$10.7 million in the comparable period of 2019.

The decrease in the amortization expense is due to certain data acquired in previous years becoming fully amortized.

Amortization of the seismic data library is described further under "Critical Accounting Estimates" in the Company's MD&A for the year ended December 31, 2019.

IMPAIRMENT

At September 30, 2020, 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 new indicators from June 30, 2020 and that, accordingly, no impairment test was required.

At March 31, 2020, the Company assessed the CGUs in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were such indicators. The principal indicator was the significant reduction

in commodity prices along with uncertainty over the timing of any improvement, in conjunction with the COVID-19 pandemic and its impact on the global economy. Those indicators triggered an impairment test on the Seitel data library CGU. For the purpose of impairment testing, the recoverable amount of a Company CGU is the greater of its value-in-use and its fair value less costs to sell. The recoverable amount of the Seitel CGU was determined based on a value-in-use calculation. The Company used the following assumptions for this calculation:

- The estimated future cash flows for the next five years net of variable and fixed costs with a terminal valuation applied. The forecast is based on past performance as well as management's assessment of economic conditions, expected market trends and anticipated activity levels of the Western Canadian oil and natural gas sector;
- The terminal value of the Seitel CGU, estimated to be 40 percent of the 2024 cash flows, with a decline rate of 2 percent;
- An after-tax discount rate of 11 percent to calculate the net present value of future cash flows, which is the weighted average cost of capital calculated at March 31, 2020; and
- A combined federal-provincial income tax rate of 25 percent.

Based on these assumptions and the Company's calculations, no impairment loss was incurred in the first quarter of 2020.

SALARIES, INTERNAL COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended September 30, 2020 was \$497,000 compared to \$751,000 in the comparable period of 2019. The decrease from 2019 is explained by salary reductions ranging from 10 percent to 20 percent for the Company's executive and management team implemented in the second quarter of 2020. As stated above, the Company also received \$135,000 from the Canada Emergency Wage Subsidy (CEWS).

SCB for the nine months ended September 30, 2020 was \$1.8 million compared to \$3.5 million in the comparable period of 2019. The significant decrease is due to the acquisition bonus of \$700,000 paid in the first quarter of 2019 to Pulse executives and staff for the completion of the acquisition and integration of Seitel, the decrease in the accounting expense for the employee incentive plans, salary reductions and the CEWS.

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

SG&A for the three months ended September 30, 2020 was \$150,000 compared to \$457,000 for the three months ended September 30, 2019. In the third quarter of 2020, the \$180,000 allowance for impairment of trade receivables, for one customer, at December 31, 2019 was reversed. On July 20, 2020, the Company received payment in full from this customer.

SG&A for the nine months ended September 30, 2020 was \$946,000 compared to \$1.5 million for the nine months ended September 30, 2019. The decrease is partially due to higher corporate reporting expenses in the first half of 2019 related to the Seitel acquisition, along with a significant review of all expenses in 2020 to reduce costs in light of a low sales environment at the beginning of 2020 and the reversal of the allowance for impairment of trade receivables explained previously. Compensation for the Board of Directors was also reduced. Director's fees for the chair of the Board of Directors were reduced by 50 percent and all other independent director's fees were reduced by 40 percent.

RESTRUCTURING COSTS

Restructuring costs for the nine months ended September 30, 2020 were \$231,000 compared to \$2.5 million for the nine months ended September 30, 2019. The following expenses were included in 2019: \$1.5 million of severance payments related to the acquired company in January 2019, audit fees related to regulatory reporting of the Seitel acquisition, expenses related to the Seitel warehouse lease, increased marketing costs and minor SG&A expenses related to Seitel integration.

NET FINANCING COSTS

For the three months ended September 30, 2020, the Company's net financing costs were \$503,000 compared to \$602,000 for the same period in 2019. For the nine months ended September 30, 2020, the Company's net financing

costs were \$1.4 million compared to \$1.9 million for the same period in 2019. The decrease is due to the reduction in the average interest rate and lower long-term debt balance during the first three quarters of 2020. The Company's credit facility is comprised of \$12.8 million in term debt and a \$30.0 million revolving facility, on which \$5.9 million was owing as of September 30, 2020. The total available to draw on the revolving facility was reduced to \$15.0 million for the one-year modification period, as explained in the liquidity section below.

Pulse also has a five-year subordinated debt agreement with Edgepoint Investment Group Inc., a non-arm's-length party, for \$10.0 million. The agreement has no requirement to repay the principal prior to the end of term.

INCOME TAXES

The income tax recovery for the three months ended September 30, 2020 was \$26,000, reflecting an effective tax rate for accounting of 1.3 percent, compared to an income tax recovery of \$359,000 and an effective tax rate for accounting of 11.1 percent for the comparable 2019 period. The income tax recovery for the nine months ended September 30, 2020 was \$552,000, reflecting an effective tax rate for accounting of 7.2 percent, compared to an income tax expense of \$899,000 and an effective tax rate for accounting of 51.3 percent for the comparable 2019 period. The main factor affecting the tax rate calculation is the permanent difference between the tax basis and the accounting value of the data library acquired in January 2019.

The federal-provincial enacted corporate income tax rate is 25 percent in 2020 and was an average of 26.5 percent in 2019, the change being due to phased reductions to the corporate income tax rate levied by the Province of Alberta.

Subsequent to quarter end, on October 20, 2020, the government of Alberta substantively enacted the reduction of the 2020 corporate income tax rate from 10% to 8% retroactive to July 1, 2020. The average combined income tax rate for 2020 fiscal year will be 24%. The effect of this change on the year-to-date results as of September 30, 2020 would be an income tax recovery increase of \$32,000 which will be reflected in the December 31, 2020 income tax recovery.

REVIEW OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

TRADE AND OTHER RECEIVABLES

Trade and other receivables at September 30, 2020 totalled \$4.3 million compared to \$4.2 million at December 31, 2019.

CURRENT TAX ASSETS

Included in current tax assets is the current tax recovery for the first three quarters of 2020 and the 2020 income tax installments.

