PULSE | Q3 For the three and nine months ended September 30, 2022

Selected Financial and Operating Information

(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended September 30, (unaudited) **2022**	2021	Nine months ended September 30, (unaudited) **2022**	2021	Year ended December 31, 2021
Revenue					
Data library sales	**2,163**	8,832	**6,934**	32,545	48,717
Other revenue	**15**	100	**197**	300	433
Total revenue	**2,178**	8,932	**7,131**	32,845	49,150
Amortization of seismic data library	**2,444**	2,509	**7,402**	7,510	10,010
Net earnings (loss)	**(1,675)**	3,164	**(5,959)**	13,356	21,514
Per share basic and diluted	**(0.03)**	0.06	**(0.11)**	0.25	0.40
Cash provided by operating activities	**829**	7,572	**11,231**	25,787	29,799
Per share basic and diluted	**0.02**	0.14	**0.21**	0.48	0.55
EBITDA[(a)]	**741**	7,458	**1,568**	28,797	42,632
Per share — basic and diluted[(a)]	**0.01**	0.14	**0.03**	0.54	0.79
Shareholder free cash flow[(a)]	**880**	5,867	**2,292**	21,254	32,082
Per share — basic and diluted[(a)]	**0.02**	0.11	**0.04**	0.40	0.60
Capital expenditures					
Seismic data digitization and related costs	**—**	96	**—**	287	350
Property and equipment	**—**	5	**12**	8	8
Total capital expenditures	**—**	101	**12**	295	358
Weighted average shares outstanding					
Basic and diluted	**53,699,692**	53,793,317	**53,726,390**	53,793,317	53,792,984
Shares outstanding at period-end			**53,634,317**	53,793,317	53,784,717
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, 2022**	*September 30, 2021*	*December 31, 2021*
Working capital	**6,597**	2,708	9,749
Working capital ratio	**7.5:1**	1.8:1	2.7:1
Cash and cash equivalents	**5,811**	—	—
Total assets	**37,552**	46,036	52,899
Long-term debt	**—**	3,117	2,265
Trailing twelve-month (TTM) EBITDA[(b)]	**15,403**	33,033	42,632
Shareholders' equity	**35,964**	38,710	44,141
Long-term debt to TTM EBITDA ratio	**0.00**	0.09	0.05
Long-term debt to equity ratio	**0.00**	0.08	0.05

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

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

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

Q3

Three and nine months ended September 30, 2022

Contents

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, 2022 was prepared taking into consideration information available to October 25, 2022 and should be read with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2022. This MD&A is supplemental to the MD&A, audited consolidated financial statements and related notes for the year ended December 31, 2021.

The unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior year. Certain comparative figures were reclassified to conform to the current year's presentation. The 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, as well as by companies exploring for non-traditional forms of energy and related resources, for example helium and lithium, that utilize advanced geophysics to maximize the probability of project success. 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 and new energy sectors. 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 and more recently to companies exploring for non-traditional forms of energy.

Pulse is working with partners to explore the use of sophisticated processing technologies that provide advanced interpretation and visualization of seismic data to reduce the geological and drilling risks in exploring for subsurface targets. The application of such technologies is intended to increase the attractiveness and range of uses of Pulse's seismic dataset for existing and potential new customers. These include companies in emerging energy-transition projects such as lithium, carbon capture and sequestration, and geothermal, as well as helium resource extraction and Pulse's traditional core focus of oil and natural gas development. The Company recently increased its in-house technical capability to support this initiative, which will not require material capital investment. Pulse is partnering with third parties to evaluate the range of potential applications with the intention to enhance its sales and marketing activities.

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

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

KEY PERFORMANCE INDICATORS

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

Results for the key performance indicators for the three and nine months ended September 30, 2022, with comparative figures for 2021, are set out in the following table:

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	Three months ended September 30,			Nine months ended September 30,		
(thousands of dollars except per share data)	2022	2021	Variance	2022	2021	Variance
Data library sales	**2,163**	8,832	(6,669)	**6,934**	32,545	(25,611)
Other revenue	**15**	100	(85)	**197**	300	(103)
Total seismic revenue	**2,178**	8,932	(6,754)	**7,131**	32,845	(25,714)
Net earnings (loss)	**(1,675)**	3,164	(4,839)	**(5,959)**	13,356	(19,315)
Per share basic and diluted	**(0.03)**	0.06	(0.09)	**(0.11)**	0.25	(0.36)
Cash generated by operating activities	**829**	7,572	(6,743)	**11,231**	25,787	(14,556)
Per share basic and diluted	**0.02**	0.14	(0.12)	**0.21**	0.48	(0.27)
EBITDA	**741**	7,458	(6,717)	**1,568**	28,797	(27,229)
Per share basic and diluted	**0.01**	0.14	(0.13)	**0.03**	0.54	(0.51)
Shareholder free cash flow	**880**	5,867	(4,987)	**2,292**	21,254	(18,962)
Per share basic and diluted	**0.02**	0.11	(0.09)	**0.04**	0.40	(0.36)

For the three months ended September 30, 2022, Pulse generated $2.2 million of revenue compared to $8.9 million for the same period in 2021. For the nine months ended September 30, 2022, Pulse generated $7.1 million of revenue compared to $32.8 million for the same period in 2021.

The decrease in transaction-based data library sales during the three and nine months ended September 30, 2022 from the same periods of 2021 is the main factor contributing to the period-over-period decrease in all the Company's key performance metrics. In the first three quarters of 2022, transaction-based sales were $217,000 compared to $26.0 million for the same period in 2021. For the nine months ended September 30, 2022, traditional sales were $6.7 million compared to $6.6 million for the nine months ended September 30, 2021.

Pulse had an excellent year in 2021, largely driven by transaction-based sales related to exploration and production industry consolidation. Pulse generated the second-highest annual seismic data library sales in its history, after the record $64.0 million achieved in 2012.

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.

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

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

OUTLOOK

Significant quarterly and annual fluctuations in both traditional and transaction-based sales are intrinsic to the seismic data business. The variance in Pulse's sales revenue between 2021 and so far in 2022 is higher than usual, due to the significant impact of transaction-based sales which are often of much higher value. While the value of transaction-based sales in 2021 led to Pulse's second highest revenue year, annual revenue for 2022 will be lower.

Despite weak results in the first three quarters of 2022, the Company continues to regard overall trends in Western Canada as positive and conditions as favourable for both types of seismic data sales. Numerous producing oil and natural gas asset packages are on the market, while industry capital investment, drilling rates and mineral lease auctions or "land sales" are continuing to rebound in response to higher commodity prices and robust global demand. There is widespread recognition that security of energy supply – including crude oil and natural gas – is critical to sustain national economies and manage geopolitical risks.

Pulse is strongly positioned to weather additional quarters of weak sales and to benefit from an industry growth cycle. The Company's strengths include: zero debt, a low cost structure, high cash margin, no capital spending commitments, access to credit on favourable terms, Canada's largest licensable seismic data library providing coverage in all major non-oil-sands oil and natural gas plays across western Canada, strong customer relations, and the Company's ongoing initiative to enhance the attractiveness of its data for broader application in new-energy as well as traditional projects.

