FINANCIAL HIGHLIGHTS

(thousands of dollars except per share data, number of shares and kilometres of seismic data)	Three months ended December 31, **2014**	2013	Year ended December 31, **2014**	2013
Revenue				
Data library sales	**$ 8,385**	$ 4,565	**$ 35,743**	$ 27,079
Participation surveys	**–**	–	**–**	13,429
Total revenue	**$ 8,385**	$ 4,565	**$ 35,743**	$ 40,508
Amortization of seismic data library	**$ 5,279**	$ 6,215	**$ 22,507**	$ 55,619
Net earnings (loss)	**$ 824**	$ (2,572)	**$ 3,478**	$ (18,834)
Per share basic and diluted	**$ 0.01**	$ (0.04)	**$ 0.06**	$ (0.31)
Cash EBITDA [(a)]	**$ 6,661**	$ 2,962	**$ 28,615**	$ 19,145
Per share basic and diluted [(a)]	**$ 0.12**	$ 0.05	**$ 0.49**	$ 0.32
Shareholder free cash flow [(a)]	**$ 6,515**	$ 3,655	**$ 27,858**	$ 20,682
Per share basic and diluted [(a)]	**$ 0.11**	$ 0.06	**$ 0.47**	$ 0.34
Funds from operations [(a)]	**$ 6,583**	$ 2,736	**$ 31,580**	$ 27,751
Per share basic and diluted [(a)]	**$ 0.11**	$ 0.05	**$ 0.54**	$ 0.46
Capital expenditures				
Participation surveys (cost reduction)	**$ 36**	$ (67)	**$ 36**	$ 21,265
Seismic data digitization and related costs	**183**	183	**733**	961
Property and equipment additions (cost reduction)	**43**	(41)	**64**	127
Total capital expenditures	**$ 262**	$ 75	**$ 833**	$ 22,353
Weighted average shares outstanding				
Basic and diluted	**57,865,941**	59,434,027	**58,957,072**	60,280,876
Shares outstanding at period-end			**57,247,843**	59,349,120
Seismic library				
2D in kilometres			**339,991**	339,991
3D in square kilometres			**28,284**	28,284

Financial Position and Ratios

(thousands of dollars except ratio calculations)	As At December 31, **2014**	2013
Working capital	**$ 5,296**	$ 6,476
Working capital ratio	**2.79:1**	3.71:1
Total assets	**$ 75,482**	$ 98,017
Total debt [(b)]	**$ 5,500**	$ 22,100
TTM cash EBITDA [(c)]	**$ 28,615**	$ 19,145
Shareholders' equity	**$ 58,401**	$ 65,962
Total debt to equity ratio	**0.09:1**	0.34:1
Total debt to TTM cash EBITDA ratio	**0.19:1**	1.15:1

(a) The additional GAAP measure and these non-GAAP financial measures are defined in the Management's Discussion and Analysis.
(b) Total debt is defined as long-term debt excluding deferred financing costs.
(c) TTM cash EBITDA is defined as the sum of the trailing 12 months' cash EBITDA and is used to provide a comparable annualized measure.

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

YEAR ENDED DECEMBER 31, 2014

The following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations of Pulse Seismic Inc. ("Pulse" or "the Company") for the year ended December 31, 2014 has been prepared taking into consideration information available to March 3, 2015 and is supplemental to the audited consolidated financial statements and related notes for the year ended December 31, 2014. Throughout this MD&A reference will be made in the text and tables to "2014", which refers to the year ended December 31, 2014, and to "2013", which refers to the year ended December 31, 2013.

The consolidated 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 consolidated financial statements and the MD&A were reviewed by Pulse's Audit Committee and approved by Pulse's Board of Directors. All financial information is reported in Canadian dollars. This MD&A discusses matters which Pulse's management considers material. Management determines whether information is material based on whether it believes a reasonable investor's decision whether or not to buy, sell or hold shares in the Company would likely be influenced or changed if the information were omitted or misstated. Readers should also read the cautionary statement in "Forward-Looking Information".

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OVERVIEW

ABOUT PULSE

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

Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 28,300 net square kilometres of 3D seismic and 340,000 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin (WCSB), where most of Canada's oil and natural gas exploration and development occur.