SEISMIC DATA LIBRARY

The Company's business model includes the objective of seismic data library growth. Pulse acquires 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. Pulse partners with customers on participation surveys from which the seismic data collected is added to Pulse's data library to generate future licensing revenue. Pulse retains full ownership of the data, and participating customers are provided with a licensed copy in return for their contribution to the capital costs of the survey. Pulse has not conducted a participation survey since the first quarter of 2015, but has grown significantly during this time through acquisition.

On January 15, 2019 the Company, through its acquisition of Seitel, added approximately 36,354 net square kilometres of 3D data and 379,207 net kilometres of 2D data to its library. The total value allocated to the seismic data in the purchase price was \$61.0 million.

LONG-TERM RECEIVABLES

In November 2019 the Company closed a \$3.4 million seismic data sale. The sale included extended payment terms and, therefore, the payments due more than one year later were discounted, resulting in \$191,000 of the data library sale to be recognized as interest income over time until the payments are received in 2021 and 2022. The deferred interest income balance at September 30, 2020 was \$106,000.

The \$1.2 million in payments due from January 1, 2021 to September 30, 2021 are included in the trade and other receivables. The remaining balance of \$1.2 million in payments due from January 1, 2022 to October 1, 2022 is presented as a long-term receivable in the statement of financial position.

RIGHT-OF-USE (ROU) ASSETS

Included in the ROU assets are the present values of the basic rent related to Pulse's office lease agreement and the warehouse lease agreement assumed through the acquisition. The present values are calculated using an incremental borrowing rate of 6.7 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.

The office lease agreement terminates in March 2023 and the warehouse lease agreement terminates in April 2022.

LONG-TERM DEBT

As described in "Net Financing Costs" above, Pulse partially funded the acquisition of Seitel with a combination of debt from its syndicated credit facility and subordinated debt of \$10.0 million.

The current portion of long-term debt consists of the annual mandatory principal repayment of \$1.5 million (made in quarterly payments of \$375,000) related to the syndicated credit facility.

The non-current portion of the long-term debt is offset by deferred financing charges to be amortized over three years.

LEASE LIABILITIES

Included in lease liabilities are the present values of the basic rent related to Pulse's office lease agreement, the lease agreement for Seitel's former office space and the warehouse lease agreement, all calculated using an incremental borrowing rate of 6.7 percent. The operating costs included in the lease agreements were not included in the lease liabilities as these costs are not fixed or based on an index or rate.

OTHER LONG-TERM PAYABLE

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

SHARE CAPITAL SUMMARY

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Weighted average shares outstanding:				
Basic and diluted	53,793,317	53,793,317	53,793,317	53,793,317
Shares outstanding at period-end and at November 10, 2020			53,793,317	53,793,317

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.

On March 31, 2020 186,658 RSUs and 237,113 PSUs were eligible to vest. Corporate financial performance in 2019 did not meet the predetermined performance benchmarks and, consequently, no PSUs vested on March 31, 2020. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested on March 31, 2020.

To satisfy its obligation, in April 2020 the Company provided \$106,000 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, 2020. The related payroll taxes of \$102,000 were paid in June 2020 to settle fully the accrued cash-settled portion of the share-based payment liabilities.

At September 30, 2020 and November 10, 2020 there were 692,140 RSUs and 876,973 PSUs outstanding.

DEFICIT

As of September 30, 2020 the Company's deficit increased by \$7.1 million, which was the net loss for the nine-month period ended September 30, 2020.

DEFERRED TAX LIABILITY

The deferred income tax liability was \$954,000 at September 30, 2020 compared to \$1.1 million at December 31, 2019. The decrease in the deferred income tax liability is mainly due to the decrease in the difference between the tax base of the seismic data library and the carrying amount on the statement of financial position.

The deferred income tax liability consists mainly of taxable temporary differences between the tax base of the seismic data library and the carrying amount on the statement of financial position.

FINANCIAL SUMMARY OF QUARTERLY RESULT

(thousands of dollars, except per share data)	2020			2019			2018	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Data library sales	1,829	1,850	2,190	5,281	2,460	10,617	5,277	4,286
Other revenue	76	91	90	83	127	167	143	27
Total revenue	1,905	1,941	2,280	5,364	2,587	10,784	5,420	4,313
Amortization of seismic data library	2,489	2,850	3,516	3,500	3,557	3,577	3,566	1,811
Net earnings (loss)	(1,937)	(2,309)	(2,827)	(759)	(2,861)	2,880	(2,671)	1,024
Per share – basic and diluted	(0.04)	(0.04)	(0.05)	(0.01)	(0.05)	0.05	(0.05)	0.02

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, as well as data storage fees related to the leased warehouse that was acquired with the Seitel purchase.

Data library sales consist of traditional sales and transaction-based sales, as described under "Traditional Sales vs. Transaction-based Sales: Eight-Year History" in the Company's MD&A for the year ended December 31, 2019. See also "Seismic Revenue Fluctuations".

During 2020, 2019 and 2018, transaction-based sales contributed to data library sales to varying degrees. The second quarter of 2019 included \$4.0 million in transaction-based sales. The third quarter of 2020 included \$1.8 million in transaction-based sales.

Very little transaction-based sales revenue was generated in the other quarters depicted in the table above.

The significant increase in amortization expense in the first quarter of 2019 over the preceding three quarters is due to the Seitel acquisition in January 2019. Amortization expense had decreased in the second quarter of 2018 from the prior quarters depicted above due to a large seismic data library asset acquired in 2010 becoming completely amortized. As amortization is a non-cash expense, the Company continued to generate cash EBITDA and shareholder free cash flow in each quarter.

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

Increases in data library sales have a highly positive impact on earnings, as the operating costs associated with licensing seismic data from the library fluctuate very little from period to period.

All financial data included in the table above is presented in Canadian dollars, the Company's functional currency.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at September 30, 2020 are comprised of lease liabilities for office and warehouse space, minimum payments under seismic data services contracts and accounts payable and accrued liabilities. The following table reflects the Company's anticipated payment of contractual obligations:

(thousands of dollars)	Total	Payments due by period			
		Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long-term debt – principal	28,650	1,500	17,150	10,000	–
Long-term debt – interest	4,522	1,970	2,260	292	–
Lease liabilities	2,609	1,279	1,330	–	–
Seismic data services contracts	627	531	96	–	–
Accounts payable and accrued liabilities	894	846	48	–	–
Total contractual obligations	37,302	6,126	20,884	10,292	–

Obligations in the category of seismic data services contracts include data storage and the data digitization project.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At September 30, 2020 Pulse had working capital of \$2.0 million and a working capital ratio of 1.6:1.

