

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PULSE SEISMIC INC.

We have audited the accompanying consolidated financial statements of Pulse Seismic Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pulse Seismic Inc. as at December 31, 2014 and 2013 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

March 2, 2015
Calgary, Canada

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(thousands of Canadian dollars)

As at

Note **December 31,
2014** December 31,
2013

Assets

Cash and cash equivalents		901	1,745
Trade and other receivables	4	7,083	3,216
Income tax receivable		-	3,576
Prepaid expenses		275	333
Total current assets		8,259	8,870
Participation surveys in progress	5	36	-
Seismic data library	6	66,468	88,242
Property and equipment		663	849
Other		56	56
Total non-current assets		67,223	89,147
Total assets		75,482	98,017

Liabilities and Shareholders' Equity

Accounts payable and accrued liabilities		1,772	1,248
Deferred revenue		1,191	1,146
Total current liabilities		2,963	2,394
Long-term debt	7	5,367	21,850
Deferred income tax liabilities	8	8,574	7,466
Other long-term payable		177	345
Total non-current liabilities		14,118	29,661
Total liabilities		17,081	32,055

Shareholders' Equity

Share capital	9	78,782	81,673
Contributed surplus		2,399	2,399
Deficit		(22,780)	(18,110)
Total shareholders' equity		58,401	65,962
Total liabilities and shareholders' equity		75,482	98,017

See accompanying notes to consolidated financial statements.



On behalf of the Board:

Robert Robotti
Chair of the Board



Daphne Corbett
Audit Committee Chair

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(thousands of Canadian dollars, except per share data)
For the years ended December 31

	Note	2014	2013
Revenue			
Data library sales		35,743	27,079
Participation surveys		-	13,429
Total revenue		35,743	40,508
Operating expenses			
Amortization of seismic data library	6	22,507	55,619
Salaries, internal commissions and benefits	12	4,772	5,373
Other selling, general and administrative costs	13	2,735	3,117
Depreciation		248	318
Total operating expenses		30,262	64,427
Results from operating activities		5,481	(23,919)
Financing expenses		889	1,421
Interest income		(14)	(38)
Net financing costs		875	1,383
Earnings (loss) before income taxes		4,606	(25,302)
Current income tax (reduction)		-	(2,760)
Deferred income tax (reduction)	8	1,128	(3,708)
Income tax expense (reduction)		1,128	(6,468)
Net earnings (loss) and comprehensive income (loss)		3,478	(18,834)
Net earnings (loss) per share, basic and diluted	11	0.06	(0.31)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(thousands of Canadian dollars, except number of shares)</i>	<i>Note</i>	Number of shares issued (repurchased)	Share capital	Contributed surplus	Retained earnings (deficit)	Total equity
Balance at January 1, 2013		61,140,442	83,161	2,854	10,535	96,550
Net loss for the year		-	-	-	(18,834)	(18,834)
Share-based compensation		-	-	543	-	543
Settlement of vested long-term incentive plan award		-	-	(966)	-	(966)
Tax effect of equity-settled share-based compensation		-	-	142	-	142
Normal course issuer bid		(2,447,222)	(3,361)	-	(5,001)	(8,362)
Issued on exercise of stock options		655,900	1,873	(174)	-	1,699
Dividends paid	9	-	-	-	(4,810)	(4,810)
Balance at December 31, 2013		59,349,120	81,673	2,399	(18,110)	65,962

	<i>Note</i>	Number of shares issued (repurchased)	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2014		59,349,120	81,673	2,399	(18,110)	65,962
Net earnings for the year		-	-	-	3,478	3,478
Share-based compensation		-	-	377	-	377
Settlement of vested long-term incentive plan award		-	-	(397)	-	(397)
Tax effect of equity-settled share-based compensation		-	-	20	-	20
Normal course issuer bid		(2,101,277)	(2,891)	-	(3,436)	(6,327)
Dividends paid	9	-	-	-	(4,712)	(4,712)
Balance at December 31, 2014		57,247,843	78,782	2,399	(22,780)	58,401

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)
For the years ended December 31

