



Pulse Seismic Inc. Reports 2017 Results

CALGARY, Alberta, March 01, 2018 -- Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) ("Pulse" or "the Company") is pleased to report its financial and operating results for the year ended December 31, 2017. The audited consolidated financial statements, accompanying notes and MD&A are being filed on SEDAR (www.sedar.com) and will be available on Pulse's website at www.pulseseismic.com.

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2017

- Seismic data library sales increased by 204 percent year-over-year to \$43.5 million in 2017 from \$14.3 million in 2016. In the third quarter of 2017 the Company generated its second-highest quarterly seismic data library sales ever. This resulted from a \$29.5 million transaction-based sale announced on August 3, 2017, the highest-valued single licensing agreement in the Company's history;
- The Company generated net earnings of \$15.1 million or \$0.27 per share for 2017 compared to a net loss of \$7.5 million or (\$0.13) per share for 2016;
- Cash EBITDA^(a) was \$37.1 million, a 307 percent increase from \$9.1 million in 2016, and a 319 percent increase on a per-share basis to \$0.67 per share from \$0.16 per share in 2016;
- Shareholder free cash flow^(a) was \$29.7 million, a 229 percent increase from \$9.0 million in 2016, and a 238 percent increase on a per-share basis to \$0.54 per share from \$0.16 per share in 2016. The reason for the large difference between cash EBITDA and shareholder free cash flow in 2017 compared to 2016 is the \$7.5 million of current tax expense for 2017;
- On November 1, 2017, the Company declared a special dividend of \$0.20 per common share. The dividend totalling \$10.9 million was paid on December 8, 2017. No dividends were paid in 2016. The Company suspended its regular quarterly dividend in November 2015;
- In 2017 Pulse purchased and cancelled, through its normal course issuer bid, a total of 1,900,243 common shares at a total cost of approximately \$5.3 million (average cost of \$2.81 per common share including commissions);
- On December 22, 2017 the Company acquired 309 net square kilometres of 3D seismic data for \$1.45 million. The acquisition includes data in the Carrot Creek and Edson areas of Alberta;
- At December 31, 2017, the Company had a cash balance of \$27.4 million, compared to a cash balance of \$5.8 million at December 31, 2016. The Company has not had a long term-debt balance since the third quarter of 2015.

HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

- Seismic data library sales increased by 30 percent to \$5.4 million in the fourth quarter of 2017, from \$4.2 million in the same period of 2016;
- Net earnings were \$1.3 million or \$0.02 per share compared to a net loss of \$1.3 million or (\$0.02) per share in the fourth quarter of 2016;
- Cash EBITDA was \$3.8 million, an increase of 27 percent from \$3.0 million in the same period in 2016, and a 40 percent increase to \$0.07 per share compared to \$0.05 per share in the fourth quarter of 2016;
- Shareholder free cash flow was \$3.3 million or \$0.06 per share compared to \$3.0 million or \$0.05 per share in the fourth quarter of 2016;
- On December 19, 2017 the Company extended its revolving credit facility for an additional year. The three-year revolving credit facility's maturity date was extended to February 13, 2021; and
- On December 19, 2017 the Company renewed its normal course issuer bid (NCIB) to purchase up to 3,053,815 common shares in the next year.

"These results demonstrate that 2017 was a very successful year for Pulse," stated Neal Coleman, President and CEO. "The 204 percent increase in annual data library sales over 2016 was due to a higher level of transaction-based sales, highlighted by

the \$29.5 million sale we concluded in August. I am pleased to report on our ability to convert an extraordinary 68 percent of our \$43.5 million of sales, to shareholder free cash flow. Transaction-based sales have become a significant part of our annual revenues, while traditional data sales are hampered by low commodity prices and over-supplies of crude oil and natural gas.”

In addition, Coleman said, “Our long term financial position continues to improve. Shareholders benefited directly from our shareholder free cash flow through a return of \$16.2 million of capital, consisting of \$10.9 million paid in a special dividend and \$5.3 million in share buybacks. At December 31, 2017 the Company had a cash balance of \$27.4 million and zero debt. Pulse’s position is further strengthened to carry us through the ongoing industry uncertainty.”