A transaction-based data library sale of any size can occur at any time, and sales in any quarter can be higher or lower than in the previous quarter or in the comparable quarter of a previous year. Pulse also cautions that there is no direct linkage between industry field conditions and demand for seismic data, resulting in innately poor visibility as to Pulse's future traditional sales. The Company remains focused on maintaining a strong balance sheet, a low cost structure, a disciplined and rigorous approach to growth opportunities, an experienced and capable management team, excellent customer care, and carefully managed cash resources, including distributing cash to shareholders when prudent.

Discussion of Operating Results

SUMMARY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

EARNINGS (LOSS) BEFORE INCOME TAXES

For the three months ended September 30, 2022, the Company generated a loss before income taxes of $1.7 million ($0.03 per share basic and diluted) compared to earnings before income taxes of $4.7 million ($0.09 per share basic and diluted) for the comparable period of 2021.

For the nine months ended September 30, 2022, the Company generated a loss before income taxes of $6.2 million ($0.11 per share basic and diluted) compared to earnings before income taxes of $19.0 million ($0.35 per share basic and diluted) for the comparable period of 2021.

DATA LIBRARY SALES

Data library sales were $2.2 million for the three months ended September 30, 2022 compared to $8.8 million for the three months ended September 30, 2021.

Data library sales were $6.9 million for the nine months ended September 30, 2022 compared to $32.5 million for the nine months ended September 30, 2021.

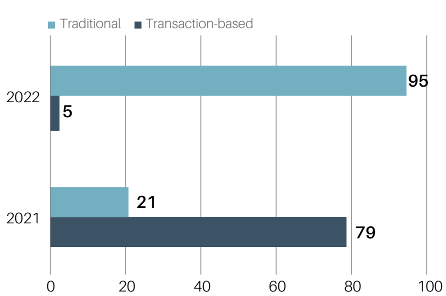
As mentioned above, in the first three quarters of 2022, transaction-based sales were $217,000 compared to $26.0 million for the same period in 2021. For the nine months ended September 30, 2022, traditional sales were $6.7 million compared to $6.6 million for the nine months ended September 30, 2021.

DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

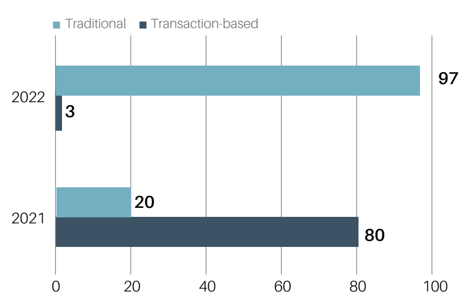
Pulse uses three ways to disaggregate its data library sales. The following graphs illustrate the comparative disaggregated sales for the three- and nine-month periods ended September 30, 2022 and 2021.

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. A ten-year historical breakdown is also provided in the MD&A for the year ended December 31, 2021.

DISAGGREGATED SALES
TRADITIONAL/TRANSACTION-BASED SALES (%)
Three months ended September 30



DISAGGREGATED SALES
TRADITIONAL/TRANSACTION-BASED SALES (%)
Nine months ended September 30



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.

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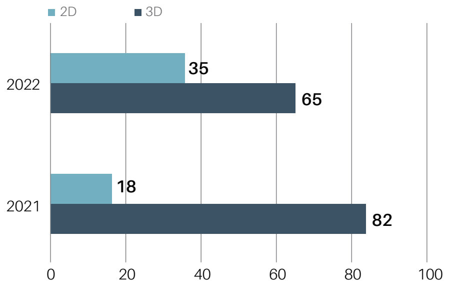
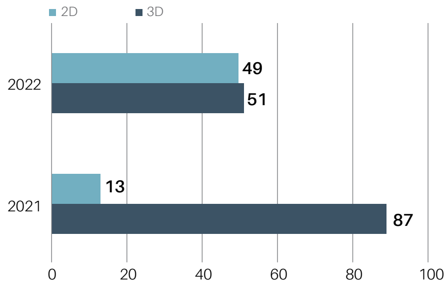
DISAGGREGATED SALES 2D/3D (%)
Three months ended September 30

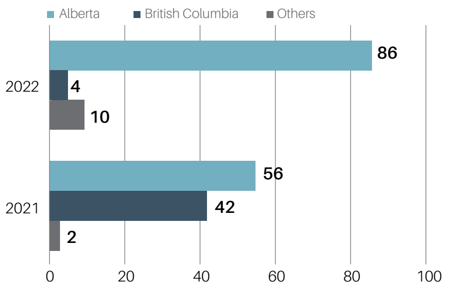


DISAGGREGATED SALES 2D/3D (%)
Nine months ended September 30

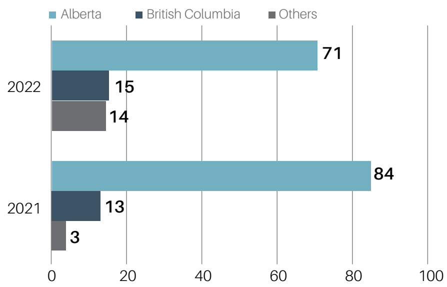


The third breakdown is geographical. The largest proportion of data sales usually comes from data in Alberta, as that is where the majority of Pulse's data coverage and current industry activity are.

DISAGGREGATED SALES
GEOGRAPHICAL (%)
Three months ended September 30



DISAGGREGATED SALES
GEOGRAPHICAL (%)
Nine months ended September 30



The Company's customers are currently and generally focusing on liquids-rich natural gas and light oil pools found primarily in a broad corridor running from northwest of Calgary, Alberta, along the Foothills of the Rocky Mountains to the British Columbia border, as compared to "dry" natural gas more often found in British Columbia, on Alberta's eastern prairies and in Saskatchewan and Manitoba. During the nine months ended September 30, 2022, 71 percent of the data library sales were from data located in Alberta (nine months ended September 30, 2021 – 84 percent), 15 percent from British Columbia (nine months ended September 30, 2021 – 13 percent) and 14 percent from other areas (nine months ended September 30, 2021 – 3 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended September 30, 2022, seismic data library amortization expense was $2.4 million compared to $2.5 million in the comparable period of 2021. For the nine months ended September 30, 2022, seismic data library amortization expense was $7.4 million compared to $7.5 million in the comparable period of 2021.

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

IMPAIRMENT

At September 30, 2022, the Company assessed the cash-generating units (CGUs) in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were no indicators at that date and that, accordingly, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended September 30, 2022 was $874,000 compared to $919,000 for the three months ended September 30, 2021.

The decrease is primarily related to the lower sales commissions and lower short-term incentive plan (STIP) due to lower data library sales in the third quarter of 2022 than in the same period in 2021, offset by the salary of one additional full-time employee and the salary increase implemented at the beginning of the year.

SCB for the nine months ended September 30, 2022 was $3.4 million compared to $2.8 million for the nine months ended September 30, 2021.

The increase over last year is largely due to the cessation of the Canada Emergency Wage Subsidy (CEWS). In the first nine months of 2021 the Company received $307,000 in CEWS, which was recorded as a reduction of SCB. No CEWS was received in 2022. Also, as mentioned above, the Company hired a new employee and implemented a general salary increase in the first quarter of 2022.