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

SEISMIC DATA

Seismic data is an essential part of the oil and natural gas exploration and development process. Companies engaged in oil and natural gas exploration and development use seismic data to assist in exploring for and developing new reserves and in establishing the extent of existing reserves. In acquiring seismic data, an acoustical energy wave is transferred from an energy source at or near the surface of the Earth to the subsurface. These seismic waves reflect off the various geological beds or strata in the Earth's subsurface. Sophisticated sensors and recording instruments at the surface collect the reflected waves and convert them to digital form. The data is subsequently processed and an image of the subsurface formations is created, providing explorationists with valuable data on the potential of a particular area to yield oil or natural gas reserves, and assisting in the selection of drilling locations.

2D Seismic

2D seismic data is measured in linear kilometres and after processing provides a sectional illustration of geological formations directly below the line on which the data was acquired. 2D seismic can extend over a distance spanning many kilometres. Intersecting 2D lines can enable explorers to map large pools of oil and natural gas, but without the precision required for smaller or more complex targets. Exploration companies typically use 2D seismic to get a sense of the regional geology of an area they think is prospective for oil and natural gas. 2D seismic data continues to be used to generate regional leads and prospects in oil and natural gas exploration areas.

3D Seismic

3D seismic data is measured in square kilometres and after processing provides map-like overhead views as well as three-dimensional visualizations of the subsurface geology. 3D seismic data is shot in grids, generating a three-dimensional image of the subsurface. 3D seismic data enables a more precise definition of geologically complex targets, and facilitates precise placement of oil and natural gas wells. 3D seismic is generally used to zero-in on a discrete area of geological interest initially identified with 2D seismic. 3D seismic data is particularly important for horizontal drilling, unconventional plays (such as shale gas and tight sands) and complex conventional drilling. Typical 3D seismic surveys cover an area anywhere from a few square kilometres to several hundred square kilometres.

MISSION AND STRATEGY

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

Current seismic processing and visualization software allows historical 2D and 3D data to be reprocessed and reinterpreted, thereby maintaining the market value 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. This is accomplished in two ways. Pulse purchases proprietary rights to complementary 2D and 3D seismic datasets when the opportunity arises, and it partners with customers on surveys for new 3D seismic data. Participating customers are provided with a licensed copy while Pulse retains proprietary rights to the seismic data acquired. Pulse uses Company personnel to market and manage participation surveys, and subcontracts field acquisition activities to third parties.

ECONOMIC ENVIRONMENT AND SEISMIC INDUSTRY

Pulse has been successful throughout prior commodity price cycles, due to its low cost structure and ability to generate a high level of shareholder free cash flow, a non-GAAP measure that the Company considers important in evaluating its financial performance.

Pulse's success depends on its ability to provide seismic coverage over the geographical areas associated with certain geological play types that the exploration and development sector focuses on in a given period. Activity in various play areas is driven by commodity prices, geological understanding and the economic application of available technologies. Pulse works continuously to enlarge its coverage over play areas in which numerous producers are active for sustained periods.

The oil and natural gas exploration and development industry continues to shift towards natural gas reservoirs that are high in natural gas liquids and crude oil, in unconventional shale and less-permeable or tight formations that were not economic or technically possible to develop in the past. 2D and 3D seismic data are important tools for these developments or "plays". 2D seismic data is used to map the regional faults in shale gas prospects, and 3D seismic data is used to map the exact contours of variable reservoirs, as well as small-scale fractures in shale formations, to plan accurate paths for horizontal wells.

Pulse's business results depend to a large extent on the level of capital spending on exploration activities by oil and natural gas companies. A sustained increase or decrease in the price of natural gas or crude oil, therefore, which could have a material impact on exploration activities, could also materially affect the Company's revenue, financial position, results of operations, cash EBITDA and shareholder free cash flow. The relationship is not direct, however, and the Company has generated high revenue in periods of weak oil and natural gas prices, and vice-versa.

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse's management to analyze business results are seismic revenue, in total and broken down between data library sales and participation survey revenue, net earnings, cash EBITDA, shareholder free cash flow, funds from operations and the total debt to trailing twelve-month (TTM) cash EBITDA ratio. The definitions of cash EBITDA and shareholder free cash flow are provided in "Non-GAAP Financial Measures and Reconciliations", and the definition of funds from operations is provided in "Additional GAAP Measure". The total debt to TTM cash EBITDA calculation is provided in "Liquidity, Capital Resources and Capital Requirements".