SELECTED FINANCIAL AND OPERATING INFORMATION

| (thousands of dollars except per share data, numbers of shares and kilometres of seismic data) | Three months ended December 31, | | Years ended December 31, | |
|---------------------------------------------------------------------------------------------------|---------------------------------|------------|--------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue - Data library sales | 5,449 | 4,176 | 43,525 | 14,339 |
| Amortization of seismic data library | 1,958 | 4,657 | 15,870 | 18,973 |
| Net earnings (loss) | 1,311 | (1,253) | 15,087 | (7,490) |
| Per share basic and diluted | 0.02 | (0.02) | 0.27 | (0.13) |
| Cash provided by operating activities | 2,080 | 2,517 | 38,755 | 9,471 |
| Per share basic and diluted | 0.04 | 0.04 | 0.70 | 0.17 |
| Cash EBITDA ^(a) | 3,791 | 2,996 | 37,070 | 9,119 |
| Per share basic and diluted ^(a) | 0.07 | 0.05 | 0.67 | 0.16 |
| Shareholder free cash flow ^(a) | 3,301 | 3,003 | 29,729 | 9,029 |
| Per share basic and diluted ^(a) | 0.06 | 0.05 | 0.54 | 0.16 |
| Capital expenditures | | | | |
| Seismic data purchases, digitization and related costs | 1,450 | 64 | 1,575 | 2,444 |
| Property and equipment | 8 | - | 48 | 6 |
| Total capital expenditures | 1,458 | 64 | 1,623 | 2,450 |
| Special dividend paid | 10,915 | - | 10,915 | - |
| Weighted average shares outstanding | | | | |
| Basic and diluted | 54,404,433 | 56,042,673 | 55,135,035 | 56,105,593 |
| Shares outstanding at period-end | | | 54,020,817 | 55,921,060 |
| Seismic library | | | | |
| 2D in kilometres | | | 447,000 | 447,000 |
| 3D in square kilometres | | | 28,956 | 28,647 |

FINANCIAL POSITION AND RATIO

| (thousands of dollars except ratio) | December 31, December 31, | |
|-------------------------------------|---------------------------|--------|
| | 2017 | 2016 |
| Working capital | 22,486 | 10,674 |
| Working capital ratio | 3.1:1 | 8.9:1 |
| Cash and cash equivalents | 27,422 | 5,847 |
| Total assets | 51,693 | 44,957 |
| Shareholders' equity | 37,810 | 38,646 |

^(a) The Company's continuous disclosure documents provide discussion and analysis of "cash EBITDA", "cash EBITDA per share", "shareholder free cash flow" and "shareholder free cash flow per share". These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Company's financial performance. The Company's definition of cash EBITDA is cash available for interest payments, cash taxes, repayment of debt, purchase of its shares, discretionary capital expenditures and the payment of dividends, and is calculated as earnings (loss) from operations before interest, taxes, depreciation and amortization less participation survey revenue, plus any non-cash and non-recurring expenses. Cash EBITDA excludes participation survey revenue as these funds are directly used to fund specific participation surveys and this revenue is not available for discretionary capital expenditures. The Company believes cash EBITDA assists investors in comparing Pulse's results on a consistent basis without regard to participation survey revenue and non-cash items, such as depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors such as historical cost. Cash EBITDA per share is defined as cash EBITDA divided by the weighted average number of shares outstanding for the period. Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, to repay debt, to purchase its common shares and to pay dividends by deducting non-discretionary expenditures from cash EBITDA. Non-discretionary expenditures are defined as debt financing costs (net of deferred financing expenses amortized in the current period) and current tax provisions. Shareholder free cash flow per share is defined as shareholder free cash flow divided by the weighted average number of shares outstanding for the period.

These non-GAAP financial measures are defined, calculated and reconciled to the nearest GAAP financial measures in the Management's Discussion and Analysis.