In addition, the increase in the long-term incentive plan (LTIP) expense contributed to the increase in the SCB. The estimate of units that will vest over the next three years is based on new minimum performance parameters, and the Company's share price increased between September 30, 2021 and September 30, 2022, so the LTIP expense increased over the period.

The above expense increases were partially offset by lower sales commissions from lower data library sales for the nine months ended September 30, 2022 than in the same period in 2021.

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

SG&A for the three months ended September 30, 2022 was $563,000 compared to $555,000 for the three months ended September 30, 2021.

SG&A for the nine months ended September 30, 2022 was $2.2 million compared to $1.3 million for the nine months ended September 30, 2021. The increase was mainly related to the rent expense. The Company benefited from the Canada Emergency Rent Subsidy (CERS) in the first three quarters of 2021 in the amount of $294,000 and this amount was recorded as a reduction of SG&A.

Also included in SG&A are the restructuring costs related to the acquisition of Seitel Canada Ltd. (Seitel) in 2019. Restructuring costs for the first three quarters of 2022 were $506,000 compared to a recovery of $6,000 for the same period in 2021. The second quarter included costs associated with the conclusion of the warehouse lease on April 29, 2022. The restructuring costs include expenses of the warehouse lease and the former Seitel office premises. The CERS resulted in a recovery of the restructuring costs in the first quarter of 2021.

These additional costs were categorized as restructuring costs and make up part of the estimated $4.2 million in future liabilities as outlined in previous Seitel acquisition-related disclosure. Pulse will expense the remaining restructuring costs in the fourth quarter of 2022, as the office lease terminates in November 2022.

NET FINANCING COSTS

For the three months ended September 30, 2022, net financing costs were $11,000 compared to $108,000 for the same period in 2021. For the nine months ended September 30, 2022, net financing costs were $104,000 compared to $1.8 million for the same period in 2021. The net financing costs mainly include the interest expense and standby fees related to the Company's revolving credit facility, and for 2021 also included the interest expense related to Pulse's subordinated debt.

In the first half of 2021, Pulse had a subordinated debt agreement with EdgePoint Investment Group Inc., a non-arm's-length party, for $10.0 million at an interest rate of 10 percent. At the end of June 2021, the Company repaid this amount in full. In January 2022, the Company also repaid the balance on its revolving credit facility.

Also included in financing expenses is the interest related to lease liabilities as per IFRS 16.

INCOME TAXES

In the third quarter of 2022, the income tax recovery was $64,000 while the Company incurred a loss before income tax of $1.7 million. In the third quarter of 2021, the Company recorded an income tax expense of $1.5 million. For the nine months ended September 30, 2022 the income tax recovery was $209,000 even though the Company incurred a loss before income tax of $6.2 million. For the nine months ended September 30, 2021, the Company recorded an income tax expense of $5.7 million.

In the third quarter of 2022, the Company claimed $135,000 of Scientific Research and Experimental Development (SR&ED) tax credits related to projects conducted in 2020 and 2021. The tax credits reduced the current income tax expense.

The combined federal-provincial income tax rate for 2022 and 2021 is 23 percent.

The effective tax rate for accounting in the first three quarters of 2022 was different from the enacted income tax rate as a result of the permanent difference between the tax basis of the data library acquired in 2019 and its cost. The change in valuation allowance related to future resource deductions and non-deductible expenditures also contributed slightly to the variance between the effective and the enacted income tax rate.

A reconciliation of the income tax expense or reduction is included in the notes to the condensed consolidated interim financial statements.

Review of Financial Position

AS AT SEPTEMBER 30, 2022

TRADE AND OTHER RECEIVABLES

Trade and other receivables at September 30, 2022 totalled $1.1 million compared to $15.0 million at December 31, 2021.

The higher data library sales in the fourth quarter of 2021 and the subsequent collection of accounts receivable explain the decrease in trade and other receivables.

CURRENT TAX ASSETS

Included in current tax assets is the current income tax expense for three quarters of 2022 offset by the 2022 fiscal year income tax instalments.

SEISMIC DATA LIBRARY

Historically, Pulse has acquired seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when it finds appropriate opportunities, and it also has conducted participation surveys whereby Pulse partnered with customers on surveys from which the seismic data collected was added to Pulse's data library to generate future licensing revenue. Pulse has not conducted a participation survey since 2015 but has grown significantly during this time through acquisition.

At September 30, 2022, the Company considered indicators of impairment for each of its CGUs and, based on that review, no impairment test was performed. The last impairment test was performed at March 31, 2020 and no impairment loss was recognized.

RIGHT-OF-USE (ROU) ASSETS

Included in the ROU assets is the present value of the basic rent related to Pulse's office lease agreement. The present value was calculated using an incremental borrowing rate of 6.7 percent. The operating costs associated with the lease agreement were not included as those costs are not fixed or based on an index or rate. The office lease agreement terminates in March 2023.

On October 20, 2022 the Company entered into a lease agreement for office space for the period of April 2023 to June 2028.

In the first four months of 2022, ROU assets included the present value of the basic rent related to Pulse's warehouse lease agreement. This lease terminated on April 29, 2022.

No fair value was allocated to the ROU asset related to the former Seitel office space. This office was not required for business by Pulse. The office lease agreement terminates in November 2022.

LONG-TERM DEBT

In January 2019 Pulse partially funded the acquisition of Seitel with a combination of debt from its syndicated credit facility and subordinated debt of $10.0 million. As explained above, in June 2021 the Company repaid the $10.0 million subordinated debt using cash on hand and a portion of its senior credit facility.

On December 21, 2021, the Company renewed its revolving credit facility and extended the maturity date for two years to January 15, 2025. The facility's available borrowing amount remains at $25.0 million and all other major terms, including financial covenants, also remained the same.

In January 2022, following the collection of the December 31, 2021 accounts receivable, the Company repaid the balance of its revolving credit facility.

The long-term debt is usually offset by deferred financing charges which are amortized over three years.

When the Company does not carry a balance on its revolving credit facility, the deferred financing costs are included in the non-current assets. The balance of the deferred financing costs was $58,000 at September 30, 2022.

LEASE LIABILITIES

Included in lease liabilities is the present value of the basic rent related to Pulse's office lease agreement and the lease agreement for Seitel's former office space, 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. The lease agreements for Pulse's warehouse terminated in April 2022.

As mentioned above, on October 20, 2022 the Company entered into a lease agreement for office space for the period of April 2023 to June 2028.

OTHER LONG-TERM PAYABLE

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

SHARE CAPITAL SUMMARY

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Weighted average shares outstanding: Basic and diluted	**53,699,692**	53,793,317	**53,726,390**	53,793,317
Shares outstanding at period-end and at October 25, 2022			**53,634,317**	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.

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

On March 31, 2022, 200,896 RSUs and 258,509 PSUs were eligible to vest. The Company's performance in 2021 met the predetermined minimum performance benchmarks and, consequently, 9.5 percent or 24,540 PSUs vested on March 31, 2022. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested automatically on March 31, 2022.

To satisfy its obligation, in April 2022 the Company provided $310,000 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, 2022. The related payroll taxes of $219,000 were paid in the second quarter to settle the accrued cash-settled portion of the share-based payment liabilities.