In the first three quarters of 2020 the Company generated \$3.1 million of cash from operating activities compared to \$7.5 million for the same period in 2019. The main differences between the two periods relate to lower net financing costs and the collection of accounts receivable in the first three quarters of 2020, offset by lower sales and the income tax installments paid in the first quarter for 2020.

The Company also utilized cash for the following outlays:

- Long-term debt repayments of \$3.1 million;
- Settlement of equity share-based payment of \$106,000;
- Debt transaction costs of \$88,000;
- Capital lease principal repayments of \$523,000; and
- Seismic data digitization of \$287,000.

The cash balance at September 30, 2020 was \$282,000.

In June 2020, the Company amended its syndicated credit facility to provide additional flexibility for the coming quarters. The four-quarter period for which these amendments are related is referred to as the modification period. The Company's syndicated credit facility now comprises \$12.8 million in term debt and \$15.0 million of availability on the \$30.0 million revolving facility, both of which were utilized for the acquisition of Seitel in January 2019. The revolving facility has been reduced for the duration of the modification period. The Company paid an amendment fee of \$88,000 in June 2020 for the modifications to its credit facility. Up to \$5.0 million of the revolving facility remains available as an operating line of credit. The facility specifies repayment terms, interest rates and financial covenants that are described below.

Significant terms of the credit facility are:

- Interest on the term debt and the revolving facility is based on prime rate plus 0.75 percent to 4.25 percent (previously plus 0.25 percent to 2.75 percent), following a ten-tier margin structure (previously eight-tier) based on the Company's total debt to adjusted EBITDA ratio as described below;
- An accordion feature allowing the Company to increase the facility's size by up to an additional \$25.0 million, subject to the lenders' consent. The accordion will not be available during the modification period;
- \$375,000 aggregate quarterly principal payments on the term debt and the facility, with voluntary prepayments permitted in whole or part at any time, without premium or penalty. This is unchanged from the original agreement;
- Three-year term until January 22, 2022 on the syndicated credit facility, with an extension of up to one year available on January 15 of every year with the approval of the lenders. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date. Pulse did not request an extension on January 15, 2020;
- Standby fee based on the daily undrawn balance of the revolving portion of the credit facility and the Company's total debt to adjusted EBITDA ratio following the amended ten-tier margin structure; and
- Security through a charge on all of the assets of the Company and its material subsidiaries.

At September 30, 2020 the Company had a \$5.9 million balance on the revolving credit facility. With the reduction to the amount available through the modification period, which began on July 1, 2020, \$9.1 million remained available for future draws. When the modification period ends on September 30, 2021, the full amount of the revolving facility, \$30.0 million, is expected again to be available to the Company. At September 30, 2020 the applicable interest rate on the long-term debt was 5.2 percent (September 30, 2019 - 4.7 percent).

The credit facility also includes the following financial covenants:

1) MAXIMUM SENIOR DEBT TO ADJUSTED EBITDA RATIO

The senior debt to adjusted EBITDA ratio was unchanged for the first and second quarters of 2020 and could not be greater than 3.5:1 on March 31, 2020 and 3.25:1 on June 30, 2020. During the four-quarter modification period, the maximum ratio shall increase in steps to 4.25:1 (previously 3.25:1) for September 30, 2020, 5.5:1 (previously 3.0:1) for December 31, 2020 and March 31, 2021 and then decrease in steps to 4.25:1 (previously 3.0:1) for June 30, 2021, following which it is to remain unchanged at 3:1 for fiscal quarters ending September 30, 2021 and thereafter.

Senior debt is total debt less subordinated debt and 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.

2) MINIMUM INTEREST COVERAGE RATIO

The minimum interest coverage ratio, defined as the ratio of adjusted EBITDA to interest expense, shall not be less than 3:1.

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

The fixed charge coverage ratio is equal to adjusted EBITDA less unfunded capital expenditures, cash taxes and permitted cash distributions divided by the sum of scheduled principal repayments and interest expense paid in cash, and previously was 1.2:1 for each period including the period ended June 30, 2020. This changes during the modification period and shall not be less than 1.15:1 for September 30, 2020, 1.05:1 for December 31, 2020 and March 31, 2021 and then increases to 1.15:1 for June 30, 2021 and 1.20:1 for fiscal quarters ending September 30, 2021 and thereafter.

At September 30, 2020 the senior debt to adjusted EBITDA ratio was 2.60:1 and the fixed charge coverage ratio was 2.08:1.

The Company was therefore in compliance with the credit facility's covenants at September 30, 2020.

The Company pays interest and a standby fee based on the daily undrawn balance of the credit facility and its total debt to adjusted EBITDA ratio. Interest and the standby fee on the syndicated revolving bank loan are calculated based on the syndicate lead lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. The total debt to adjusted EBITDA ratio at September 30, 2020 was 4.00:1 and the applicable margin and standby fee remained at level 7 of the 10 rates specified under the facility.

The interest and standby fee rates are adjusted two business days after the covenant's calculation for the previous fiscal quarter is received and approved by the lenders.

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

Total debt to adjusted EBITDA ratio	Applicable margin for Canadian prime rate loans	Applicable margin for bankers' acceptances	Standby fee rate
Less than or equal to 1:1	0.75%	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%

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 2020. The Company anticipates that future capital expenditures will be financed through cash on hand, available credit facilities, and funds from operations. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities in raising additional capital where opportunities for seismic data acquisitions arise. 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. Long-term debt is defined as long-term debt, net of deferred financing costs. At September 30, 2020, the long-term debt to equity ratio was 1.14:1. Pulse's management considers the current capital structure appropriate.

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

NON-CAPITAL RESOURCES

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

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

This MD&A and the Company's continuous disclosure documents provide discussion and analysis of cash EBITDA and shareholder free cash flow. IFRS do not include standard definitions for these measures and, therefore, they may not be comparable to similar measures used and disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them to evaluate the Company's financial performance.