	2014	2013
Cash flows provided by (used in):		
Operating:		
Net earnings (loss) and comprehensive income (loss)	3,478	(18,834)
Adjustment for:		
Amortization of seismic data library	22,507	55,619
Depreciation	248	318
Loss on disposition of capital assets	2	13
Income tax expense (reduction)	1,128	(6,468)
Equity-settled share-based compensation	377	543
Net financing costs	875	1,383
Interest paid	(625)	(1,290)
Interest received	14	43
Income tax paid	-	(3,579)
Income tax received	3,576	3
Funds from operations	31,580	27,751
Net change in non-cash working capital	(3,595)	7,374
Cash provided by operating activities	27,985	35,125
Financing:		
Normal course issuer bid	(6,327)	(8,362)
Shares purchased for equity-settled share-based payments	(393)	(947)
Shares issued for cash on exercise of stock options	-	1,699
Proceeds from long-term debt	-	27,100
Repayment of long-term debt	(16,600)	(31,745)
Dividends paid	(4,712)	(4,810)
Increase in deferred financing charges	-	(354)
Cash used in financing activities	(28,032)	(17,419)
Investing:		
Additions to seismic data library through participation surveys	(36)	(21,265)
Seismic data digitization and related cost	(733)	(961)
Additions to property and equipment	(64)	(127)
Net change in non-cash working capital	36	(13,919)
Cash used in investing activities	(797)	(36,272)
Decrease in cash and cash equivalents	(844)	(18,566)
Cash and cash equivalents, beginning of year	1,745	20,311
Cash and cash equivalents, end of year	901	1,745

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION AS AT
DECEMBER 31, 2014 AND 2013
AND FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

(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 in Calgary, Alberta. The Company is a provider of seismic data to the energy sector in western Canada.

2 | BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were prepared by the Company's management and were approved by the Board of Directors on March 3, 2015.

B) BASIS OF PRESENTATION

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

C) BASIS OF MEASUREMENT

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

D) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated 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.

F) USE OF ESTIMATES AND JUDGEMENTS

Preparing the consolidated financial statements in accordance with IFRS required management to make estimates and judgements that affected the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the amounts of revenue and expenses attributed to the reporting period. Actual results could differ from those estimates.

Management discussed critical accounting principles and estimates and the application of such principles and estimates with the Audit Committee of the Board of Directors. Estimates and underlying assumptions are reviewed at a minimum annually, as required by IFRS. Changes to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following note provides information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

- › Note 3(g) – The Company uses judgement in determining its cash-generating units (CGUs) for purposes of impairment testing. The determination was based on management's judgement in regards to the smallest identifiable group of seismic data that generates cash inflows largely independent of the cash inflows from other data. Changes in the determination of CGUs could have a significant impact on the carrying value of the assets and could result in additional impairment charges or reversal of impairment in future periods.

The following notes provide information about assumptions and estimation uncertainties that pose a significant risk of a material adjustment within the next financial year:

- › Note 3(a) (ii) – Participation survey revenue is recognized in the financial statements in proportion to the stage of project completion. Participation survey revenue is recognized when the total contract revenue, total contract costs, contract costs to completion and the stage of completion at the balance sheet date can be measured reliably, requiring management to make judgments regarding the total contract costs, contract costs to completion and stage of completion. These estimates are subject to uncertainty as they require assumptions about field conditions and are reviewed by management on a monthly basis. There was one participation survey in progress at December 31, 2014 with field operations starting on January 2, 2015 and none at the end of 2013.
- › Note 3(e) – Amortization of the seismic data library is based on management's estimates of expected future sales, expected useful lives, market developments and experience. These estimates may change due to changes in market conditions, potential prospects, exploration licence periods, exploration and development in certain areas, government regulations and general economic conditions. Because of the inherent difficulty in estimating market developments and future sales, the amortization rates might not accurately reflect the useful life of the data library. The amortization rates are adjusted if it is determined that estimated useful lives have changed.
- › Note 3(g) – Impairment tests, if required, involve the estimation of future cash flows, requiring management to make judgments regarding long-term forecasts of future revenues and costs related to the seismic data library. These forecasts are subject to uncertainty as they require assumptions about demand for seismic data and future market conditions. Significant changes in these assumptions could require an impairment in a future period.
- › Note 3(h) – Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. The estimates of projected future taxable profits are based on a variety of factors and assumptions, many of which are subjective and beyond the Company's control. Accordingly, these estimates could differ significantly from year to year, and the Company might end up realizing more or less of the deferred tax assets than it has recognized in the consolidated financial statements.
- › Note 3(k) – The number of Performance Share Units (PSUs) expected to vest is based on management's estimates of expected future results and vesting criteria in subsequent years. These forecasts are uncertain as they require assumptions about future market conditions, revenues, expenses and vesting criteria. Significant

changes in the assumptions could require an adjustment to the amount of share-based compensation recognized.

G) NEW IFRS PRONOUNCEMENTS THAT APPLY TO THE COMPANY

A number of new standards, amendments and interpretations have been issued by the International Accounting Standards Board but were not effective for the year ended December 31, 2014 and were not applied in preparing the 2014 consolidated financial statements. Only two could have a significant effect on Pulse's future consolidated financial statements:

- › IFRS 15, *Revenue from Contracts with Customers*, which provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. The new standard will also result in enhanced disclosure about revenue.