On March 31, 2022, a special one-time RSU award was granted to each employee. One-third of these RSUs will be eligible to vest automatically each year on March 31, 2023, 2024 and 2025. The Board of Directors, upon recommendation from the Board's Compensation Committee, approved this award because it believes that 2021 financial performance should have resulted in maximum vesting of the PSUs based on 2021 performance, whereas the parameters of the plan resulted in only 9.5 percent of the PSUs vesting. In this case the Board of Directors used its discretion as per the LTIP policy terms.

At September 30 and October 25, 2022 there were 1,206,467 RSUs and 1,201,077 PSUs outstanding.

DEFICIT

On September 30, 2022 the Company had a deficit of $41.2 million, compared to $33.1 million at December 31, 2021. The net loss for the nine months ended September 30, 2022 of $6.0 million, the dividends paid of $2.0 million and a reduction of $87,000 due to the required accounting treatment of the Company purchasing and cancelling its common shares accounted for the increase in the deficit. Regarding the latter item, the adjustment relates to the difference between the price paid by the Company for the shares purchased and cancelled under the normal course issuer bid (NCIB) and the average historical cost of the Company's shares. The average historical cost of the shares purchased and cancelled was recorded as a reduction to share capital.

DIVIDENDS

On October 25, 2022, the Company declared a quarterly dividend of $0.0125 per common share to be paid on November 22, 2022 to shareholders of record at the close of business on November 14, 2022.

On July 20, 2022, the Company declared a quarterly dividend of $0.0125 per common share. The dividend totalling $672,000 was paid on August 23, 2022 to shareholders of record at the close of business on August 15, 2022.

On April 20, 2022, the Company declared a quarterly dividend of $0.0125 per common share. The dividend totalling $672,000 was paid on May 24, 2022 to shareholders of record at the close of business on May 16, 2022.

On February 17, 2022, the Company declared a quarterly dividend of $0.0125 per share. The dividend totalling $672,000 was paid on March 21, 2022 to shareholders of record at the close of business on March 14, 2022.

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

DEFERRED TAX LIABILITY

The net deferred income tax liability was $337,000 at September 30, 2022 compared to $572,000 at December 31, 2021. 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 RESULTS

	2022			2021				2020
(thousands of dollars, except per share data)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Traditional data library sales	**2,050**	3,018	1,649	6,390	1,863	4,136	553	575
Transaction-based data library sales	**113**	10	94	9,782	6,969	14,837	4,187	4,567
Total data library sales	**2,163**	3,028	1,743	16,172	8,832	18,973	4,740	5,142
Other revenue	**15**	69	113	133	100	115	85	81
Total revenue	**2,178**	3,097	1,856	16,305	8,932	19,088	4,825	5,223
Amortization of seismic data library	**2,444**	2,443	2,515	2,500	2,509	2,503	2,498	2,493
Net earnings (loss)	**(1,675)**	(1,766)	(2,518)	8,158	3,164	10,159	33	287
Per share — basic and diluted	**(0.03)**	(0.03)	(0.05)	0.15	0.06	0.19	0.00	0.01

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. The primary source of revenue, data library sales, fluctuates greatly as transaction-based sales vary significantly from quarter to quarter, as shown, as well as annually. The number of M&A transactions year-to-date in 2022 in the Canadian E&P industry was far less than in 2021, providing fewer opportunities for Pulse to relicense data and generate transaction-based sales. The annual MD&A for the year ended December 31, 2021 provides a ten-year historical sales breakdown.

Since the acquisition of Seitel in January 2019 the quarterly amortization expense has not changed significantly from the second quarter of 2020 to the first quarter of 2022. As amortization is a non-cash expense, the Company continued to generate 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.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at September 30, 2022 are comprised of leases for certain office spaces 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:

Contractual Obligations		Payments due by period			
(thousands of dollars)	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Lease liabilities	242	242	—	—	—
Seismic data services contracts	37	37	—	—	—
Accounts payable and accrued liabilities	1,116	876	240	—	—
Total contractual obligations	1,395	1,155	240	—	—

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

Accounts payable and accrued liabilities at September 30, 2022 include the interest and standby fee accrual of $9,000 related to the revolving credit facility, the accrual of $42,000 related to employee vacations, the accrual of $227,000 related to the STIP and the accrual of $278,000 related to the LTIP.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At September 30, 2022 Pulse had working capital of $6.6 million and a working capital ratio of 7.5:1.

For the nine months ended September 30, 2022 the Company generated $11.2 million of cash from operating activities compared to $25.8 million for the same period in 2021. The main differences between the two periods relate to lower data library sales and higher income tax paid during the current period, partially offset by the collection of accounts receivable in 2022.

The Company also utilized cash for the following outlays:

- Long-term debt repayments of $2.4 million;
- Purchase and cancellation of 150,400 common shares through its NCIB for a total of $296,000 (at an average price of $1.97 per common share including commissions);
- Property and equipment of $12,000;
- Capital lease principal repayments of $412,000; and
- Dividends paid of $2.0 million.

The cash surplus is invested in low-risk investments such as term deposits with short maturities.

At the end of 2021 Pulse owed $2.4 million in long-term debt on the revolving credit facility. This was fully repaid January 2022.

As stated above, on December 21, 2021 the Company renewed its revolving credit facility and extended the maturity date for two years to January 15, 2025. The facility's available borrowing amount remains at $25.0 million and all other major terms, including financial covenants, are unaffected by the renewal.

Significant terms of the current credit facility are:

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

At September 30, 2022 the Company had a nil balance on the revolving credit facility. The applicable interest rate at September 30, 2022 was 6.2 percent (September 30, 2021 – 3.2 percent).

The credit facility also includes the following two financial covenants:

1) MAXIMUM LONG-TERM DEBT TO ADJUSTED EBITDA RATIO

The long-term debt is determined on a consolidated basis and in accordance with IFRS.

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

The long-term debt to adjusted EBITDA ratio shall not be greater than 3.0:1 on September 30, 2022 and thereafter.

At September 30, 2022, with no balance owing, the long-term debt to adjusted EBITDA ratio was 0.00:1.

2) INTEREST COVERAGE RATIO

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

The minimum interest coverage ratio shall not be less than 2.5:1 at September 30, 2022 and thereafter.

At September 30, 2022 the interest coverage ratio was 72.4:1.

The Company was therefore in compliance with the credit facility's covenants at September 30, 2022.

The Company pays interest and a standby fee based on the daily undrawn balance of the credit facility and its long-term debt to adjusted EBITDA ratio. Interest and standby fees on the revolving facility are calculated based on the lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. The long-term debt (before deferred financing charges) to adjusted EBITDA ratio at September 30, 2022 was 0.00:1 and the applicable margin and standby fee will be set at the first-level rates specified in the facility.

