PULSE
Energy Data. On Demand.

Q1

For the three months ended
March 31, 2024

Selected Financial and Operating Information

(Thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended March 31,		Year ended
	2024	2023	December 31, 2023
	(Unaudited)		
Revenue			
Data library sales	**8,777**	8,407	39,127
Amortization of seismic data library	**2,270**	2,286	9,103
Net earnings	**2,681**	2,908	15,007
Per share basic and diluted	**0.05**	0.05	0.28
Cash provided by operating activities	**10,464**	5,413	23,524
Per share basic and diluted	**0.20**	0.10	0.44
EBITDA [(a)]	**6,229**	6,615	30,431
Per share basic and diluted [(a)]	**0.12**	0.12	0.57
Shareholder free cash flow [(a)]	**5,038**	5,261	24,829
Per basic and diluted [(a)]	**0.10**	0.10	0.47
Capital expenditures			
Seismic data	**225**	-	-
Property and equipment	-	4	28
Total capital expenditures	**225**	4	28
Dividends			
Regular dividends	**715**	670	2,862
Special dividend	-	-	18,519
Total dividends	**715**	670	21,381
Weighted average shares outstanding Basic and diluted	**52,122,006**	53,614,717	53,237,569
Shares outstanding at period-end	**51,994,563**	53,596,769	52,621,863
Seismic library			
2D in kilometres	**829,207**	829,207	829,207
3D in square kilometres	**65,310**	65,310	65,310

Financial Position and Ratio

(Thousands of dollars except ratio)	**March 31, 2024**	March 31, 2023	December 31, 2023
Working capital	**10,579**	11,136	7,468
Working capital ratio	**3.8:1**	13.3:1	1.5:1
Cash and cash equivalents	**13,765**	10,455	15,948
Total assets	**31,122**	37,220	41,249
Trailing 12-month (TTM) EBITDA [(b)]	**30,045**	8,641	30,431
Shareholders' equity	**26,543**	35,679	25,655

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

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

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For the three months ended
March 31, 2024

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

This 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 months ended March 31, 2024, was prepared taking into consideration information available to April 24, 2024. It is supplemental to the unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2024. This MD&A is also supplemental to the MD&A, audited consolidated financial statements and related notes for the year ended December 31, 2023.

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 that Pulse's management considers material. Management determines if information is material based on whether they believe a reasonable investor's decision to buy, sell, or hold shares in the Company would likely be influenced or changed if the information were omitted or misstated. Readers should also read the cautionary statement in "Forward-Looking Information".

Contents

OVERVIEW

ABOUT PULSE

Pulse is a market leader in the acquisition, marketing, and licensing of two-dimensional (2D) and three-dimensional (3D) seismic data for the energy sector in Western Canada. Seismic data is used by oil and natural gas exploration and development companies to identify portions of geological formations that have the potential to hold hydrocarbons. Seismic data is utilized by those requiring advanced geophysics to maximize the probability of project success including companies exploring for non-traditional forms of energy such as lithium, companies developing carbon capture, utilization, and storage (CCUS) projects, and companies exploring for helium. Seismic data is used in conjunction with well logging data, well core comparisons, geological mapping and surface outcrops to create a detailed map of the Earth's subsurface at various depths.

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

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

MISSION AND STRATEGY

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

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

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

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

CORPORATE UPDATE

On April 24, 2024, the Pulse Board of Directors approved a 9% increase to the regular dividend and declared a regular quarterly dividend of $0.015 per share. This increase results in an annualized regular dividend of $0.06 per share. The total of the dividend will be approximately $780,000 based on Pulse's 51,994,563 common shares outstanding as of April 24, 2024, and will be paid on May 23, 2024 to shareholders of record on May 14, 2024.

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

In February 2024, the Company amended its $25.0 million committed revolving credit facility. The new revolving demand facility is undrawn and has a $5.0 million borrowing limit.