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

CASH EBITDA AND SHAREHOLDER FREE CASH FLOW

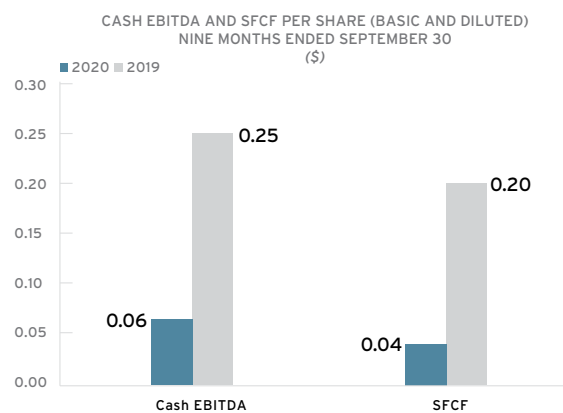
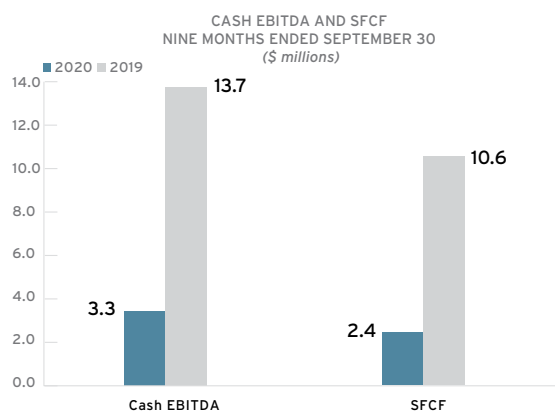
Cash EBITDA represents the capital available to invest in growing the Company's 2D and 3D seismic data library, to pay interest and principal on its long-term debt, to purchase its common shares, to pay income taxes and to pay dividends.

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

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

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

(thousands of dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net loss	(1,937)	(2,861)	(7,073)	(2,652)
Add:				
Amortization of seismic data library	2,489	3,557	8,855	10,700
Net financing costs	503	602	1,419	1,926
Income tax expenses (recovery)	(26)	(359)	(552)	899
Depreciation	166	165	501	480
EBITDA	1,195	1,104	3,150	11,353
Deduct:				
Lease payments treated as capital lease	21	21	64	64
Warehouse storage fees	75	96	225	350
Add:				
Non-cash expenses	60	63	198	221
Restructuring costs	63	275	231	2,518
Cash EBITDA	1,222	1,325	3,290	13,678
Deduct:				
Net financing costs	503	602	1,419	1,926
Current income tax expense	-	-	-	1,335
Add:				
Non-cash deferred financing charges	55	32	119	91
Current income tax recovery	60	279	316	-
Interest paid (capital lease)	27	38	89	116
Shareholder free cash flow (SFCF)	861	1,072	2,395	10,624
Cash EBITDA per share – basic and diluted	0.02	0.02	0.06	0.25
SFCF per share – basic and diluted	0.02	0.02	0.04	0.20



As reported in previous filings concerning the Seitel acquisition, in addition to the purchase price of \$58.6 million, Pulse assumed various future liabilities that are viewed by the Company as being a part of the total cost of the acquisition. These estimated \$4.2 million of costs are being expensed over time and categorized as restructuring costs, with a large percentage occurring in 2019, including \$1.9 million in the first quarter of 2019. Because these expenses are expected to be non-recurring, they are excluded from the Company's calculation of cash EBITDA and shareholder free cash flow. Also deducted from the cash EBITDA calculation is the storage fee received for the use of a portion of the warehouse by a third party.

FINANCIAL INSTRUMENTS

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

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

There have been no significant changes in Pulse's credit risk as disclosed in the Company's MD&A for the year ended December 31, 2019.

At September 30, 2020, 96 percent of the total accounts receivable were due from three customers who benefit from payment terms. A payment from one customer was received in October. One payment of \$2.1 million is due from another customer in January 2021. The payments from the third customer are due from January 1, 2021 to September 1, 2022. The payments are expected to be collected as per the related payment schedules.

LIQUIDITY RISK

There have been no significant changes in Pulse's liquidity risk as disclosed in the Company's MD&A for the year ended December 31, 2019.

COMMODITY PRICE RISK

A change in commodity prices, specifically oil and natural gas prices, has a material impact on the Company's customers' cash flows and could therefore affect seismic data library sales. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. The financial impact on the Company of changing oil and natural gas prices is not reasonably determinable.

NEW IFRS STANDARDS

A number of new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board (IASB) but were not yet effective for the period ending September 30, 2020. Accordingly, they were not applied in preparing the condensed consolidated interim financial statements. None is expected to have a significant effect on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes in Pulse's critical accounting estimates as disclosed in the Company's MD&A for the year ended December 31, 2019.

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

The Company applies the COSO Internal Control – Integrated Framework (2013 Framework). There were no changes in the ICFR that occurred during the period beginning on July 1, 2020 and ending on September 30, 2020 that materially affected, or are reasonably likely to materially affect, the Company's ICFR. No material weaknesses relating to the design of the ICFR were identified. As well, there were no limitations on the scope of the design of the DC&P or the ICFR.

RISK FACTORS

There have been significant changes in Pulse's risk factors as described in the Company's MD&A for the year ended December 31, 2019. Changes are discussed in "COVID-19 Impact on the Company's Operations and Risks".

ADDITIONAL INFORMATION

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

FORWARD-LOOKING INFORMATION

This document contains information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities legislation. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook.

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

- The outlook of the Company for the year ahead, including future operating costs and expected revenues;
- Recent events on the political, economic, regulatory, public health and legal fronts affecting the industry's medium- to longer-term prospects;
- 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 the balance of 2020;
- Pulse's capital allocation strategy;
- Oil and natural gas prices and forecast trends;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance, as they relate to the Company or to the oil and natural gas industry as a whole.

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

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently poor visibility of seismic revenue.

The Company cautions readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, estimates and intentions expressed in such forward-looking information. These factors include, but are not limited to:

- Uncertainty of the timing and volume of data sales from the newly 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 and participation surveys;
- The pricing of data library licence sales;
- Cybersecurity;
- Relicensing (change-of-control) fees and partner copy sales;
- The level of pre-funding of participation surveys, and the Company's ability to make subsequent data library sales from such participation surveys;
- The Company's ability to complete participation surveys on time and within budget;
- Environmental, health and safety risks, including those related to the COVID-19 pandemic;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, public health and safety;
- Competition;
- Dependence on qualified seismic field contractors;
- Dependence on key management, operations and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights;
- The introduction of new products; and
- Climate change.