Results for the key performance indicators for the three and twelve months ended December 31, 2014, with comparative figures for 2013, are set out in the following table:

	Three months ended December 31,			Twelve months ended December 31,		
(thousands of dollars except per share data and ratios)	**2014**	2013	Variance	**2014**	2013	Variance
Data library sales	**8,385**	4,565	3,820	**35,743**	27,079	8,664
Participation survey revenue	**-**	-	-	**-**	13,429	(13,429)
Total seismic revenue	**8,385**	4,565	3,820	**35,743**	40,508	(4,765)
Net earnings (loss)	**824**	(2,572)	3,396	**3,478**	(18,834)	22,312
Per share basic and diluted	**0.01**	(0.04)	0.05	**0.06**	(0.31)	0.37
Cash EBITDA	**6,661**	2,962	3,699	**28,615**	19,145	9,470
Per share basic and diluted	**0.12**	0.05	0.07	**0.49**	0.32	0.17
Shareholder free cash flow	**6,515**	3,655	2,860	**27,858**	20,682	7,176
Per share basic and diluted	**0.11**	0.06	0.05	**0.47**	0.34	0.13
Funds from operations	**6,583**	2,736	3,847	**31,580**	27,751	3,829
Per share basic and diluted	**0.11**	0.05	0.06	**0.54**	0.46	0.08
Total debt to TTM cash EBITDA ratio (at December 31)				**0.19**	1.15	(0.96)

A period-over-period increase in data library sales, together with reduced amortization expense, resulted in improved key performance indicators for the 12-month period ended December 31, 2014.

The Company experienced higher data library sales revenue in 2014 due to higher corporate transaction-based sales. See "Transaction-based vs. Traditional Sales: Five-Year History".

There were no participation surveys in progress during 2014, except for one survey that was signed in the fourth quarter with field work commencing in January 2015, while the Company recognized a significant portion of the participation survey revenue for the 2012-2013 winter seismic surveys in the first half of 2013. The initial amortization on these participation surveys was recorded upon completion of the surveys in the first half of 2013, thereby further reducing earnings for 2013.

The Company reduced total debt by $16.6 million during 2014 and the total debt to TTM cash EBITDA ratio improved substantially at year-end.

Pulse generated cash EBITDA of $28.6 million in 2014 compared to $19.1 million in 2013 and its total debt to TTM cash EBITDA ratio was 0.19:1 at December 31, 2014 compared to 1.15:1 at December 31, 2013.

2014 CORPORATE HIGHLIGHTS

On December 15, 2014 the Company announced the annual renewal of its normal course issuer bid (NCIB) to purchase up to 4,282,902 common shares over the following year. During 2014, the Company purchased 2,101,277 (2013 – 2,447,222) common shares under the program at a weighted average price of $3.01 per share (2013 – $3.42), including commissions, for a total cost of approximately $6.3 million (2013 – $8.4 million). In total, since initiating the NCIB program in November 2006, the Company has purchased approximately 14.0 million common shares for a total cost of $35.3 million, while also issuing 14.3 million shares to acquire a significant database in 2010. Management believes that its common shares may from time to time be undervalued and that such purchases are in the interests of the Company and its shareholders. The NCIB is an integral part of Pulse's capital allocation strategy.

On January 19, 2015 the Company announced that it had extended its $50.0 million revolving credit facility for an additional year with a syndicate of Canadian banks. The three-year revolving credit facility's maturity date was extended to February 13, 2018. The extension also included the removal of the negative covenant on the payment of regular quarterly dividends without lender approval if a specific financial ratio was exceeded.

In 2014, Pulse paid four quarterly dividends of $0.02 per common share, totalling $4.7 million for the year. The Company's ability to continue paying dividends depends on seismic data library sales, cash EBITDA, shareholder free cash flow and its total debt to TTM cash EBITDA ratio. In 2014, Pulse's shareholders received over $11.0 million in cash from the Company through share purchases and dividends.

SEISMIC INDUSTRY CYCLES AND SEASONALITY

Revenue fluctuations are a normal part of the seismic data library business and data library sales can vary significantly from quarter to quarter. Fourth-quarter data library sales have frequently been stronger than in other quarters, with seismic data sales being triggered as oil and natural gas companies finalize capital expenditures near year-end. Third-quarter data library sales are often lower than in other quarters due to slower business conditions during the summer months. Data library sales can, however, occur at any time during any quarter. This is due to the nearly continual changes in general oil and natural gas industry conditions, increased demand for seismic data covering a specific area or play, timing of public offerings of petroleum and natural gas rights (land sales), as well as corporate merger-and-acquisition, joint venture and asset disposition activity by Pulse's clients.