After review, Pulse's management concluded that IFRS 15 would affect the Company's policy for recognizing participation survey revenue. Pulse currently recognizes revenue on participation surveys based on percentage of completion. With the amended standard IFRS 15, *Revenue from Contracts with Customers*, participation survey revenue can only be recognized in the financial statements when the survey is complete in all respects, meaning the risks and rewards of the final product have been passed on to the customer. Pulse will therefore have to adjust its revenue recognition policy accordingly. With this adjustment, the lag between the progressive recognition of participation survey revenue and initial amortization upon survey completion will disappear.

The Company's policy for recognizing data library sales revenue complies with IFRS 15 and, accordingly, will remain unchanged.

- › Amendments to International Accounting Standard (IAS) 38 – Intangible Assets, clarifying acceptable methods of depreciation and amortization. The amendments were issued in May 2014 and apply to annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. In general, the amendments clarify that the use of revenue-based methods to calculate depreciation and amortization is not appropriate, with certain limited exemptions for intangible assets. After review, management concluded that the amendment will not have any impact on the current amortization policy.

3 | SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

A) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and volume rebates.

i) **Data library sales**

Revenue is recognized when the customer executes a valid licence agreement, transfer of seismic data to the customer occurs and collection is reasonably assured. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The Company defers the unearned portion of the contract value for which the revenue recognition requirements have not been met. Deferred revenue consists of the difference between the total contract value and the amount of seismic data delivered.

ii) **Participation surveys**

The Company participates with customers in 3D seismic participation surveys from which the Company retains proprietary rights to the collected data, and from which participating customers receive a non-transferable licensed copy. Customers typically can direct or influence the project specifications and access data as it is being acquired.

Participation survey revenue is recognized in the financial statements in proportion to the project's stage of completion and when the total contract revenue, total contract costs, contract costs to completion and stage of completion at the date of the statement of financial position can be measured reliably. The stage of completion is assessed by calculating the cost incurred for work performed to the date of the statement of financial position as a percentage of the estimated total contract cost. The amount of revenue recognized is equal to the total contract revenue multiplied by the percentage of completion. Deferred revenue consists of the difference between the total value billed to the customer and the amount of revenue recognized.

B) FINANCIAL INSTRUMENTS

Financial assets of the Company include cash and cash equivalents and trade receivables. Financial liabilities of the Company mainly comprise trade payables and long-term debt.

Financial instruments are recognized on the consolidated statement of financial position when the Company becomes a party to the instrument's contractual obligations. All financial instruments are initially recognized at fair value. Measurement in subsequent periods depends on the instrument's classification.

Cash and cash equivalents and trade receivables are designated as loans and receivables. Accounts payable and long-term debt are designated as other financial liabilities. Loans and receivables and other financial liabilities, including related transaction costs, are measured initially at fair value and subsequently at amortized cost using the effective interest rate method, less any allowance for impairment.

A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the receivable's original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to earnings or loss.

The fair value of accounts receivable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

C) CASH AND CASH EQUIVALENTS

Short-term investments with an original maturity of three months or less are considered to be cash equivalents.

D) PARTICIPATION SURVEYS IN PROGRESS

Participation surveys in progress include all expenditures related directly to specific projects and an allocation of variable overheads.

Accrued participation survey revenue represents the gross unbilled amount expected to be collected from customers for participation survey work performed to date and is measured at the value of the contract recognized to date, based on the percentage of completion, less progress billings. If payments received from customers exceed the related income recognized, then the difference is presented as deferred revenue on the consolidated statement of financial position.

Preliminary costs during the research phase of participation surveys are recognized in earnings as incurred. Development expenditures related to participation surveys are capitalized only once the survey project is deemed technically feasible, which usually occurs when the participation survey contract is signed. The expenditures capitalized include the cost of materials, subcontractor fees and labour costs that are directly attributable to the survey.

E) SEISMIC DATA LIBRARY

The seismic data library has a finite useful life and is measured at cost less accumulated amortization and impairment losses. Additions to the seismic data library arise in two distinct ways: (i) participation surveys and (ii) the purchase of existing data. Costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized to the seismic data library.

Subsequent expenditures on data library assets, such as reprocessing, are capitalized only when the expenditure increases the asset's future economic benefits. All other expenditures are recognized in earnings as incurred.

Amortization is calculated over the cost of the asset less its residual value. Costs associated with participation surveys are amortized at 50 percent immediately on the delivery of the data to the participants, with the balance amortized on a straight-line basis over the seven-year period commencing at the end of the period of exclusivity (three to six months from data delivery), if there is one. The costs of purchased data are amortized on a straight-line basis over seven years.