On February 20, 2024, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its previously announced normal course issuer bid (NCIB). The Company may purchase common shares at the times when the Company would not be active in the market due to regulatory restrictions, including insider trading rules, and the Company's own internal trading blackout periods. Purchases will be made by the Company's broker based on parameters set by the Company when it is not in possession of any material non-public information about the Company or its securities, and in accordance with the limits and other terms of the ASPP. The ASPP has been entered into in accordance with the requirements of applicable Canadian securities laws.

KEY PERFORMANCE INDICATORS

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

Results for the key performance indicators for the three months ended March 31, 2024, with comparative figures for 2023, are outlined in the following table:

	Three months ended March 31,		
(thousands of dollars except per share data)	**2024**	2023	Variance
Revenue - Data library sales	**8,777**	8,407	370
Net earnings	**2,681**	2,908	(227)
Per share basic and diluted	**0.05**	0.05	0.00
Cash provided by operating activities	**10,464**	5,413	5,051
Per share basic and diluted	**0.20**	0.10	0.10
EBITDA	**6,229**	6,615	(386)
Per share basic and diluted	**0.12**	0.12	0.00
Shareholder free cash flow	**5,038**	5,261	(223)
Per share basic and diluted	**0.10**	0.10	0.00

For the three months ended March 31, 2024, Pulse generated $8.8 million of revenue compared to $8.4 million for the same period in 2023. While the increase of 4 percent in revenue, compared to the same period in 2023, did not convert to an increase in net earnings, EBITDA and shareholder free cash flow because of a similar increase in operating expenses during the quarter, those metrics were equal to the prior year on a per share basis. This is because of the reduction to the weighted average number of shares outstanding, period over period, because of the NCIB purchases.

The collection of all accounts receivable that were outstanding at December 31, 2023, as well as most of the first quarter data sales revenue, explains the improvement in the cash provided by operating activities.

OUTLOOK

Following the high level of data licensing and financial performance achieved in 2023, the Company has also experienced a solid start to 2024, generating $8.8 million of revenue in the first quarter. While the outlook for economic and commodity markets is mixed, several factors are expected to have a positive impact on the year ahead in the energy industry. The continued strength in crude oil prices and expectations that global demand for fossil fuels will continue to trend upward is key. The completion of the Trans Mountain Pipeline Expansion project is imminent and the LNG Canada facility is expected to be operational in 2025. These critical energy projects will provide increased export capacity for delivering both oil and natural gas to global markets.

After two high-volume years of industry Merger & Acquisition activity, Sayer Energy Advisors reported that they anticipate a year-over-year reduction to approximately $12 billion in 2024. This forecast reflects the stronger balance sheets and profitability in the industry and, accordingly, fewer assets and companies for sale. An initial 2024 forecast by Enserva anticipates industry capital spending growth of a further 10 percent this year. Land sales are also forecast to remain robust. In November 2023, the Canadian Association of Energy Contractors issued an initial 2024 drilling forecast of 6,229 wells, up from 5,748 in 2023.

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

Discussion of Operating Results

SUMMARY FOR THE THREE MONTHS ENDED MARCH 31, 2024

EARNINGS BEFORE INCOME TAXES

For the three months ended March 31, 2024, the Company generated earnings before income taxes of $4.1 million ($0.08 per share basic and diluted) compared to earnings before income taxes of $4.4 million ($0.08 per share basic and diluted) for the same period of 2023.

REVENUE

Revenue was $8.8 million for the three months ended March 31, 2024, compared to $8.4 million for the three months ended March 31, 2023.