Participation survey revenue also varies significantly from quarter to quarter. The majority of new 3D seismic data is typically acquired under frozen ground conditions from November to March. Summer seismic programs can only be completed in certain areas that have drier ground conditions and can be easily accessed without environmental harm. In addition, the size and pre-funding levels of individual participation surveys can vary significantly.

OUTLOOK

Pulse's outlook for 2015 is cautious. Energy producers have reduced capital spending, trimmed staffing and, in some cases, deferred the completion of recently drilled wells. The most recent industry forecast, issued in January by the Canadian Association of Petroleum Producers, is for non-oil sands capital investment to decline by 40 percent year-over-year and for 7,350 wells to be drilled in Western Canada this year, down from 10,500 in 2014. Natural gas in Alberta was priced below $3 per thousand cubic feet throughout February. In addition, Pulse believes that uncertainty has increased surrounding development of liquefied natural gas (LNG) export facilities on Canada's West Coast.

The Company's view is that US$50-per-barrel oil is not sustainable. There has been significant response in the exploration and production sectors in Canada and the United States, with the aforementioned capital spending reductions in Canada and a dramatic recorded reduction in the U.S. active drilling rig count over successive weeks. This is conducive to a reduction in production and, in turn, a supply-demand rebalancing. Pulse considers it noteworthy that the overall decline in world crude oil prices was due to temporary over-supply rather than global recession accompanied by falling oil demand. Low commodity prices amid general economic growth are conducive to rising oil demand and a recovery in the oil price, the timing of which is unknown, as is the effect on upstream activity in Western Canada and on Pulse's business.

Times of capital scarcity, declining cash flows and increasing corporate debt servicing problems encourage asset sales, bringing in of partners and corporate mergers and acquisition. The Company also foresees a significant role for private companies, funded by private equity, in purchasing and redeveloping assets, creating further opportunities for transaction-based sales.

Throughout periods of weaker sales the Company will rely on its advantages of low costs, lack of capital spending commitments and low debt. Pulse will also remain open to acquiring seismic datasets that meet its criteria for geographical and geological coverage, technical quality, regional industry activity and valuation. Pulse will require approximately $13 million in data library sales revenue to cover its cash costs, pay interest on its debt and pay its dividend to shareholders, making the Company capable of generating shareholder free cash flow even in a weak revenue year.

DISCUSSION OF OPERATING RESULTS

SUMMARY FOR THE YEAR ENDED DECEMBER 31, 2014

Earnings (Loss) Before Income Taxes

Pulse generated earnings before income taxes of $4.6 million ($0.08 per share basic and diluted) compared to a loss before income taxes of $25.3 million ($0.42 per share basic and diluted) for 2013. The improvement year-over-year was mainly attributable to the $33.1 million year-over-year decrease in non-cash seismic data library amortization expense, partially offset by a decrease of $4.8 million in total seismic revenue.

Revenue

Total seismic revenue, including data library sales and participation survey revenue, was $35.7 million for 2014 compared to $40.5 million for 2013.

Data Library Sales

Data library sales are conducted under various types of sale contracts. These are classified as retail data library sales, library cards (discount agreement, paid on predetermined payment terms with periods of up to one year to select data), commitment cards (discount agreement, paid when data is selected and delivered within a one-year period) and review and possession agreements (client is provided with data to review and selects a portion of this data to license, with the agreement having set payment terms). Pulse plans to continue providing customers with a variety of contract options in order to maximize data library sales in the future. The unearned portion of a contract's value is deferred until Pulse's revenue recognition criteria are met, with data library sales revenue being recognized upon delivery of seismic data to the customer.

For 2014, seismic data library sales were $35.7 million compared to $27.1 million in 2013. The Company experienced higher data library sales in 2014 due to higher transaction-based sales (see "Transaction-based vs. Traditional Sales: Five-Year History").

In 2014, 95 percent of seismic data library sales were generated internally by Pulse's sales staff compared to 90 percent in 2013. Large seismic data sales and relicensing (change of control) fees are generally negotiated by the Company's sales and marketing department.