Amortization is based on management's estimates of expected useful lives, market developments and past experience. These estimates may change due to changes in market conditions, potential prospects, exploration licence duration, exploration and development in certain areas, government regulations and general economic conditions. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

F) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures directly attributable to the asset's acquisition.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in earnings over the estimated useful life of each significant component of an item of property and equipment. The half-year rule is applied to the first year of acquisition.

Depreciation is provided using the following methods:

	Declining Balance	Straight Line
Computer hardware and software	30%	
Office equipment	20%	
Leasehold improvements		Balance of lease

G) IMPAIRMENT OF LONG-LIVED ASSETS

The carrying amounts of the seismic data library, property and equipment, and intangible assets are reviewed annually by management to determine whether there is any indication of impairment. If so, the asset's recoverable amount is estimated and impairment recorded, if any.

Factors the Company considers that could trigger an impairment assessment include:

- › Significant underperformance relative to expected operating results based on historical and/or projected data;
- › Significant changes in the manner of the use of the asset or the strategy of the overall business; and
- › Significant negative industry or economic trends.

The recoverable amount of tangible and intangible assets is the greater of value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are classified in the smallest grouping that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups (the CGU).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in earnings or loss. Impairment losses recognized in respect of a CGU are allocated to the carrying amount of the assets in the unit on a pro-rata basis.

Impairment losses for assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

At December 31, 2014 and 2013 there were no indicators requiring impairment testing.

H) INCOME TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in earnings or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to the temporary differences when they reverse, based on the laws enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally

enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is not recognized for the following differences:

- › The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss; and
- › Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable they will not be reversed in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable the related tax benefit will be realized.

I) PER SHARE AMOUNTS

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds obtained on the exercise of options would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. Stock options are only dilutive if, and to the extent that, they are “in the money” and if there are net earnings for the period.

J) SHARE CAPITAL

Common shares are classified as equity. When shares are sold, the consideration received, including directly attributable costs, net of any tax effect, is recognized as a change in share capital. The Company purchases shares for cancellation under its normal course issuer bid. The cost of purchasing shares for cancellation is first charged to share capital to the extent of the average carrying value of the common shares purchased, with the excess charged to retained earnings. No gain or loss is recognized in the consolidated statements of comprehensive income (loss) on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

K) SHARE-BASED PAYMENT TRANSACTIONS

i) Long-term incentive plan

In 2012, the Company implemented a new long-term incentive plan (LTIP) under which 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, using Company funds. The RSUs and PSUs are treated as equity-settled share-based payments and the related payroll taxes are treated as cash-settled share-based payments.

The compensation expense is recognized over the vesting period. For equity-settled share-based payments, the compensation expense is based on the number of RSUs and PSUs expected to vest and the market value of a common share of the Company on the grant date, with a corresponding increase to contributed surplus. For cash-settled share-based payments, the compensation expense is measured initially at the fair market value of the Company’s shares at the grant date and subsequently adjusted for the additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period, with a corresponding increase to liabilities.

ii) Stock options

Prior to 2009, the Company had a stock option program in which employees and directors were granted options to acquire shares of the Company. The fair value of options granted to employees was calculated at the date of grant and recognized as an employee expense, with a corresponding increase in equity, over the graded periods for which the awards vest. An estimate of forfeitures was included in the assumptions of the number of options expected to become exercisable. Estimates were subsequently revised if there was any indication that the number of stock options expected to vest differed from previous estimates. All stock options vested by March 25, 2011 and by March 25, 2013 all remaining options were exercised and the program was ended.

iii) Stock appreciation rights (SARs)

Prior to 2009, the Company granted SARs to a director resident in the United States. SARs had an exercise price equal to the fair market value of the Company's shares on the date of grant and expired five years after the grant date. The last SARs were exercised on March 25, 2013 and were settled in cash the following month. The fair value of the amount payable to the director in respect of SARs, which were settled in cash, was recognized as an expense, with a corresponding increase in liabilities, over the period that the director becomes unconditionally entitled to payment. The liability was measured at each reporting date and at settlement date. Any changes in the fair value of the liability were recognized as personnel expense in earnings or loss.

L) EMPLOYEE BENEFITS

Short-term employee benefit obligations are calculated on an undiscounted basis and are expensed as the related services are provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a current legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

M) LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether its fulfillment depends on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Payments made under operating leases are recognized in earnings or loss on a straight-line basis over the lease term.

N) NET FINANCING COSTS

Financing expenses consist of interest expense on long-term debt and amortization of the deferred financing costs. All borrowing costs are recognized in earnings or loss using the effective interest rate method. Interest income was earned from term deposits.

4 | TRADE AND OTHER RECEIVABLES

As at December 31	2014	2013
Data library trade receivables	7,080	3,195
Other	3	21
	7,083	3,216

No bad debt expense was recorded in 2014 and 2013.