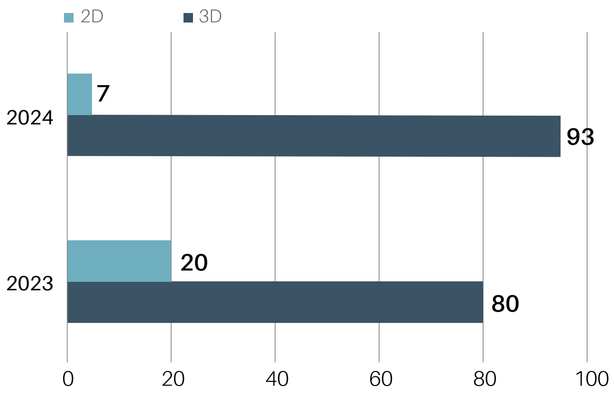
DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

Pulse disaggregates its data library sales in two ways. The following graphs illustrate the comparative disaggregated sales for the three-month periods ended March 31, 2024, and 2023.

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

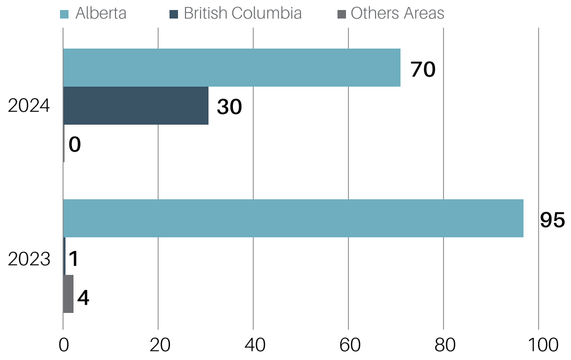
DISAGGREGATED SALES 2D/3D (%)

Three months ended March 31



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

DISAGGREGATED SALES
GEOGRAPHICAL (%)
Three months ended March 31



The Company's customers are currently, and generally, focusing on liquids-rich natural gas and light oil pools found primarily in a broad corridor running from northwest 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 three months ended March 31, 2024, 70 percent (three months ended March 31, 2023 – 95 percent) of the data library sales were from data located in Alberta. 30 percent were from British Columbia (three months ended March 31, 2023 – 1 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended March 31, 2024, and 2023, seismic data amortization was $2.3 million.

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

IMPAIRMENT

At March 31, 2024, 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 March 31, 2024. As a result, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended March 31, 2024, was $1.9 million compared to $1.3 million for the three months ended March 31, 2023.

The increase in comparative periods is mainly due to an increase in the long-term incentive plan (LTIP) expense estimate for the period. The LTIP expense is impacted by the increase in the share price between March 31, 2023, and March 31, 2024, as well as dividends paid, which includes two special dividends declared in 2023.

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

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, data storage expenses, directors' fees and corporate costs, and consulting and professional fees. For the three months ended March 31, 2024, SG&A was $620,000 compared to $511,000 for the three months ended March 31, 2023. The increase, compared to the same period in 2023, is mainly due to legal fees, software maintenance expenses and the operating cost component of the office lease.

NET FINANCING COSTS (INCOME)

For the three months ended March 31, 2024, the Company's net financing income was $139,000 compared to net financing income of $44,000 for the three months ended March 31, 2023.

Net financing costs include two items: financing expenses and interest income. The financing expenses mainly consisted of the interest and standby fees related to the Company's revolving credit facility. There are no stand-by fees associated with the new revolving demand facility, as amended in February 2024. Financing expenses also include a nominal amount of interest related to lease liabilities as per IFRS 16. The Company had increased interest income this quarter compared to the same period in 2023 because of the higher cash balance.

In 2024 and 2023, the Company did not carry any long-term debt balance at any time. The cash surplus is invested in short-term term deposits.

INCOME TAXES

For the three months ended March 31, 2024, and 2023, the income tax expense was $1.4 million. The main factor affecting the tax rate calculation in both years is the permanent difference between the tax basis and the accounting value of the seismic data library acquired in 2019.

The average combined income tax rate for 2024 and 2023 was 23 percent. A reconciliation of the income tax expense or reduction is included in the consolidated financial statements.