OUTLOOK

Following two quiet years spent navigating the deep industry downturn of 2015 and 2016, and a 2017 that was a great improvement due to the increased merger-and-acquisition activity (M&A) in the energy-producing sector, Pulse looks ahead with greater optimism than in the past three years. The Company continues to caution shareholders and potential new investors that, first, visibility as to Pulse's traditional sales remains poor due to the weakening connection between leading industry indicators and seismic-related activity and, second, that transaction-based sales are innately unpredictable.

Industry conditions do, of course, influence Pulse's traditional sales. Western Canada's oil and gas producing sector, though picking up, has not benefited from the virtually across-the-board strengths driving U.S. industry activity, and Pulse anticipates this slower recovery will continue in 2018. Full recovery from an extremely difficult, three-year-long downturn is proving a major struggle.

While certain aspects are encouraging greater capital investment, others continue to retard growth, especially on the natural gas side. Capital budgets remain constrained, cash flows limited, new equity investment scarce and debt loads in many cases high. In 2017, 16 companies went out of business, compared to 28 in 2016 and a historical average of eight per year, according to Sayer Energy Advisors. Even some of the industry's lowest-cost, lowest-break-even operators are being held back by very low share prices as energy investors have shifted capital from Western Canada to "hot" U.S. basins such as the Permian. Pulse expects the hangover to be felt throughout 2018.

According to Government of Canada's February 27, 2018 budget documents, so far in 2018, the discount on the Canadian effective price ("CEP", which takes into consideration foreign exchange) of WTI has risen to over US\$20 per barrel, more than double the 2017 average of US\$9.61 per barrel. Futures contracts currently suggest that the differential between WTI and the CEP will narrow to US\$15 per barrel range by the summer. This is in line with a return to full capacity of the TransCanada Keystone pipeline and with rail transport providers adjusting to higher volumes. Following this, the differential should remain in this range over the 2018-2022 forecast horizon. Domestic natural gas prices also continue to lag U.S. prices. Further barriers to accelerated field activity are ongoing takeaway pipeline constraints, weak intra-Alberta gas demand, strong productivity from newly drilled wells in the Montney, Duvernay, Deep Basin and other unconventional plays, ample U.S. supplies providing insufficient incentive to export gas, and Canada's failure to move forward with large LNG export projects. These are significant handicaps for a gas-focused supply basin.

Government policies at all levels in Canada remain, on balance, less supportive of oil and gas industry capital investment than in the past (or in the U.S. at present). Two major examples are higher carbon taxes and indifference or outright hostility to critical new export pipeline projects. On the positive side, the long-delayed Keystone XL oil pipeline project from Alberta to Nebraska (with direct connections to the Gulf Coast) has been restarted, received its key state approval in November, and by January 2018 had secured sufficient shipping commitments to support construction.

Corporately, M&A activity in the Canadian energy-producing sector was estimated to total approximately \$43 billion in 2017, which was up significantly from \$24 billion in 2016, well up from \$15 billion in 2015 and close to the \$49 billion worth of deals recorded in 2014. This year, industry experts are forecasting a significantly lower total value of M&A activity, as the 2017 total was raised by a couple of very large deals. While robust M&A activity is broadly conducive to Pulse's transaction-based data licensing sales, the great variety and size range of corporate deals prevents extrapolating the overall trend into a prediction regarding the number or dollar value of Pulse's transaction-based sales. Transaction-based sales are truly unpredictable.

Capital spending in Western Canada's energy-producing sector as of early February is forecast at \$29.01 billion for 2018,

according to the *Daily Oil Bulletin* database. This includes reported capital plans from 54 companies and compares to actual spending of \$30.5 billion in 2017 as reported by 66 companies. Mineral lease auctions or “land sales” in B.C. and Alberta, after falling almost to zero during the downturn, have rebounded strongly, increasing from a combined \$152.4 million in 2016 to \$676.1 million in 2017. January 2018 mineral lease bids were also strong at \$40.5 million. The Canadian Association of Oilwell Drilling Contractors forecasts that oil and natural gas drilling, after increasing from a Western Canada total of only 3,434 wells in 2016 to 6,031 wells in 2017, will edge upward to 6,138 wells this year. The Petroleum Services Association of Canada is more bullish, forecasting 7,600 wells across Canada this year, unchanged from last year. It remains uncertain when or how strongly this will translate into spending on seismic data.