5 | PARTICIPATION SURVEYS IN PROGRESS

	2014	2013
Opening balance, January 1	-	36,723
Costs incurred	36	21,265
Transferred to seismic data library	-	(57,988)
Closing balance, December 31	36	-

There was one participation survey in progress at December 31, 2014 and none at December 31, 2013.

6 | SEISMIC DATA LIBRARY

	2014	2013
Cost		
Opening balance, January 1	433,794	374,845
Acquisitions through purchases and related cost	733	961
Transferred from participation surveys in progress	-	57,988
Closing balance, December 31	434,527	433,794
Amortization		
Opening balance, January 1	345,552	289,933
Amortization for the year	22,507	55,619
Closing balance, December 31	368,059	345,552
Carrying amount, December 31	66,468	88,242

7 | LONG-TERM DEBT

As at December 31	2014	2013
Secured revolving bank term loan	5,500	22,100
Less deferred financing costs	133	250
Long-term debt, net of deferred financing costs	5,367	21,850

On February 15, 2013 the Company executed a new \$50.0 million three-year extendible revolving credit facility with a syndicate of banks. There are no scheduled principal payments. Voluntary prepayments are permitted in whole or part at any time without premium or penalty.

Interest on the syndicated revolving bank loan is calculated based on the lenders' prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted earnings before interest, tax, depreciation and amortization. At December 31, 2014 the interest rate on the long-term debt was 3.5 percent (December 31, 2013 – 3.2 percent).

The Company pays a standby fee based on the daily undrawn balance of the credit facility and an applicable margin based on the covenant ratio of total debt to adjusted earnings before interest, tax, depreciation and amortization.

On an annual basis, the Company has the option to extend the maturity for one additional year with the lenders' approval. Subsequent to year-end 2014, on January 19, 2015, the Company negotiated a one-year extension, with the facility maturing on February 13, 2018.

The extension included removal of the negative covenant that restricted the payment of dividends without lender approval if the total debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) ratio exceeded 1.5:1. Henceforth dividends (other than special dividends) are unrestricted.

The credit facility is secured by a charge on all of the assets of the Company and its material subsidiaries. The covenants include two financial ratio tests. The Company was in compliance with all covenants at December 31, 2014.

8 | DEFERRED TAX ASSETS AND LIABILITIES

A) UNRECOGNIZED DEFERRED TAX ASSETS

As at December 31	2014	2013
Foreign exploration and development expense	355	392
Capital losses	383	383
	738	775

Deferred tax assets for these items have not been recognized because utilization against future taxable profits is not probable.

B) RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

As at December 31	2014	2013
Deferred income tax assets:		
Resource expenditures	194	212
Non-capital tax losses carried forward	1,747	1,549
Share issuance and financing cost	27	22
Long-term incentive plan	341	393
Deferred income tax asset	2,309	2,176
Deferred income tax liability:		
Seismic data library and participation surveys	10,883	9,642
Deferred income tax liability	10,883	9,642
Net deferred income tax liabilities	8,574	7,466

At December 31, 2014, the Company had non-capital tax losses of \$7.3 million available to reduce future years' income for tax purposes. These losses expire in 2033 and 2034.

C) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

	Deferred tax liabilities (assets) January 1, 2013	Recognized in income	Recognized in equity	Deferred tax liabilities (assets) December 31, 2013
Resource expenditures	(86)	(126)	-	(212)
Non-capital losses	-	(1,549)	-	(1,549)
Share issuance and financing costs	(44)	22	-	(22)
Long-term incentive plan	(357)	106	(142)	(393)
Deferred partnership income	1,431	(1,431)	-	-
Seismic data library	10,372	(730)	-	9,642
	11,316	(3,708)	(142)	7,466

	Deferred tax liabilities (assets) January 1, 2014	Recognized in income	Recognized in equity	Deferred tax liabilities (assets) December 31, 2014
Resource expenditures	(212)	18	-	(194)
Non-capital losses	(1,549)	(198)	-	(1,747)
Share issuance and financing costs	(22)	(5)	-	(27)
Long-term incentive plan	(393)	72	(20)	(341)
Seismic data library	9,642	1,241	-	10,883
	7,466	1,128	(20)	8,574

D) RECONCILIATION OF EFFECTIVE TAX RATE

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

For the years ended December 31	2014	2013
Earnings (loss) before income tax	4,606	(25,302)
Combined federal and provincial income tax rate	25%	25%
Expected income tax expense (reduction)	1,152	(6,325)
Effects of differences:		
Non-deductible expenses	14	20
Adjustment in respect of prior years	-	34
Change in valuation allowance	(38)	(197)
Actual income tax expense (reduction)	1,128	(6,468)

The deferred tax related to the equity-settled share-based compensation is recognized directly in equity, as the estimated future tax deduction exceeds the cumulative remuneration expense.