Review of Financial Position

AS AT MARCH 31, 2024

TRADE AND OTHER RECEIVABLES

Trade and other receivables at March 31, 2024, totalled $294,000 compared to $6.3 million at December 31, 2023.

All accounts receivables at December 31, 2023 and the majority of the revenue from data library sales made in the first quarter of 2024, was collected during the first quarter of 2024.

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. The Company has also conducted participation surveys whereby Pulse partners with customers and the seismic data collected is added to Pulse's data library to generate future licensing revenue. While Pulse has not conducted a participation survey since 2015, the Company has grown significantly during this time through acquisitions.

In the first quarter of 2024, the Company acquired the revenue sharing and partnership interests in certain of its proprietary datasets for an amount of $225,000.

At March 31, 2024, the Company considered indicators of impairment for each of its CGUs. 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.

DEFERRED INCOME TAX ASSETS / LIABILITIES

The net deferred income tax assets were $131,000 at March 31, 2024 compared to $91,000 at December 31, 2023. The increase in net deferred income tax assets is mainly due to the decrease of the liability related to the difference between the tax base of the seismic data library and the carrying amount on the statement of financial position.

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

RIGHT-OF-USE (ROU) ASSETS

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

DEFERRED REVENUE

On July 14, 2023, the Company collected payment for the $9.0 million seismic data licensing sales contract signed at the end of June 2023. $7.6 million of the $9.0 million was recognized in revenue in 2023, when data was delivered. When the $1.4 million remaining seismic data is delivered to the client in 2024, as per the agreement , this deferred revenue will be reclassified as revenue.

CURRENT INCOME TAX LIABILITIES

Included in current tax liabilities is the current tax expense for 2024 less the 2024 tax instalments.

REVOLVING DEMAND CREDIT FACILITY

In February 2024, the Company amended its $25.0 million committed revolving credit facility. The new revolving demand facility has a $5.0 million borrowing limit and was undrawn at March 31, 2024.

LEASE LIABILITIES

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

OTHER LONG-TERM PAYABLE

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

SHARE CAPITAL SUMMARY

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

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

	Three months ended March 31,	
	2024	2023
Weighted average shares outstanding: Basic and diluted	**52,122,006**	53,614,717
Shares outstanding at period-end	**51,994,563**	53,596,769
Shares outstanding at April 24, 2024	**51,994,563**	

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 increase levels of stock ownership. Participants are granted restricted share units (RSUs) and performance share units (PSUs). LTIP awards are granted 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 common shares. Historically, the plan's trustee purchased common shares on the open market for the after-tax number of RSUs and PSUs vested, with funds provided by the Company. In the first quarter of 2024, the Board of Directors approved an amendment to the LTIP to allow, at its discretion, to settle the LTIP obligation with equity or an equivalent cash payment. They elected to cash-settle the 2023 related vested units for the employees, but equity settle the vested units for board members.

On March 31, 2024, 477,654 RSUs and 488,225 PSUs were eligible to vest. The Company's performance in 2023 met the predetermined minimum performance benchmarks and, consequently, 100% PSUs vested on March 31, 2024. RSUs vest automatically based on time and, consequently, all the eligible RSUs vested on March 31, 2024.

The Company settled the employees' vested units in April 2024. The Directors' vested units will be settled in the second quarter of 2024.

At March 31, 2024, there were 1,435,811 RSUs and 1,635,987 PSUs outstanding. After settlement in April 2024, the 477,654 RSUs and 488,225 PSUs eligible to vest on March 31, 2024, will be cancelled.

DEFICIT

On March 31, 2024, the Company had a deficit of $49.1 million, compared to $50.7 million at December 31, 2023. The net earnings for the period of $2.7 million, the dividends of $715,000 declared and paid, and a reduction of $315,000 due to the required accounting treatment of the LTIP settlement contributed to the deficit increase.