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

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

Total Debt to Adjusted EBITDA Ratio	Applicable Margin for Canadian Prime Rate Loans	Applicable Margin for Bankers' Acceptances	Standby Fee Rate
Less than or equal to 1:1	0.75%	2.25%	0.45000%
Greater than 1:1 but less than or equal to 1.5:1	1.00%	2.50%	0.50000%
Greater than 1.5:1 but less than or equal to 2:1	1.25%	2.75%	0.55000%
Greater than 2:1 but less than or equal to 2.5:1	1.50%	3.00%	0.67500%
Greater than 2.5:1 but less than or equal to 3:1	1.75%	3.25%	0.73125%
Greater than 3:1 but less than or equal to 3.5:1	2.25%	3.75%	0.93750%
Greater than 3.5:1 but less than or equal to 4:1	2.75%	4.25%	1.06250%
Greater than 3.5:1 but less than or equal to 4:5:1	3.25%	4.75%	1.18750%
Greater than 3.5:1 but less than or equal to 5:1	3.75%	5.25%	1.31250%
Greater than 5:1	4.25%	5.75%	1.43750%

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

On October 29, 2021 the Company received approval from the Toronto Stock Exchange (TSX) of the Company's Notice of Intention to commence an NCIB. The Company could purchase, for cancellation, up to a maximum of 3,097,433 common shares, equal to 10 percent of the public float of 30,974,330 common shares as at October 20, 2021. The Company is limited under the NCIB to purchasing no more than 8,113 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until November 1, 2022. Purchases are made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB are cancelled.

From November 2, 2021 to September 30, 2022, the Company purchased 159,000 common shares under the NCIB. All purchases were made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB were cancelled.

The Company intends to seek approval from the TSX to renew the NCIB for the year beginning in November 2022.

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 2022. The Company anticipates that future capital expenditures will be financed through the available credit facility and funds from operations. The Company had a $25.0 million undrawn revolving credit facility at September 30, 2022 and October 25, 2022. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities for raising additional capital to finance opportune seismic data acquisitions. Historically, the Company has used a combination of debt and equity to finance growth initiatives, and it continues to rely on internal measures such as the long-term debt to equity ratio to structure and forecast its capital requirements. Long-term debt is defined as long-term debt net of deferred financing costs. At September 30, 2022, the long-term debt to equity ratio was 0.00:1 as the long-term debt balance was nil. Pulse's management considers the current capital structure appropriate.

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

NON-CAPITAL RESOURCES

The Company's main non-capital resource is its key management and staff. The Company has an experienced team with extensive knowledge about the seismic industry. Pulse's management understands industry cycles and how to manage the business in the downturn and recovery phases. Pulse has built strong sales, financial and IT departments. Key management and staff are eligible to participate in the 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 EBITDA and shareholder free cash flow. IFRS do not include standard definitions for these measures and, therefore, may not be comparable to similar measures used and disclosed by other companies. As IFRS have been incorporated in o Canadian generally accepted accounting principles (GAAP), these non-IFRS measures are also non-GAAP measures. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them to evaluate the Company's financial performance.

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

Until the fourth quarter of 2021, the Company had used cash EBITDA instead of EBITDA as a non-GAAP measure. Cash EBITDA is less relevant than it was in earlier years for Pulse, as the main difference between it and EBITDA was that participation survey revenue was deducted, to acknowledge that this revenue was already allocated to cover the cost of the seismic data acquisition to which it related. Pulse has not conducted a survey since 2015 and therefore has not had such revenue deductions, in turn rendering cash EBITDA very little different from EBITDA in most years. Other non-cash and non-recurring items were also deducted in the cash EBITDA calculation, one item being the non-cash portion of the LTIP expense and, since the acquisition of Seitel in 2019, the associated restructuring costs. These were highest in 2019 and will be completed this year with the end of the building leases that came with the corporate acquisition.

The following table shows the difference between cash EBITDA and EBITDA for the five years from 2017 to 2021. The non-cash and non-recurring expenses that were previously adjusted in the cash EBITDA calculation are now adjusted in the calculation of shareholder free cash flow, so there would be no change to historical shareholder free cash flow.

(thousands of dollars)

For years ended December 31,	2021	2020	2019	2018	2017
Cash EBITDA	42,696	7,553	17,557	5,037	37,070
EBITDA	42,632	7,386	15,112	4,682	36,513
Difference	64	167	2,445	355	557

EBITDA AND SHAREHOLDER FREE CASH FLOW

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

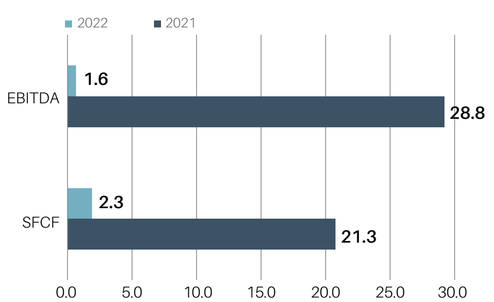
EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation and amortization.

Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, to repay debt, to purchase its common shares and to pay dividends, by adding non-cash expenses and non-cash deferred financing charges and deducting net financing costs and current income tax expense.

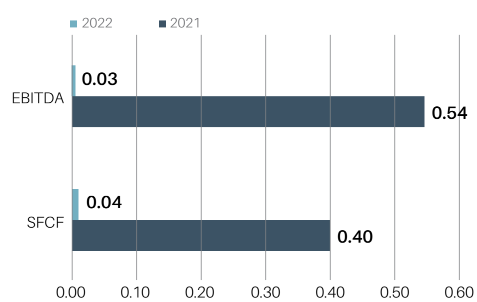
A reconciliation of net earnings or loss to EBITDA and shareholder free cash flow follows:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of dollars, except per share data)	**2022**	2021	**2022**	2021
Net earnings (loss)	**(1,675)**	3,164	**(5,959)**	13,356
Add:				
Amortization of seismic data library	**2,444**	2,509	**7,402**	7,510
Net financing costs	**11**	108	**104**	1,752
Income tax expense (recovery)	**(64)**	1,513	**(209)**	5,683
Depreciation	**25**	164	**230**	496
EBITDA	**741**	7,458	**1,568**	28,797
Add:				
Non-cash expenses	**96**	67	**406**	217
Net restructuring costs	**18**	(25)	**398**	(254)
Non-cash deferred financing charges	**16**	43	**53**	172
Current income tax recovery	**20**	—	**—**	—
Deduct:				
Net financing costs	**11**	108	**104**	1,752
Current income tax expense	**—**	1,568	**29**	5,926
Shareholder free cash flow (SFCF)	**880**	5,867	**2,292**	21,254
EBITDA per share basic and diluted	**0.01**	0.14	**0.03**	0.54
SFCF per share basic and diluted	**0.02**	0.11	**0.04**	0.40

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



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



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

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the statement of financial position when the Company becomes a party to the instrument's contractual obligations. The Company's financial assets include cash and cash equivalents, 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, 2021.

At September 30, 2022, 77 percent of the total accounts receivable were due from three customers.

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, 2021.

COMMODITY PRICE RISK

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

NEW IFRS STANDARDS

A number of new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board (IASB) but were not yet effective for the period ending September 30, 2022. 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

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

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

The Company applies the COSO Internal Control — Integrated Framework (2013 Framework). There were no changes in the ICFR that occurred during the period beginning on July 1, 2022 and ending on September 30, 2022 that materially affected, or are reasonably likely to materially affect, the Company's ICFR. No material weaknesses relating to the design of the ICFR were identified. As well, there were no limitations on the scope of the design of the DC&P or the ICFR.