9 | EQUITY

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 December 15, 2014, the Company announced the renewal of its normal course issuer bid (NCIB). The Company may purchase, for cancellation, up to a maximum of 4,282,902 common shares, equal to approximately 10 percent of the public float of 42,829,022 common shares as at December 12, 2014. The Company is also limited under the NCIB to purchasing up to 23,470 common shares in any one day, subject to the block purchase exemption under the TSX rules. The NCIB will continue until December 16, 2015. Purchases will be made on the open market through the TSX at the market price of such shares. All shares purchased under the NCIB will be cancelled.

During the year ended December 31, 2014 the Company purchased, for cancellation, 2,101,277 (2013 – 2,447,222) common shares pursuant to its NCIB at a weighted average price of \$3.01 (2013 – \$3.42) per share, after brokerage fees, for a total cost of \$6.3 million (2013 – \$8.4 million). 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 \$3.4 million (2013 – \$5.0 million) was charged to retained earnings.

B) DIVIDENDS

Dividends paid in 2014 were \$0.08 per share (2013 – \$0.08) and totalled \$4.7 million (2013 – \$4.8 million).

On March 3, 2015, the Company declared a quarterly dividend of \$0.02 per common share to be paid on April 10, 2015 to shareholders of record at the close of business on March 27, 2015.

10 | SHARE-BASED PAYMENTS**A) LONG-TERM INCENTIVE PLAN (EQUITY AND CASH-SETTLED)**

In 2012, the Company's Board of Directors approved a new long-term incentive plan 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 RSUs and PSUs, with Directors being granted RSUs only. Upon vesting, each RSU and PSU entitles the holder to one common share of the Company. RSUs and PSUs have accompanying dividend-equivalent rights and, therefore, additional RSUs and PSUs are issued to reflect dividends declared on the common shares.

On March 31, 2014 one-third of the awards which were eligible to vest were RSUs and two-thirds were PSUs. The Company's performance in 2013 did not meet the predetermined performance measures and, consequently, no PSUs vested on March 31, 2014. RSUs vest automatically based upon time and, consequently, all of the eligible RSUs vested automatically on March 31, 2014.

To satisfy its obligation, in April 2014 the Company provided \$400,000 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, 2014. The related payroll taxes of \$235,000 were paid in May 2014 to settle the fully accrued cash-settled portion of the share-based payment liabilities.

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, due to the limitations of current knowledge, that future outcomes could differ from the estimates 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.

During the year ended December 31, 2014, the Company recognized \$358,000 (2013 – \$1.2 million) in compensation expense related to the LTIP in salaries, internal commissions and benefits on the statement of comprehensive income (loss). The equity-settled portion was \$377,000 (2013 – \$543,000).

At December 31, 2014 the obligation related to the cash-settled portion of the LTIP was \$372,000 (December 31, 2013 – \$637,000) with \$195,000 (December 31, 2013 – \$292,000) included in accounts payable and accrued liabilities and \$177,000 (December 31, 2013 – \$345,000) included in other long-term liabilities.

The following summarizes activity in the Company's LTIP during the years ended December 31, 2014 and 2013:

RSUs	2014	2013
Outstanding, January 1	505,221	533,341
Granted	137,657	204,692
Dividend-equivalent share units	11,348	11,193
Settled	(180,640)	(181,723)
Cancelled or forfeited	(46,227)	(62,282)
Outstanding, December 31	427,359	505,221
PSUs	2014	2013
Outstanding, January 1	791,156	936,457
Granted	194,500	281,052
Dividend-equivalent share units	17,615	18,189
Settled	(1,565)	(309,712)
Cancelled or forfeited	(342,810)	(134,830)
Outstanding, December 31	658,896	791,156

On March 31, 2015, 174,577 RSUs will vest automatically and, based on the Company's performance in 2014 and the predetermined performance measures, 4 percent or 13,389 PSUs are expected to vest. In April 2015, the Company will settle its obligation to deliver the common shares by providing funds to the independent LTIP trustee to purchase the shares on the open market.

B) SHARE OPTION PROGRAM (EQUITY-SETTLED)

Prior to 2009, the Company had a stock option plan under which directors, officers, employees and certain consultants were eligible to receive options to purchase common shares of the Company.

All 655,900 stock options outstanding at December 31, 2012, with an exercise price of \$2.59, were exercised by March 25, 2013. The Company's average share price at time of exercise was \$2.98 per share.

The Company recorded no compensation expense related to stock options for the years ended December 31, 2014 and 2013, given that all stock options were fully vested.