DIVIDENDS

On April 24, 2024, the Pulse Board of Directors approved a 9% increase to the regular dividend and declared a regular quarterly dividend of $0.015 per share. This increase results in an annualized regular dividend of $0.06 per share. The total of the dividend will be approximately $780,000 based on Pulse's 51,994,563 common shares outstanding as of April 24, 2024, and will be paid on May 23, 2024 to shareholders of record on May 14, 2024.

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

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

Pulse confirms that all dividends paid to shareholders in 2024 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.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

	2024	2023				2022		
(Thousands of dollars, except per share data)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue – data library sales	**8,777**	16,861	5,103	8,756	8,407	2,439	2,178	3,097
Amortization of seismic data library	**2,270**	2,270	2,273	2,274	2,286	2,416	2,444	2,443
Net earnings (loss)	**2,681**	8,307	393	3,399	2,908	(1,948)	(1,675)	(1,766)
Per share basic and diluted	**0.05**	0.16	0.01	0.06	0.05	(0.04)	(0.03)	(0.03)

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

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at March 31, 2024, are comprised of an office space lease, payments under seismic data services contracts, accounts payable and accrued liabilities. The following table reflects the Company's anticipated payment of contractual obligations:

	Payments due by period				
Contractual Obligations (Thousands of dollars)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Lease liabilities	274	66	157	51	-
Seismic data services contracts	103	103	-	-	-
Accounts payable and accrued liabilities	2,030	1,499	531	–	-
Total contractual obligations	2,407	1,668	688	51	-

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

Accounts payable and accrued liabilities at March 31, 2024, include the accrual of $186,000 related to the short-term incentive plan (STIP), and the accrual of $958,000 related to the LTIP.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At March 31, 2024, Pulse had working capital of $10.6 million and a working capital ratio of 3.8:1.

For the three months ended March 31, 2024, the Company generated $10.5 million of cash from operating activities compared to $5.4 million for the same period in 2023. The main differences between the two periods relate to higher net change in non-cash working capital because of the collection of all accounts receivable at December 31, 2023 and a majority of the revenue from data library sales in the first quarter of 2024.

The Company also utilized cash for the following outlays:

- Purchase and cancellation of 627,300 common shares through its NCIB for a total of $1.2 million (at an average price of $1.89 per common share including commissions);
- Dividends paid of $11.2 million; and
- Acquisition of revenue share and partnership interests on proprietary seismic data for $225,000.

In February 2024, the Company amended its $25.0 million committed revolving credit facility. The new revolving demand facility has a $5.0 million borrowing limit and is secured through a charge on all the assets of the Company and its material subsidiaries.

Interest is calculated based on the lender's prime loan rate, or USBR loan, or term CORRA or term SOFR, plus an applicable margin based on the type of loan. At March 31, 2024, the applicable interest rate for the prime loan was 7.7 percent.

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

1) Maximum Total debt to Adjusted EBITDA Ratio

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

Adjusted EBITDA is calculated on a trailing 12-month basis. It is defined as earnings or losses before interest, income taxes, depreciation and amortization. It also includes 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, extraordinary gains, and non-cash gains and income. Adjusted EBITDA will be adjusted for any acquisition or disposition to reflect that it occurred on the first day of such calculation period.

2) Minimum Interest Coverage Ratio

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

The minimum interest coverage ratio shall not be less than 2.5:1 at all times.

At March 31, 2024, with no revolving demand credit facility balance, the interest coverage ratio was 232:1. No stand-by fees are paid on the new revolving demand credit facility.

The Company was in compliance with all covenants at March 31, 2024.

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

On December 20, 2023, the Company's normal course issuer bid (NCIB) became effective. The Company may purchase, for cancellation, up to a maximum of 2,957,406 common shares, equal to 10 percent of the public float of 29,574,064 common shares, as at December 13, 2023. The Company will be limited under the NCIB to purchase up to 2,618 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until December 19, 2024. Purchases will be made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB will be cancelled.