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

RISK FACTORS

There have been no significant changes in Pulse's risk factors as described in the Company's MD&A for the year ended December 31, 2021.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING INFORMATION

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

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

- The outlook of the Company for the year ahead, including future operating costs and expected revenues;
- Recent events on the political, economic, regulatory, public health and legal fronts affecting the industry's medium- to longer-term prospects, including progression and completion of contemplated pipeline projects;
- The Company's capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities and carry out the necessary capital expenditures through 2022;
- Pulse's capital allocation strategy;
- Pulse's dividend policy;
- Oil and natural gas prices and forecast trends;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance, as they relate to the Company or to the oil and natural gas industry as a whole.

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

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

- Uncertainty of the timing and volume of data sales from the recently acquired seismic data library, which was partially funded with long-term debt;
- Volatility of oil and natural gas prices;
- Risks associated with the oil and natural gas industry in general;
- The Company's ability to access external sources of debt and equity capital;
- Credit, liquidity and commodity price risks;
- The demand for seismic data;
- The pricing of data library licence sales;
- Cybersecurity;
- Relicensing (change-of-control) fees and partner copy sales;
- Environmental, health and safety risks, 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 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, 2022	December 31 2021
ASSETS			
Cash and cash equivalents		**5,811**	—
Trade and other receivables		**1,080**	15,030
Current tax assets		**468**	—
Prepaid expenses		**249**	363
Total current assets		**7,608**	15,393
Seismic data library	*6*	**29,826**	37,228
Property and equipment		**23**	50
Deferred financing costs		**58**	—
Right-of-use assets	*7*	**37**	228
Total non-current assets		**29,944**	37,506
Total assets		**37,552**	52,899
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities		**876**	2,593
Deferred revenue		**47**	45
Current portion of lease liabilities	*7*	**88**	479
Current income tax liabilities		**—**	2,527
Total current liabilities		**1,011**	5,644
Long-term debt	*8*	**—**	2,265
Deferred income tax liabilities		**337**	572
Lease liabilities	*7*	**—**	21
Other long-term payable		**240**	256
Total non-current liabilities		**577**	3,114
Total liabilities		**1,588**	8,758
SHAREHOLDERS' EQUITY			
Share capital		**74,360**	74,569
Contributed surplus		**2,795**	2,702
Deficit		**(41,191)**	(33,130)
Total shareholders' equity		**35,964**	44,141
Total liabilities and shareholders' equity		**37,552**	52,899
Subsequent event	*15*		

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:

Robert Robotti
Chair of the Board

Paul Crilly
Audit and Risk Committee Chair

Condensed Consolidated Interim Statements of Net Earnings (Loss) and Comprehensive Income (Loss)

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

		Three months ended Sept. 30,		Nine months ended Sept. 30,	
	Note	**2022**	2021	**2022**	2021
Revenue					
Data library sales	*5*	**2,163**	8,832	**6,934**	32,545
Other revenue		**15**	100	**197**	300
Total revenue		**2,178**	8,932	**7,131**	32,845
Operating expenses					
Amortization of seismic data library	*6*	**2,444**	2,509	**7,402**	7,510
Salaries, internal commissions and benefits		**874**	919	**3,364**	2,785
Other selling, general and administrative costs		**563**	555	**2,199**	1,263
Depreciation		**25**	164	**230**	496
Total operating expenses		**3,906**	4,147	**13,195**	12,054
Results from operating activities		**(1,728)**	4,785	**(6,064)**	20,791
Financing costs					
Financing expenses		**46**	122	**153**	1,814
Interest income		**(35)**	(14)	**(49)**	(62)
Net financing costs		**11**	108	**104**	1,752
Earnings (loss) before income taxes		**(1,739)**	4,677	**(6,168)**	19,039
Current income tax expense		**(20)**	1,568	**29**	5,926
Deferred income tax recovery		**(44)**	(55)	**(238)**	(243)
Income tax expense (recovery)	*9*	**(64)**	1,513	**(209)**	5,683
Net earnings (loss) and comprehensive income (loss)		**(1,675)**	3,164	**(5,959)**	13,356
Net earnings (loss) per share, basic and diluted	*12*	**(0.03)**	0.06	**(0.11)**	0.25

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

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

	Note	Number of shares issued	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2021		53,793,317	74,581	2,500	(51,815)	25,266
Net earnings for the period		—	—	—	13,356	13,356
Share-based compensation	*11*	—	—	217	—	217
Settlement of vested long-term incentive plan award		—	—	(163)	—	(163)
Tax effect of equity-settled share-based compensation		—	—	34	—	34
Balance at September 30, 2021		53,793,317	74,581	2,588	(38,459)	38,710

	Note	**Number of shares issued**	**Share capital**	**Contributed surplus**	**Deficit**	**Total equity**
Balance at January 1, 2022		**53,784,717**	**74,569**	**2,702**	**(33,130)**	**44,141**
Net loss for the period		—	—	—	**(5,959)**	**(5,959)**
Share-based compensation	*11*	—	—	**406**	—	**406**
Settlement of vested long-term incentive plan award	*11*	—	—	**(310)**	—	**(310)**
Tax effect of equity-settled share-based compensation		—	—	**(3)**	—	**(3)**
Normal course issuer bid	*10*	**(150,400)**	**(209)**	—	**(87)**	**(296)**
Dividends paid	*10*	—	—	—	**(2,015)**	**(2,015)**
Balance at September 30, 2022		**53,634,317**	**74,360**	**2,795**	**(41,191)**	**35,964**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

Q3

(thousands of Canadian dollars) (unaudited)

		Three months ended Sept. 30,		Nine months ended Sept. 30,	
	Note	**2022**	2021	**2022**	2021
Cash flows provided by (used in):					
Operating:					
Net earnings (loss) and comprehensive income (loss)		**(1,675)**	3,164	**(5,959)**	13,356
Adjustment for:					
Amortization of seismic data library	*6*	**2,444**	2,509	**7,402**	7,510
Depreciation		**25**	164	**230**	496
Income tax expense (recovery)	*9*	**(64)**	1,513	**(209)**	5,683
Share-based compensation	*11*	**96**	67	**406**	217
Net financing costs		**11**	108	**104**	1,752
Interest and standby fees paid		**(29)**	(60)	**(94)**	(1,827)
Interest paid — lease liabilities		**(2)**	(14)	**(11)**	(52)
Interest received		**34**	—	**43**	—
Income tax paid		**(12)**	(2,639)	**(3,115)**	(4,695)
Income tax received		**92**	—	**92**	
		920	4,812	**(1,111)**	22,440
Net change in non-cash working capital	*13*	(91)	2,760	**12,342**	3,347
Cash provided by operating activities		**829**	7,572	**11,231**	25,787
Financing:					
Normal course issuer bid	*10*	**(167)**	—	**(296)**	—
Shares purchased for equity-settled share-based payments	*11*	—	—	**(310)**	(163)
Repayment of long-term debt		—	(7,282)	**(2,375)**	(24,770)
Dividends paid		**(672)**	—	**(2,015)**	—
Lease payments for principal	*7*	**(89)**	(189)	**(412)**	(559)
Cash used in financing activities		**(928)**	(7,471)	**(5,408)**	(25,492)
Investing:					
Seismic data digitization and related costs	*6*	—	(96)	—	(287)
Additions to property and equipment		—	(5)	**(12)**	(8)
Cash used in investing activities		—	(101)	**(12)**	(295)
Increase (decrease) in cash and cash equivalents		**(99)**	—	**5,811**	—
Cash and cash equivalents, beginning of period		**5,910**	—	—	—
Cash and cash equivalents, end of period		**5,811**	—	**5,811**	—

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

INFORMATION AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021 AND FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(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 2700, 421 7th Avenue SW in Calgary, Alberta. The Company is a provider of seismic data to the energy and resource sector in western Canada.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The condensed consolidated interim 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, 2021. 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, 2021. The condensed consolidated interim financial statements were approved by the Board of Directors on October 25, 2022.