Pulse cautions that the foregoing list of factors that may affect future results is not exhaustive. Additional information on these risks and other factors which could affect the Company's operations and financial results is included under "Risk Factors" herein, under "Risk Factors" in the Company's most recent annual information form, and in the Company's most recent audited annual financial statements, management information circular, quarterly reports, material change reports and news releases. Copies of the Company's public filings are available on SEDAR at www.sedar.com.

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(thousands of Canadian dollars) (unaudited)

As at	Note	September 30, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents		282	1,356
Trade and other receivables		4,271	4,167
Current tax assets		496	76
Prepaid expenses		308	347
Total current assets		5,357	5,946
Seismic data library	6	49,285	57,853
Property and equipment		247	368
Long-term receivables		1,155	4,410
Right-of-use assets	7	857	1,230
Total non-current assets		51,544	63,861
Total assets		56,901	69,807
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities		846	1,138
Deferred revenue		189	1,897
Current portion of long-term debt	8	1,500	1,500
Current portion of lease liabilities	7	815	815
Total current liabilities		3,350	5,350
Long-term debt	8	26,917	30,011
Deferred income tax liabilities		954	1,107
Lease liabilities	7	723	1,246
Other long-term payable		48	120
Total non-current liabilities		28,642	32,484
Total liabilities		31,992	37,834
SHAREHOLDERS' EQUITY			
Share capital		74,581	74,581
Contributed surplus		2,430	2,421
Deficit		(52,102)	(45,029)
Total shareholders' equity		24,909	31,973
Total liabilities and shareholders' equity		56,901	69,807
Subsequent event	9		

See accompanying notes to consolidated financial statements
2020 Q3 Report

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
Revenue					
Data library sales	5	1,829	2,460	5,869	18,354
Other revenue		76	127	257	437
Total revenue		1,905	2,587	6,126	18,791
Operating expenses					
Amortization of seismic data library	6	2,489	3,557	8,855	10,700
Salaries, internal commissions and benefits		497	751	1,799	3,470
Other selling, general and administrative costs		150	457	946	1,450
Restructuring costs		63	275	231	2,518
Depreciation		166	165	501	480
Total operating expenses		3,365	5,205	12,332	18,618
Results from operating activities		(1,460)	(2,618)	(6,206)	173
Financing costs					
Financing expenses		556	634	1,579	1,988
Interest income		(53)	(32)	(160)	(62)
Net financing costs		503	602	1,419	1,926
Loss before income taxes		(1,963)	(3,220)	(7,625)	(1,753)
Current income tax expense (recovery)		(60)	(279)	(316)	1,335
Deferred income tax expense (recovery)		34	(80)	(236)	(436)
Income tax expense (recovery)	9	(26)	(359)	(552)	899
Loss and comprehensive loss		(1,937)	(2,861)	(7,073)	(2,652)
Loss per share, basic and diluted	12	(0.04)	(0.05)	(0.13)	(0.05)

See accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

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

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

	<i>Note</i>	Number of shares issued	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2020		53,793,317	74,581	2,421	(45,029)	31,973
Net loss for the period		-	-	-	(7,073)	(7,073)
Share-based compensation	<i>11</i>	-	-	198	-	198
Settlement of vested long-term incentive plan award	<i>11</i>	-	-	(106)	-	(106)
Tax effect of equity-settled share-based compensation		-	-	(83)	-	(83)
Balance at September 30, 2020		53,793,317	74,581	2,430	(52,102)	24,909

See accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars) (unaudited)

Nine months ended September 30,	Note	2020	2019
Cash flows provided by (used in):			
Operating:			
Net loss and comprehensive loss		(7,073)	(2,652)
Adjustment for:			
Amortization of seismic data library	6	8,855	10,700
Depreciation		501	480
Loss on disposition of capital assets		–	8
Income tax expense (recovery)		(552)	899
Share-based compensation		198	213
Net financing costs		1,419	1,926
Interest and standby fees paid		(1,372)	(1,533)
Interest paid (lease liabilities)		(89)	(116)
Interest received		2	25
Income tax paid		(182)	(1,227)
Income tax received		78	1,048
		1,785	9,771
Net change in non-cash working capital	13	1,277	(2,293)
Cash provided by operating activities		3,062	7,478
Financing:			
Shares purchased for equity-settled share-based payments		(106)	(266)
Proceeds from long-term debt		–	35,500
Scheduled repayment of long-term debt		(1,125)	(750)
Additional payment of long-term debt		(2,000)	(2,600)
Lease payments of principal	7	(523)	(465)
Debt transaction costs		(88)	(387)
Cash provided by (used in) financing activities		(3,842)	31,032
Investing:			
Seismic data purchases, digitization and related costs	6	(287)	(61,029)
Additions to property and equipment		(7)	(398)
Cash used in investing activities		(294)	(61,427)
Decrease in cash and cash equivalents		(1,074)	(22,917)
Cash and cash equivalents, beginning of period		1,356	23,731
Cash and cash equivalents, end of period		282	814

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION AS AT AND FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND 2019.

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

1. REPORTING ENTITY

Pulse Seismic Inc. (the Company) was incorporated under the Canada Business Corporations Act and is a publicly-listed company on the Toronto Stock Exchange (TSX) trading under the symbol PSD and on the OTCQX International trading under the symbol PLSDF. The Company's registered office is located at 421, 7 Avenue S.W., Suite 2700 in Calgary, Alberta. The Company is a provider of seismic data to the energy sector in western Canada.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The financial statements were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and using the accounting policies the Company adopted in its consolidated financial statements for the year ended December 31, 2019. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These financial statements should be read in conjunction with the annual financial statements and notes thereto for the year ended December 31, 2019. The condensed consolidated interim financial statements were approved by the Board of Directors on November 10, 2020.