On February 20, 2024, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its NCIB. The Company can purchase common shares when the Company would not be active in the market due to regulatory restrictions, including insider trading rules and the Company's own internal trading blackout periods. Purchases were made by the Company's broker based on parameters set by the Company when it was not in possession of any material non-public information about the Company or its securities, and in accordance with the limits and other terms of the ASPP. The ASPP was entered into in accordance with the requirements of applicable Canadian securities laws and will terminate on December 19, 2024.

From December 20, 2023, to March 31, 2024, the Company purchased 642,900 common shares under the NCIB. All purchases were made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB were cancelled.

Funding for Pulse's future capital expenditures will generally depend on the level of future data library sales. Pulse's management believes that the Company's capital resources will be sufficient to finance future operations and carry out the necessary capital expenditures through 2024. The Company anticipates that future capital expenditures will be financed through funds from operations. As at the date of this MD&A, the Company has a $5.0 million credit facility which is undrawn. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities for raising additional capital to finance opportune seismic data acquisitions. Historically, the Company has used a combination of debt and equity to finance growth initiatives. It continues to rely on internal measures such as the debt to equity ratio to structure and forecast its capital requirements. Pulse's management considers the current capital structure appropriate.

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

NON-CAPITAL RESOURCES

The Company's main non-capital resource is its key management and staff. The Company has an experienced team with extensive knowledge of the seismic industry. Pulse's management understands industry cycles and how to manage the business in the downturn and recovery phases. Pulse has built strong sales, financial and IT departments. Management and staff are eligible to participate in the STIP and LTIP, which are tied to the Company's shareholder free cash flow per share.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

This MD&A and the Company's continuous disclosure documents provide discussion and analysis of EBITDA and shareholder free cash flow. IFRS do not include standard definitions for these measures and, therefore, may not be comparable to similar measures used and disclosed by other companies. As IFRS have been incorporated into Canadian generally accepted accounting principles (GAAP), these non-IFRS measures are also non-GAAP measures. The Company has included these non-GAAP financial measures because they are used by management, investors, analysts and others to evaluate the Company's financial performance.

EBITDA and shareholder free cash flow are not calculated based on IFRS. They 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, debt repayments and other sources and uses of cash, which are disclosed in the consolidated audited and interim statements of cash flows.

EBITDA AND SHAREHOLDER FREE CASH FLOW

EBITDA and shareholder free cash flow represent the capital generated and available to allocate.

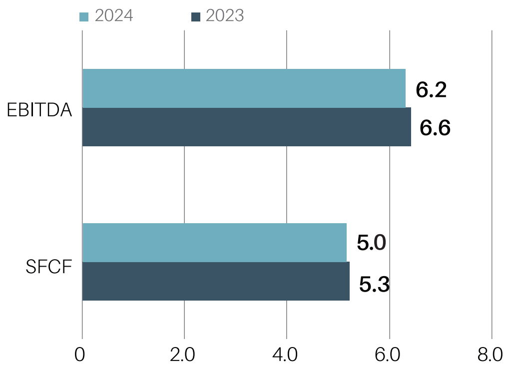
EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation and amortization.

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

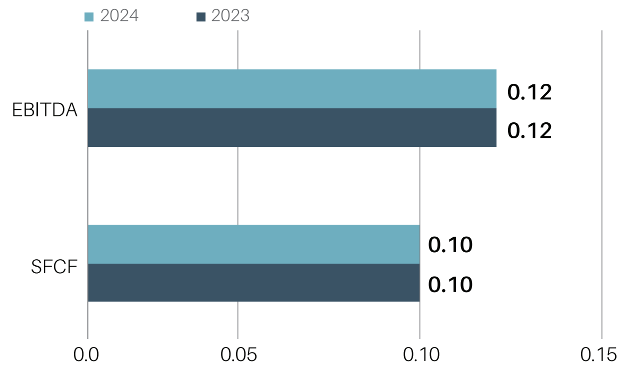
A reconciliation of net earnings to EBITDA and shareholder free cash flow follows:

	Three months ended March 31,	
(Thousands of dollars, except per share data)	**2024**	2023
Net earnings	**2,681**	2,908
Add:		
Amortization of seismic data library	**2,270**	2,286
Net financing costs (income)	**(139)**	(44)
Income tax expense	**1,397**	1,444
Depreciation	**20**	21
EBITDA	**6,229**	6,615
Add:		
Non-cash expenses	**311**	147
Non-cash deferred financing charges	-	5
Deduct:		
Net financing costs (income)	**(139)**	(44)
Current income tax expense	**1,641**	1,550
Shareholder free cash flow (SFCF)	**5,038**	5,261
EBITDA per share basic and diluted	**0.12**	0.12
SFCF per share basic and diluted	**0.10**	0.10

EBITDA AND SFCF
THREE MONTHS ENDED MARCH 31
(millions of dollars)



EBITDA AND SFCF PER SHARE (BASIC AND DILUTED)
THREE MONTHS ENDED MARCH 31
(dollars per share)



FINANCIAL INSTRUMENTS

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

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 revolving demand credit facility balance, if any, 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, 2023.

At March 31, 2024, 62 percent of the total accounts receivable were due from three customers. The Company does not anticipate problems collecting any of its accounts receivable.

LIQUIDITY RISK

There have been no significant changes in Pulse's liquidity risk as disclosed in the Company's MD&A for the year ended December 31, 2023.

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. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. Given that this is an indirect influence, the financial impact on the Company of changing oil and natural gas prices is not reasonably determinable.

NEW IFRS STANDARDS

Several new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board but were not effective for the period ending March 31, 2024. Accordingly, they were not applied in preparing the consolidated financial statements. None of the new standards is expected to have a significant effect on the condensed consolidated interim 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.

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 January 1, 2024, and ending March 31, 2024, 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. Furthermore, 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 January 1, 2024, and ending March 31, 2024, 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, 2023.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING INFORMATION

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

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

- 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 LNG and pipeline projects;
- The Company's capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities and carry out the necessary capital expenditures through 2024;
- Pulse's capital allocation strategy;
- Pulse's dividend policy;
- Oil and natural gas prices and forecast trends;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results, and performance, as they relate to the Company or the oil and natural gas industry as a whole.

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

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

- Uncertainty of the timing and volume of data sales from the recently acquired seismic data library, which was partially funded with long-term debt;
- Volatility of oil and natural gas prices;
- Risks associated with the oil and natural gas industry in general;
- The Company's ability to access external sources of debt and equity capital;
- Credit, liquidity, and commodity price risks;
- The demand for seismic data;
- The pricing of data library licence sales;
- Cybersecurity;
- Relicensing (change-of-control) fees and partner copy sales;
- Environmental, health, and safety risks;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, and public health and safety;

- Competition;
- Dependence on key management, operations and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights;
- The introduction of new products; and
- Climate change.

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

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

Corporate Information

Pulse is a market leader in the acquisition and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the largest licensable seismic data library in Canada, currently consisting of 65,310 net square kilometres of 3D seismic and 829,207 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occur.

OFFICERS

Neal Coleman
President and CEO

Pamela Wicks
Vice President, Finance and CFO

Trevor Meier
Vice President, Sales and Marketing

Catherine Samuel
Corporate Secretary

BOARD OF DIRECTORS

Robert Robotti (1) (2) (3)
Chair

Paul Crilly (1) (3)
Director

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

Patrick R. Ward (2) (4)
Director

Melanie Westergard (1) (2) (4)
Director

Neal Coleman (4)
Director

(1) Member of the Audit and Risk Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the ESG-Health Committee

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

SOLICITORS

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

MNP LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX: PSD
OTCQX: PLSDF

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PULSE

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For the three months ended
March 31, 2024

TSX: PSD
OTCQX:PLSDF