The following summarizes the status of the Company's stock option plan as at December 31, 2014 and 2013 and changes during the years then ended:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year			655,900	2.59
Forfeited/cancelled	-	-	-	-
Expired	-	-	-	-
Exercised			(655,900)	2.59
Outstanding, December 31	-	-	-	-
Exercisable, December 31	-	-	-	-

C) SARS (CASH-SETTLED)

Prior to 2009, SARs were granted to a member of the Board of Directors resident in the United States with an exercise price equal to the fair market value of the Company's stock on the date of grant and expiring five years after the grant date.

All 25,000 SARs outstanding at December 31, 2012, with an exercise price of \$2.59, were exercised by March 25, 2013 and a cash payment of \$15,000 was made in April 2013. The Company recorded expense of \$8,000 related to SARs for the year ended December 31, 2013.

11 | EARNINGS PER SHARE

A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2014 was based on the earnings attributable to common shareholders of \$3.5 million for the year ended December 31, 2014 (2013 – loss of \$18.8 million) and a weighted average number of common shares of 58,957,072 (2013 – 60,280,876), calculated as follows:

	2014	2013
Common shares outstanding, January 1	59,349,120	61,140,442
Effect of shares issued, purchased and cancelled	(392,048)	(1,430,934)
Effect of share options exercised	-	571,368
Weighted average number of common shares for the year ended December 31	58,957,072	60,280,876

B) DILUTED EARNINGS PER SHARE:

Diluted earnings per share are computed using the treasury stock method whereby outstanding stock options are only dilutive if, and to the extent that, they are “in the money” and if there are net earnings for the period. No stock options were outstanding during the year ended December 31, 2014. The stock options outstanding during the year ended December 31, 2013 were not dilutive as the Company incurred a net loss during the period.

12 | SALARIES, INTERNAL COMMISSIONS AND BENEFITS

For the years ended December 31	Note	2014	2013
Salaries and benefits		3,241	3,458
Internal commissions		462	424
Registered retirement savings plan contributions		137	153
SARs expense	10	-	8
Short-term incentives		574	150
Long-term incentives	10	358	1,180
Total salaries, internal commissions and benefits		4,772	5,373

13 | OTHER SELLING, GENERAL AND ADMINISTRATIVE COSTS

For the years ended December 31	2014	2013
External commissions	81	109
Occupancy cost	673	658
Office and general cost	587	720
Information technology	394	469
Mapping, drafting and data storage	187	165
Directors' fees and corporate costs	556	507
Consulting fees	49	184
Professional fees	208	305
Total other selling, general and administrative costs	2,735	3,117

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

B) CREDIT 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 credit risk in connection with data sales to its customers. The Company's exposure to credit risk is influenced mainly by each customer's individual characteristics. The nature of the Company's customer base, including the default risk of the industry in which customers operate, has an influence on credit risk. As the Company operates to a large extent in the oil and natural gas industry, nearly all of the trade receivables 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 minimal losses have occurred in the past. The Company does not require customers to provide collateral.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was the value of accounts receivable of \$7.1 million. The Company has a significant concentration of customers in the oil and natural gas industry, with the majority located in Alberta. At December 31, 2014, 84 percent of total accounts receivable were due from five customers. For the year ended December 31, 2014, approximately 49 percent of the Company's data library sales were attributable to three customers.

The aging of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
Current	5,427	-	1,794	-
Past due 31-60 days	1,636	-	1,366	-
Past due 61-90 days	-	-	1	-
More than 90 days	20	-	55	21
Total	7,083	-	3,216	21

As at the reporting date, the Company believes that all accounts 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 to the Audit Committee quarterly, which aids in planning to ensure that the Company has sufficient cash to meet expected operational expenses, including the servicing of financial obligations.

Beyond effective net working capital and cash management, at December 31, 2014 the Company had \$44.5 million available for future draws on its revolving credit facility described in note 7.

The following are the contractual maturities of financial liabilities at December 31, 2014, assuming the new credit facility is not renewed in February 2018:

	Carrying amounts	2015	2016	2017	2018 and after
Total debt	5,500	-	-	-	5,500
Accounts payable	1,772	1,772	-	-	-
Long-term payable	177	-	177	-	-
Total	7,449	1,772	177	-	5,500

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 exposure 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 cash flows of the Company's customers and could therefore affect the level of seismic data library sales and participation surveys. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. Given that this is an indirect influence, the financial impact to the Company of changing oil and natural gas prices is not reasonably determinable.

ii) **Interest rate risk**

The Company's interest rate risk exposure is mainly related to long-term debt. The Company is exposed to interest rate cash-flow risk on its floating-rate long-term debt as described in note 7. Changes in market interest rates will cause fluctuations in future interest payments.

The Company earns minimal interest income on its cash balances.

A change of 100 basis points in interest rates for the year ended December 31, 2014 would have increased or decreased earnings by \$160,000 (2013 – \$229,000), assuming all other variables remained constant.