(B) BASIS OF PRESENTATION

The condensed consolidated interim financial statements include the accounts of the Company's wholly-owned subsidiaries. Certain comparative figures have been reclassified to conform to the current year's presentation.

(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 consolidated 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 consolidated financial statements.

3. COVID-19 ESTIMATION UNCERTAINTY

Ongoing uncertainty caused by the global pandemic may continue affecting business conditions for the Company. There may continue to be adverse impacts on the Company. The situation surrounding COVID-19 has evolved significantly with the widespread availability of vaccines.

The Company continues to monitor administrative and operating expenses and capital spending plans closely.

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, 2021.

5. REVENUE

DATA LIBRARY SALES

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 by transaction type, data type and geographically.

The following tables summarize the Company's disaggregated revenue:

(A) TRANSACTION TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Traditional sales	**2,050**	1,863	**6,717**	6,553
Transaction-based sales	**113**	6,969	**217**	25,992
Total data library sales	**2,163**	8,832	**6,934**	32,545

(B) DATA TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
2D data sales	**753**	1,583	**3,363**	4,120
3D data sales	**1,410**	7,249	**3,571**	28,425
Total data library sales	**2,163**	8,832	**6,934**	32,545

(C) GEOGRAPHICAL BREAKDOWN

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Alberta sales	**1,859**	4,919	**4,939**	27,246
British Columbia sales	**83**	3,687	**1,017**	4,075
Other area sales	**221**	226	**978**	1,224
Total data library sales	**2,163**	8,832	**6,934**	32,545

6. SEISMIC DATA LIBRARY

As at	September 30, 2022	December 31, 2021
Cost		
Opening balance, January 1	**506,798**	506,448
Seismic digitization and related cost	—	350
Closing balance	**506,798**	506,798
Accumulated amortization		
Opening balance, January 1	**469,570**	459,560
Amortization for the period	**7,402**	10,010
Closing balance	**476,972**	469,570
Carrying amount	**29,826**	37,228

At September 30, 2022 and 2021, the Company assessed the cash-generating units (CGUs) in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were no indicators and, accordingly, that no impairment test was required.

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, 2022	December 31, 2021
Office and warehouse leases	**228**	733
Less		
Depreciation in the period	**(191)**	(505)
ROU assets	**37**	228

Lease Liabilities As at	September 30, 2022	December 31, 2021
Opening balance	**500**	1,358
Repayments on principal and interest	**(423)**	(903)
Interest expense	**11**	45
Total lease liabilities	**88**	500
Less		
Current portion	**88**	479
Long-term portion	—	21

In January 2017, the Company entered into a sublease arrangement for office space, which expires in March 2023.

On January 15, 2019, following the acquisition of Seitel Canada Ltd., the Company assumed two leases, one for a warehouse and another for downtown office space. The lease agreement for the warehouse expired in April 2022 and the office lease expires in November 2022.

8. LONG-TERM DEBT

As at	September 30, 2022	December 31, 2021
Revolving credit facility	—	2,375
Deferred financing cost	—	(110)
Total long-term debt	—	2,265

On December 21, 2021, the Company renewed its revolving credit facility and extended the maturity date for two years to January 15, 2025. The facility's available borrowing amount remains at $25.0 million and all other major terms, including financial covenants, were unaffected by the renewal.

Significant terms of the credit facility are:

- Interest is calculated based on the lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA following a ten-tier structure. At September 30, 2022, the applicable interest rate was 6.20 percent, based on level 1 of the 10 rates specified under the facility;
- Standby fees are based on the daily undrawn balance of the credit facility and the Company's total debt to adjusted EBITDA ratio following a ten-tier margin structure. At September 30, 2022, the applicable standby fee was set at level 1 of the 10 rates specified under the facility;
- Three-year term until January 15, 2025, with an extension of up to one year available on January 15 of every year with the approval of the lender. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date; and
- Security through a charge on all of the assets of the Company and its material subsidiaries.

The revolving credit facility also includes the following financial covenants:

(1) MAXIMUM LONG-TERM DEBT TO ADJUSTED EBITDA RATIO

The long-term debt to adjusted EBITDA ratio shall not be greater than 3.0:1 on December 31, 2021 and thereafter.

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

(2) MINIMUM INTEREST COVERAGE RATIO

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

The minimum interest coverage ratio shall not be less than 2.5:1 at September 30, 2022 and thereafter.

At September 30, 2022, the long-term debt to adjusted EBITDA ratio was 0.0:1 and the interest coverage ratio was 72.4:1. The Company was in compliance with all covenants at September 30, 2022.

When the Company doesn't carry a balance on its revolving credit facility, the deferred financing costs are included in the non-current assets. The balance of the deferred financing costs was $58,000 at September 30, 2022.

9. INCOME TAX

Income tax expense (recovery) 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:

Nine months ended September 30,	**2022**	2021
Earnings (loss) before income tax	**(6,168)**	19,039
Combined federal and provincial income tax rate	**23%**	23%
Expected income tax expense (recovery)	**(1,419)**	4,379
Effects of difference:		
Change in valuation allowance	**(14)**	(14)
Scientific research and experimental development investment tax credits	**(105)**	—
Permanent difference related to the seismic data library acquired in January 2019	**1,376**	1,368
Permanent difference related to IFRS 16, Leases	**(59)**	(55)
Others	**12**	5
Actual income tax expense (recovery)	**(209)**	5,683

10. SHARE CAPITAL

(A) 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.

On October 29, 2021, the Company announced the renewal of its normal course issuer bid (NCIB). The Company may purchase, for cancellation, up to a maximum of 3,097,433 common shares, equal to 10 percent of the public float of 30,974,330 common shares as at October 20, 2021. The Company is also limited under the NCIB to purchasing no more than 8,113 common shares on any given day, subject to the block purchase exemption under the TSX rules. The NCIB will continue until November 1, 2022. Purchases will be made on the open market through the TSX or alternative platforms at the market price of such shares. All shares purchased under the NCIB will be cancelled.

During the nine months ended September 30, 2022, the Company purchased for cancellation 150,400 common shares pursuant to its NCIB at a weighted average price of $1.97 per share, including brokerage fees, for a total cost of $296,000. The total cost paid, including fees, was first charged to share capital to the extent of the average carrying value of the common shares purchased and the excess of $87,000 was charged to the deficit.