(B) BASIS OF PRESENTATION

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

(C) BASIS OF MEASUREMENT

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

(D) FUNCTIONAL AND PRESENTATION CURRENCY

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

(E) BASIS OF CONSOLIDATION

(I) JOINT OPERATIONS

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

(II) TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

3. COVID-19 ESTIMATION UNCERTAINTY

In March 2020 the COVID-19 outbreak was recognized as a pandemic. In addition, global commodity prices declined significantly due to disputes between major oil-producing countries, combined with the pandemic's impact. Governments worldwide, including those in Canada, enacted emergency measures to combat the spread of the virus. These measures included travel bans, quarantine periods, shutdowns of numerous businesses and economic sectors, and social distancing, causing material disruption to businesses globally, resulting in a severe economic slowdown. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; the longer-term success of these interventions, however, is not currently determinable. In the third quarter of 2020, the Company benefited from the Canada Emergency Wage Subsidy (CEWS) in the amount of \$135,000, bringing the total to \$357,000 in 2020. The Company's reported salaries, internal commissions and benefits expenses are net of these amounts.

The current challenging economic climate may continue to have significant adverse impacts on the Company, including but not limited to:

- Material declines in revenue and cash flows as the Company's customers, which are concentrated in the oil and natural gas industry, further cut capital budgets and reduce field activities;
- Declines in revenue that could, in turn, result in an impairment charge against the Company's seismic data library asset;
- Declines in revenue that make the Company unable to comply with covenants in its syndicated credit facility. Based on management's forecasts, which have been updated to reflect the current market conditions caused by COVID-19 and the decline in commodity prices, the Company expects to remain in compliance with its syndicated credit facility covenants. As certain financial metrics are expected to be near the covenant thresholds, further market weakness and an extended impact from COVID-19 could change management's forecasts, which could in turn affect the Company's future covenant compliance; and
- Non-performance by the Company's customers, in turn resulting in non-payment of accounts receivable and customer defaults.

Although the economies of Alberta and B.C. slowly re-opened during the spring/summer and government authorities in both provinces are currently attempting to avoid reimposing greater restrictions, the situation remains dynamic and the duration and magnitude of the economic impact and financial effects on the Company cannot be determined. Estimates and judgements made by management in the preparation of the financial statements are difficult and subject to a higher degree of measurement uncertainty during this volatile period.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied by the Company in the audited consolidated financial statements for the year ended December 31, 2019.

5. REVENUE

DATA LIBRARY SALES

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

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

(A) TRANSACTION TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Traditional sales	57	2,435	3,697	14,325
Transaction-based sales	1,772	25	2,172	4,029
Total data library sales	1,829	2,460	5,869	18,354

(B) DATA TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
2D data sales	88	759	773	1,899
3D data sales	1,741	1,701	5,096	16,455
Total data library sales	1,829	2,460	5,869	18,354

(C) GEOGRAPHICAL BREAKDOWN

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Alberta sales	753	2,426	3,592	10,362
British Columbia sales	1,025	–	1,796	7,149
Other area sales	51	34	481	843
Total data library sales	1,829	2,460	5,869	18,354

6. SEISMIC DATA LIBRARY

	September 30, 2020	December 31, 2019
Cost		
Opening balance, January 1	506,065	445,036
Acquisitions through purchases and related cost	287	61,029
Closing balance	506,352	506,065
Accumulated amortization		
Opening balance, January 1	448,212	434,012
Amortization for the period	8,855	14,200
Closing balance	457,067	448,212
Carrying amount	49,285	57,853

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

At September 30, 2020, 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 new indicators and that, accordingly, no impairment test was required.

At March 31, 2020, the Company assessed the CGUs in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were such indicators. The principal indicator was the significant reduction in commodity prices along with uncertainty over the timing of any improvement in conjunction with the COVID-19 pandemic and its impact on the global economy. Those indicators triggered an impairment test on the Seitel data library CGU. For the purpose of impairment testing, the recoverable amount of a Company CGU is the greater of its value-in-use and its fair value less costs to sell. The recoverable amount of the Seitel CGU was determined based on a value-in-use calculation. The Company used the following assumptions for this calculation:

- The estimated future cash flows for the next five years net of variable and fixed costs with a terminal valuation applied. The forecast is based on past performance as well as management's assessment of economic conditions, expected market trends and anticipated activity levels of the Western Canadian oil and natural gas sector;
- The terminal value of the Seitel CGU, estimated to be 40 percent of the 2024 cash flows with a decline rate of 2 percent;
- An after-tax discount rate of 11 percent to calculate the net present value of future cash flows, which is based on the Company's weighted average cost of capital calculated at March 31, 2020; and
- A combined federal-provincial income tax rate of 25 percent.

Based on these assumptions and the Company's calculations, no impairment loss was recognized.

7. RIGHT-OF-USE (ROU) ASSETS AND LEASE LIABILITIES

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

ROU ASSETS

As at	September 30, 2020	December 31, 2019
Office and warehouse leases	1,710	325
Acquisition during the period	–	1,385
Total ROU assets	1,710	1,710
Less		
Accumulated amortization	(853)	(480)
ROU assets	857	1,230

LEASE LIABILITIES

As at	September 30, 2020	December 31, 2019
Opening balance	2,061	325
Acquisition during the period	–	2,370
Repayments	(612)	(785)
Accretion	89	151
Total lease liabilities	1,538	2,061
Less		
Current portion	(815)	(815)
Long-term portion	723	1,246

8. LONG-TERM DEBT

As at	September 30, 2020	December 31, 2019
Senior term debt	12,750	13,875
Senior revolving credit facility	5,900	7,900
Subordinated debt	10,000	10,000
Deferred financing cost	(233)	(264)
Total long-term debt	28,417	31,511
Less		
Current portion of term debt	(1,500)	(1,500)
Long-term portion	26,917	30,011

On June 5, 2020, the Company amended its syndicated credit facility for a four-quarter modification period beginning on July 1, 2020. The syndicated credit facility is now comprised of \$12.8 million in term debt and a \$15.0 million revolving facility (previously \$30.0 million) with \$5.9 million drawn, both of which were utilized for the acquisition of Seitel in January 2019. The Company paid an amendment fee of \$88,000 in June 2020 for the modifications to its credit facility. Up to \$5.0 million of the revolving facility remains available as an operating line of credit. The facility specifies repayment terms, interest rates and financial covenants that are described below.