Unlike most companies in the energy services sector, Pulse’s business has been assembled, grown and fine-tuned to be resilient against industry volatility and negative market forces. The Company’s strong balance sheet, with effectively zero cash financing costs, its low cash operating costs and the absence of other spending commitments make Pulse cash-flow positive at annual revenue of just \$6 million. Pulse’s lowest annual sales in the depths of the energy industry’s downturn were \$14.3 million.

For 2018, Pulse anticipates continuing moderate recovery in its traditional sales, providing a reasonable revenue base for the year. Large or small transaction-based sales can occur at any time, creating potential upside to Pulse’s quarterly and annual revenues. The strength or weakness of transaction-based sales will ultimately determine whether 2018 financial results exceed or underperform the achievements of 2017. Looking ahead through this year and into 2019, this Company is financially strong and well-positioned to continue generating sales to valued customers and investment returns for shareholders, and to seek further opportunities to advance the goal to profitably grow Pulse into Western Canada’s largest seismic data library provider.

CORPORATE UPDATE

The Company is pleased to announce that Mr. Dallas Droppo and Mr. Grant Grimsrud will be nominated for election to its Board of Directors at the upcoming Annual General Meeting on May 8, 2018. Mr. Droppo has over 27 years of experience as legal counsel in the oil and gas and oil and gas service sectors, and Mr. Grimsrud has over 35 years of experience in the oil and gas industry. We are looking forward to their contributions as new independent directors.

In addition, Mr. Clark Zentner and Ms. Daphne Corbett will be retiring from the Board and will not be standing for re-election in 2018. Pulse thanks Mr. Zentner for 16 years and Ms. Corbett for 14 years of valuable service to Pulse’s Board of Directors. Their individual skillsets, knowledge and wisdom have contributed greatly to build a very strong governance culture and they have each provided extremely sound leadership and guidance.

As well at this time, we would like to take the opportunity to thank Mr. Norman Hall for his contributions to the Board of Directors in his capacity as Corporate Secretary. Mr. Hall retired as Corporate Secretary as of February 28th, 2018. Pulse now welcomes Mr. Patrick Burgess as Corporate Secretary. Mr. Burgess is a commercial lawyer with over 33 years of experience leading powerful teams as advocates for domestic and international E&P and service companies in the energy industry, small business sectors and financial institutions.

YEAR END 2017 CONFERENCE CALL

Pulse will hold a conference call on Friday, March 2, 2018 at 11:00 a.m. MST (1:00 p.m. EST) where Neal Coleman, President and CEO and Pamela Wicks, Vice President Finance and CFO will discuss the Company’s 2017 results. A question-and-answer period will follow an update on the Company’s outlook.

To participate please dial 416-340-2216 (local – Calgary) or 1-800-377-0758 (toll free – North America) approximately 10 minutes before the commencement of the call.

An archival recording of the conference call will be available approximately one hour after the completion of the call until March 16, 2018. To access the replay, please dial 905-694-9451 or 1-800-408-3053 and enter the playback pass code 9628622.

CORPORATE PROFILE

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 second-largest licensable seismic data library in Canada, currently consisting of approximately 28,956 square kilometres of 3D seismic and 450,000 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.

For further information, please contact:

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Or

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This document contains information that constitutes “forward-looking information” or “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities legislation.

The Outlook section contains forward-looking information which includes, among other things, statements regarding:

- Pulse looks ahead with greater optimism than the last three years;
- For 2018, Pulse anticipates continuing moderate recovery in its traditional sales, providing a reasonable revenue base for the year;
- Pulse’s capital allocation strategy;
- Pulse’s dividend policy;
- Oil and natural gas prices;
- 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;
- Future demand for participation surveys;
- 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.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to vary and in some instances to differ materially from those anticipated in the forward-looking information. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently poor visibility of seismic revenue.

The material risk factors include, without limitation:

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

The foregoing list 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” of the Company’s MD&A for the year ended December 31, 2017. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company’s management at the time the information is presented.