(B) DIVIDENDS

On February 17, 2022, the Company approved a quarterly dividend of $0.0125 per share. The dividend totalling $672,000 was paid on March 21, 2022 to shareholders of record at the close of business on March 14, 2022.

On April 20, 2022, the Company approved a quarterly dividend of $0.0125 per share. The dividend totalling $672,000 was paid on May 24, 2022 to shareholders of record at the close of business on May 16, 2022.

On July 20, 2022, the Company approved a quarterly dividend of $0.0125 per share. The dividend totalling $672,000 was paid on August 23, 2022 to shareholders of record at the close of business on August 15, 2022.

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 (RSU) and performance share units (PSU), 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, 2022, 200,896 RSUs and 258,509 PSUs were eligible to vest. The Company's performance in 2021 exceeded the predetermined minimum performance benchmarks and, consequently, 9.5 percent or 24,540 PSUs vested on March 31, 2022. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested automatically on March 31, 2022.

To satisfy its obligation, in April 2022 the Company provided $310,000 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, 2022. The related payroll taxes of $219,000 were paid in the second quarter to settle the accrued cash-settled portion of the share-based payment liabilities.

For the nine months ended September 30, 2022, the Company recognized $693,000 (nine months ended September 30, 2021 – $477,000) in compensation expense related to the LTIP in salaries, internal commissions and benefits on the consolidated statement of comprehensive earnings. The equity-settled portion was $406,000 (nine months ended September 30, 2021 – $217,000).

For the nine months ended September 30, 2022, the obligation related to the cash-settled portion of the LTIP was $518,000 (nine months ended September 30, 2021 – $291,000) with $278,000 (nine months ended September 30, 2021 – $125,000) included in accounts payable and accrued liabilities and $240,000 (nine months ended September 30, 2021 – $166,000) included in other long-term payable.

The following summarizes activity in the Company's LTIP during the three and nine-month periods ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
RSUs	**2022**	2021	**2022**	2021
Outstanding, beginning of period	**1,199,328**	826,482	**844,713**	692,140
Vested	—	—	**(200,896)**	(161,805)
Granted	—	—	**562,954**	325,376
Dividend reinvested	**7,139**	—	**19,013**	—
Cancelled or forfeited	—	—	**(19,317)**	(29,229)
Outstanding, end of period	**1,206,467**	826,482	**1,206,467**	826,482

	Three months ended September 30,		Nine months ended September 30,	
PSUs	**2022**	2021	**2022**	2021
Outstanding, beginning of period	**1,193,970**	1,055,930	**1,079,223**	876,973
Vested	—	—	**(24,540)**	—
Granted	—	—	**374,210**	385,938
Dividend reinvested	**7,107**	—	**20,264**	—
Cancelled or forfeited	—	—	**(248,080)**	(206,981)
Outstanding, end of period	**1,201,077**	1,055,930	**1,201,077**	1,055,930

The 200,896 RSUs and 24,540 PSUs that vested on March 31, 2022 were settled in the second quarter of 2022. The 233,969 PSUs that did not vest were cancelled from the employee notional accounts on the vesting date.

On March 31, 2022, the Company added a special one-time RSU award to each employee's notional account. For each employee, the additional award represents the number of PSUs that were eligible to vest on March 31, 2022, less the number that vested. These RSUs will be eligible to vest automatically each year on March 31, 2023, 2024 and 2025.

12. EARNINGS (LOSS) PER SHARE

(A) BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of $1.7 million for the three months ended September 30, 2022 (three months ended September 30, 2021 – net earnings of $3.2 million) and a weighted average number of common shares of 53,699,692 (three months ended September 30, 2021 – 53,793,317).

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of $6.0 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 – net earnings of $13.4 million) and a weighted average number of common shares of 53,726,390 (nine months ended September 30, 2021 – 53,793,317), calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Common shares outstanding at beginning of period	**53,720,317**	53,793,317	**53,784,717**	53,793,317
Effect of common shares purchased and cancelled	**(20,625)**	—	**(58,327)**	—
Weighted average number of common shares	**53,699,692**	**53,793,317**	**53,726,390**	53,793,317

(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,	**2022**	2021
Trade and other receivables	**13,950**	1,864
Prepaid expenses	**114**	(10)
Long-term receivable	**—**	1,140
Accounts payable and accrued liabilities	**(1,717)**	74
Deferred revenue	**2**	(105)
Other long-term payable	**(16)**	84
Others	**9**	300
Net change in non-cash operating working capital	**12,342**	3,347

14. FINANCIAL INSTRUMENTS

The Company's risk management policy objectives include the long-term management of the Company's 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. The Committee conducts reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(B) CREDIT RISK

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

The Company is exposed to cash and credit risk in connection with data sales to its customers. The cash risk is mimimal as it is held with a major bank. 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 relate to customers from this industry.

The effective monitoring and control of credit risk is a core competency of the Company. Each new customer is analyzed individually for creditworthiness, 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 the Company 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 cash of $5.8 million and the value of accounts receivable of $1.1 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, 2022, 77 percent of total accounts receivable were due from three customers. At September 30, 2022, approximately 64 percent of the Company's data library sales were attributable to seven customers.

The aging of trade receivables at the reporting date was:

	September 30, 2022		December 31, 2021	
	Gross	**Impairment**	Gross	Impairment
Current	**436**	—	14,772	—
Past due 31-60 days	**16**	—	56	—
Past due 61-90 days	**16**	—	48	—
More than 90 days	**612**	—	154	—
Total	**1,080**	—	15,030	—

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.

The Company believes that all accounts receivable are collectible, based on historical payment behaviour and extensive analysis of customers' underlying credit ratings.

(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 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 maintaining financial flexibility and limiting repayment risks. The Company does not believe that it will encounter difficulty in meeting its financial obligations. 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.

The Company has working capital of $6.6 million at September 30, 2022 in addition to $25.0 million available to draw on its revolving credit facility.

The following are the contractual maturities of financial liabilities at September 30, 2022:

	Carrying amounts	2022	2023	2024	2025 and thereafter
Accounts payable	876	876	—	—	—
Leases	242	242	—	—	—
Long-term payable	240	—	240	—	—
Total	**1,358**	**1,118**	**240**	**—**	**—**

(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

The Company is not directly exposed to commodity price risk as it does not have any contracts that are directly based on commodity prices. A change in commodity prices, specifically oil and natural gas prices, could have a material impact on the Company's customers' cash flows and could therefore affect the level of 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. 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 when there is a balance owing. 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 would cause fluctuations in future interest payments but the Company does not currently have long-term debt outstanding.

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. SUBSEQUENT EVENTS

On October 20, 2022 the Company entered into a lease agreement for office space for the period of April 2023 to June 2028.

On October 25, 2022, the Company declared a quarterly dividend of $0.0125 per common share to be paid on November 22, 2022 to shareholders of record at the close of business on November 14, 2022.

Corporate Information

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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 Robotti (1) (2) (3)
Chair

Paul Crilly (1) (3)
Director

Dallas Droppo (1) (2) (3)
Director

Grant Grimsrud (2) (4)
Director

Melanie Westergaard (1) (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

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

SOLICITORS

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

MNP LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX: PSD
OTCQX: PLSDF

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