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. The fair value of the long-term debt approximates the carrying value because interest charges under the bank loans are based on current Canadian bankers' acceptance rates.

15 | CAPITAL MANAGEMENT

The Company considers its capital structure to include shareholders' equity and total debt.

As at December 31	2014	2013
Shareholders' equity	58,401	65,962
Total debt (long-term debt, excluding deferred financing cost)	5,500	22,100
Total capitalization	63,901	88,062

The Company's primary objective when managing capital is to preserve its ability to execute its long-term growth plan of significantly increasing the size of the seismic data library, so that it can maximize revenue and, ultimately, shareholder value. Sales generated from the seismic data library provide the Company with high levels of cash, and its most significant expense is non-cash amortization. Due to this, the Company is able to repay long-term debt and continue to fund data library growth.

The Company requires flexibility in managing the capital structure so that it can take advantage of opportunities to raise additional capital as opportunities for data acquisitions or participation surveys arise. The Company uses a combination of debt and equity and relies on key internal measures such as the total debt to trailing twelve-month (TTM) cash EBITDA ratio and the total debt to equity ratio to forecast and structure its capital requirements. From time to time the Company purchases its own shares on the market through its NCIB.

Cash EBITDA is defined by the Company as earnings before interest, taxes, depreciation and amortization less participation survey revenue, plus non-cash and non-recurring general and administrative expenses. Cash EBITDA is a measure that does not have any standardized meaning prescribed by IFRS or Canadian generally accepted accounting principles and is therefore unlikely to be comparable to similar measures presented by other issuers.

The total debt to TTM cash EBITDA ratio is calculated as long-term debt, excluding deferred financing costs, at the end of the period, divided by 12-month trailing cash EBITDA. This measure is substantially the same as the total debt to adjusted EBITDA ratio covenant in the Company's credit facility, with the exception that the covenant calculation under the credit facility allows for the addition of normalized cash flow from acquisitions for the months during the trailing 12 months that the Company didn't own the acquired data.

The total debt to TTM cash EBITDA ratio is calculated as follows:

For the years ended December 31	2014	2013
Total debt at year-end	5,500	22,100
Divided by:		
Net earnings (loss)	3,478	(18,834)
Less:		
Participation survey revenue	-	(13,429)
Plus:		
Net financing costs	875	1,383
Income tax	1,128	(6,468)
Depreciation	248	318
Amortization of seismic data library	22,507	55,619
Equity-settled share-based compensation	377	543
Loss on disposition of capital assets	2	13
TTM Cash EBITDA	28,615	19,145
Total debt to TTM cash EBITDA ratio	0.19:1	1.15:1

The decrease in the total debt to TTM cash EBITDA ratio was attributable to increased year-over-year cash EBITDA, directly related to the increase in seismic data library sales, and to the decrease in total long-term debt at year-end following repayments during the year.

The total debt to equity ratio is calculated using the total long-term debt balance, excluding debt financing costs, divided by total equity, as follows:

As at December 31	2014	2013
Total debt	5,500	22,100
Divide by: total equity	58,401	65,962
Total debt to equity ratio	0.09:1	0.34:1

The decrease in the total debt to equity ratio was mostly attributable to the decrease in total debt, but also to the decrease in total equity due to the net earnings incurred in 2014, offset by the payment of dividends and the accounting adjustment related to the NCIB.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year.

16 | OPERATING LEASES AND OTHER COMMITMENTS

The Company leases office space and office equipment under operating leases. The office space lease expires in May 2017, with a renewal option.

During the year ended December 31, 2014 an amount of \$666,000 (2013 – \$580,000) was recognized in selling, general and administrative expenses in respect of operating leases.

The following table represents expected operating lease payments and minimum payments under seismic data services contracts and participation survey subcontracts:

	2015	2016	2017	2018	2019 and after
Operating leases	514	514	223	12	-
Seismic data storage and services	231	-	-	-	-
Total	745	514	223	12	-

17 | RELATED-PARTY TRANSACTIONS

The Company has a related-party relationship with its Board of Directors and with key management personnel.

A) KEY MANAGEMENT PERSONNEL COMPENSATION

In addition to their salaries, the executive officers participate in the Company's short-term incentive cash-bonus plan and LTIP (refer to note 10).

Key management personnel compensation comprised:

For the years ended December 31	2014	2013
Fixed salary	988	1,057
Short-term employee benefits	76	79
Short-term incentive plan	375	60
LTIP	126	445
	1,565	1,641

B) TRANSACTIONS WITH DIRECTORS

Directors also participate in the Company's LTIP (refer to note 10).

The remuneration of the Directors is as follows:

For the years ended December 31	2014	2013
Directors' fees	225	224
LTIP	101	128
SARs expense	-	8
	326	360