Significant terms of the credit facility are:

- Interest on the term debt and the revolving facility is based on prime rate plus 0.75 percent to 4.25 percent (previously plus 0.25 percent to 2.75 percent), following a ten-tier margin structure (previously eight-tier) based on the Company's total debt to adjusted EBITDA ratio as described below;
- The facility includes an accordion feature allowing the Company to increase the facility's size up to an additional \$25.0 million, subject to the lenders' consent. The accordion will not be available during the modification period;
- \$375,000 aggregate quarterly principal payments on the term debt, with voluntary prepayments permitted in whole or part at any time, without premium or penalty. This is unchanged from the original agreement;
- Three-year term until January 22, 2022 on the syndicated credit facility, with an extension of up to one year available on January 15 of every year with the approval of the lenders. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date. Pulse did not request an extension on January 15, 2020;
- Standby fees based on the daily undrawn balance of the revolving portion of the credit facility and the Company's total debt to adjusted EBITDA ratio following the amended ten-tier margin structure. At September 30, 2020 the applicable margin and standby fee remained at level 7 of the 10 of rates specified under the facility; and
- Security through a charge on all of the assets of the Company and its material subsidiaries.

The credit facility also includes the following financial covenants:

1) MAXIMUM SENIOR DEBT TO ADJUSTED EBITDA RATIO

The senior debt to adjusted EBITDA ratio was unchanged for the first and second quarters of 2020 and shall not be greater than 3.5:1 on March 31, 2020 and 3.25:1 on June 30, 2020. During the four-quarter modification period, the maximum ratio shall increase in steps to 4.25:1 (previously 3.25:1) for September 30, 2020, 5.5:1 (previously 3.0:1) for December 31, 2020 and March 31, 2021 and then decrease in steps to 4.25:1 (previously 3.0:1) for June 30, 2021, following which it is to remain unchanged at 3:1 for fiscal quarters ending September 30, 2021 and thereafter.

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

Adjusted EBITDA is to be calculated on a trailing 12-month basis and is defined as earnings or loss before interest, income taxes, depreciation and amortization, plus extraordinary losses, non-cash losses and expense charges, and any other unusual or non-recurring cash charges, expenses or losses consented to by the lenders, less participation

survey revenue, 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, defined as the ratio of adjusted EBITDA to interest expense, shall not be less than 3:1.

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

The fixed charge coverage ratio is equal to adjusted EBITDA less unfunded capital expenditures, cash taxes and permitted cash distributions divided by the sum of scheduled principal repayments and interest expense paid in cash, and previously was 1.2:1 for each period including the period ended June 30, 2020. This changes during the modification period and shall not be less than 1.15:1 for September 30, 2020, 1.05:1 for December 31, 2020 and March 31, 2021 and then increases to 1.15:1 for June 30, 2021 and 1.20:1 for fiscal quarters ending September 30, 2021 and thereafter.

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

Interest and standby fees on the syndicated revolving bank loan are calculated based on the syndicate lead lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. At September 30, 2020, the applicable interest rate on the long-term debt was 5.20 percent (September 30, 2019 - 4.7 percent).

At September 30, 2020 the senior debt to adjusted EBITDA ratio was 2.60:1 and the fixed charge coverage ratio was 2.08:1. The Company was in compliance with all covenants at September 30, 2020.

9. INCOME TAX

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

	September 30, 2020	September 30, 2019
Loss before income tax	(7,625)	(1,753)
Combined federal and provincial income tax rate	25%	26.5%
Expected income tax expense	(1,906)	(465)
Effects of difference:		
Non-deductible expenses	6	45
Adjustment in respect of prior years	-	9
Change in valuation allowance	(15)	(17)
Permanent difference related to the seismic data library acquired in January 2019	1,475	1,480
Permanent difference related to IFRS 16, Leases	(53)	(49)
Changes in future Alberta corporate tax rates	(59)	(104)
Actual income tax expense (recovery)	(552)	899

Subsequent to quarter end, on October 20, 2020, the government of Alberta substantively enacted the reduction of the 2020 corporate income tax rate from 10% to 8% retroactive to July 1, 2020. The average combined income tax rate for 2020 fiscal year will be 24%. The effect of this change on the year-to-date results as of September 30, 2020 would be an income tax recovery increase of \$32,000 which will be reflected in the December 31, 2020 income tax recovery.

10. EQUITY

SHARE CAPITAL

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

11. SHARE-BASED PAYMENTS

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

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

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

On March 31, 2020 186,658 RSUs and 237,113 PSUs were eligible to vest. The Company's performance in 2019 did not meet the predetermined performance benchmarks and, consequently, no PSUs vested on March 31, 2020. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested automatically on March 31, 2020.

To satisfy its obligation, in April 2020 the Company provided \$106,000 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, 2020. The related payroll taxes of \$102,000 were paid to settle the accrued cash-settled portion of the share-based payment liabilities.

In the condensed consolidated interim statement of comprehensive loss for the nine months ended September 30, 2020, the Company recognized \$130,000 (nine months ended September 30, 2019 - \$447,000) in compensation expense related to the LTIP in salaries, internal commissions and benefits. The equity-settled portion was \$198,000 (nine months ended September 30, 2019 - \$213,000).

At September 30, 2020 the obligation related to the cash-settled portion of the LTIP was \$90,000 (September 30, 2019 - \$244,000) with \$42,000 (September 30, 2019 - \$139,000) included in accounts payable and accrued liabilities and \$48,000 (September 30, 2019 - \$105,000) included in other long-term payable.

The following summarizes activity in the Company's LTIP during the periods ended September 30, 2020 and 2019:

RSUs	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Outstanding, beginning of period	706,197	556,895	553,575	528,670
Vested	-	-	(186,658)	(184,657)
Granted	-	5,459	339,295	224,678
Cancelled or forfeited	(14,057)	(8,779)	(14,072)	(15,116)
Outstanding, end of period	692,140	553,575	692,140	553,575

PSUs	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Outstanding, beginning of period	891,030	708,282	704,962	687,938
Vested	-	-	-	-
Granted	-	5,459	423,195	280,435
Cancelled or forfeited	(14,057)	(8,779)	(251,184)	(263,411)
Outstanding, end of period	876,973	704,962	876,973	704,962

The 186,658 RSUs that vested on March 31, 2020 were settled in the second quarter of 2020. The 237,127 PSUs that did not vest were cancelled from the notional accounts on the vesting date.

12. EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of \$1.9 million for the three months ended September 30, 2020 (three months ended September 30, 2019 - net loss of \$2.9 million) and a net loss of \$7.1 million for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - net loss of \$2.7 million) and a weighted average number of common shares of 53,793,317 in 2020 and 2019.

(B) DILUTED EARNINGS PER SHARE:

The Company does not have any dilutive securities.

13. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Nine months ended September 30,	2020	2019
Trade and other receivables	(104)	(1,306)
Prepaid expenses	39	(103)
Long-term receivable	3,255	(2,100)
Accounts payable and accrued liabilities	(292)	30
Deferred revenue	(1,708)	931
Other long-term payable	(72)	13
Others	159	242
Net change in non-cash operating working capital	1,277	(2,293)

14. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk management policy objectives include the long-term management of its business activities and, wherever possible, mitigation of the associated business risks. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(A) RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Reviews of risk management controls and procedures are performed, the results of which are reported to the Board of Directors.

(B) CREDIT RISKS

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

Each new customer is analyzed individually for creditworthiness, including credit reference checks, before payment and delivery terms and conditions such as credit limits are offered. Customer accounts are monitored and accounts receivable aging is regularly reviewed. Certain customers have signed agreements with the Company that provide for extended payment terms. The Company's credit risk increases in these arrangements due to their longer time-frame. The risk is mitigated by attempting to limit these arrangements to major oil and natural gas companies which have long operating histories and adequate resources to fulfill their commitments.

The majority of the Company's customers have been doing business with it for many years, and insignificant losses have occurred in the past. The Company does not require customers to provide collateral.

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was the value of accounts receivable of \$5.4 million. The Company has a significant concentration of customers in the oil and natural gas industry, with the majority located in Alberta. At September 30, 2020, 96 percent of total accounts receivable were due from three customers. For the nine months ended September 30, 2020, approximately 82 percent of the Company's data library sales were attributable to five customers.

The following table provides information about the exposure to credit risk for trade receivables from individual customers as at September 30, 2020 and December 31, 2019.

	September 30, 2020		December 31, 2019	
	Gross	Impairment	Gross	Impairment
Current and long-term	5,255	–	8,318	–
Past due 31-60 days	42	–	26	–
Past due 61-90 days	129	–	26	–
More than 90 days	–	–	387	180
Total	5,426	–	8,757	180

The current and long-term accounts receivable of \$5.4 million in the table above include \$4.4 million from two clients benefiting from extended payment terms. All amounts are due during 2020, 2021 and 2022.

The allowance for impairment of trade receivables at December 31, 2019 was related to one overdue account. On July 20, 2020, the Company received payment in full from this customer. The allowance for impairment of trade receivables that had been recorded in 2019 was reversed in the third quarter of 2020 against the other selling, general and administrative costs.

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.

(C) 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 another financial asset. 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.

The Company regularly prepares and updates budgets and monitors its cash flow and funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to monitoring its liquidity and ability to meet its financial obligations and commitments, including the ability to comply with the financial covenants under the Company's credit facility. Consolidated cash flow information, including a projection for the remainder of the year where applicable, is presented quarterly to the Audit and Risk Committee, which aids in planning to ensure that the Company has sufficient cash to meet expected operational expenses, including the servicing of financial obligations.

Beyond cash on hand of \$282,000 and total working capital of \$2.0 million at September 30, 2020 the Company had \$24.1 million available for future draws on its revolving credit facility, with a further \$25.0 million available via an accordion feature, subject to the banking syndicate's approval. During the modification period, however, the revolving facility has been reduced to \$15.0 million with \$9.1 million remaining undrawn and the \$25.0 million accordion is unavailable.

The following are the contractual maturities of financial liabilities at September 30, 2020:

	Carrying amounts	1 year	2 years	3 years	4 years
Long-term debt	28,650	1,500	17,150	-	10,000
Long-term debt interest	4,522	1,970	1,260	1,000	292
Accounts payable	846	846	-	-	-
Long-term payable	48	-	48	-	-
Total	34,066	4,316	18,458	1,000	10,292

(D) MARKET RISK

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(I) COMMODITY PRICE RISK

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 the level of 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.

(II) INTEREST RATE RISK

The Company's interest rate risk exposure is mainly related to long-term debt. The Company is exposed to interest rate cash-flow risk on its floating-rate long-term debt as described in note 8. Changes in market interest rates will cause fluctuations in future interest payments.

The Company earns minimal interest income on its cash balances.

(E) FAIR VALUES

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.

15. RELATED PARTY TRANSACTIONS

During the third quarter of 2020, EdgePoint Investment Group Inc. (EdgePoint), an institutional shareholder of the Company increased its ownership in the Company by 5.8%, bringing its total position from 18.8% at June 30, 2020 to 24.6% at September 30, 2020.

EdgePoint is also the holder of the \$10.0 million subordinated debt that Pulse utilized in acquiring Seitel Canada Ltd. in January 2019. The balance of the subordinated debt at September 30, 2020 was \$10.0 million. As explained in Note 8 above, the agreement has no requirement to repay the principal prior to the end of term in 2024.

Under the term, the subordinated debt accrues interest at a rate of 10 percent per annum, payable quarterly at the end of each quarter. For the three months ended September 30, 2020, the interest expense related to the subordinated debt was \$250,000 (three months ended September 30, 2019 - \$250,000) and for the nine months ended September 30, 2020, was \$750,000 (nine months ended September 30, 2019 - \$707,000).

The quarterly interest payments were made in January, April, July and October 2020.

CORPORATE INFORMATION

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the 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 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 Robottj^{(1) (2) (3)}

Chair

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

Director

Paul Crilly^{(1) (3)}

Director

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

Director

Grant Grimsrud^{(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 Environment, Health and Safety Committee

BANKERS

The Toronto-Dominion Bank

Calgary, Alberta

Alberta Treasury Branches

Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust

Company of Canada

Calgary, Alberta

SOLICITORS

McCarthy Tétrault LLP

Calgary, Alberta

AUDITORS

KPMG 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

Facsimile: 403-531-0688

E-mail: info@pulseseseismic.com

www.pulseseseismic.com



TSX: PSD
OTCQX: PLSDF