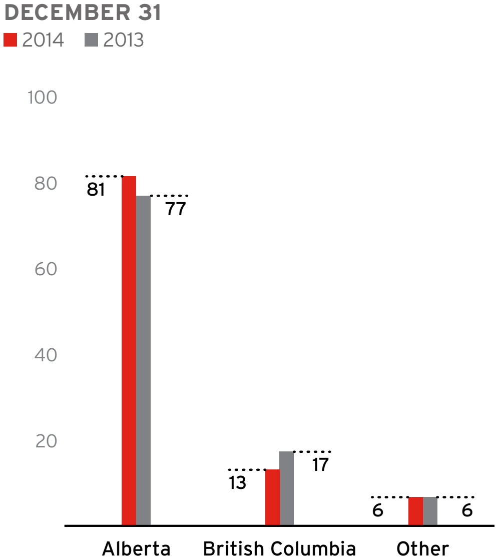
Geographical Sales Breakdown

The Company's customers are generally focusing on liquids-rich natural gas and oil pools found primarily in a broad corridor running from northwest of Calgary, Alberta, along the Foothills of the Rocky Mountains to the British Columbia border, as compared to "dry" natural gas more often found in British Columbia and on Alberta's eastern prairies. The pricing of natural gas liquids (such as propane, butane and condensate) is linked to crude oil, improving the economics of developing liquids-rich gas targets over "dry" gas. Natural gas has suffered from very low pricing for several years. There was a modest improvement in the second half of 2013, which has since decreased, and low natural gas pricing dampens Pulse's traditional sales. A portion of the $4.0 million sale in the second quarter of 2014 included data located in British Columbia. The $10.3 million data sale in the third quarter of 2014 included data located in the Kakwa area in the Deep Basin of west central Alberta, a noted area of liquids-rich gas as well as unconventional light oil development.

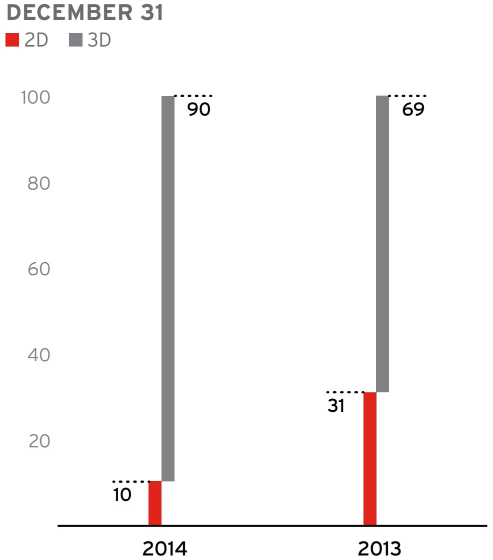
2D/3D Sales Breakdown

As 3D seismic licence contracts are generally larger than 2D seismic license contracts, the percentage of seismic data library sales generated from 2D and 3D data sales fluctuates significantly depending on the number of 3D seismic sale contracts signed during a given period.

GEOGRAPHICAL SALES BREAKDOWN *(%)* FOR THE TWELVE MONTHS ENDED DECEMBER 31



SALES BREAKDOWN 2D/3D *(%)* FOR THE TWELVE MONTHS ENDED DECEMBER 31



Participation Survey Revenue

The Company partners with customers on participation surveys; the data becomes the Company's property, including the right to re-license the data. Participating customers are provided a licensed copy.

There were no participation surveys conducted in 2014. In 2013, $13.4 million of participation survey was recognized. As mentioned previously, the Company, as of January 2, 2015, has commenced field operations for a 3D participation survey with revenue expected to be recognized in the first quarter of 2015.

Amortization of Seismic Data Library

Seismic data library amortization expense was $22.5 million for 2014 compared to $55.6 million in 2013. The decrease in seismic data library amortization expense is due to the initial 50 percent amortization recorded upon completion and delivery of participation surveys in 2013. During 2014 the Company recorded no initial amortization as no surveys were conducted, compared to $29.0 million recognized upon completion of the participation surveys in 2013. The gross cost of the 3D participation surveys which were conducted over the 2012/2013 winter season and were completed and delivered in 2013 was $58.0 million, of which $35 million was funded by customers.

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

Salaries, Internal Commissions and Benefits (SCB)

SCB includes salaries, related benefits, incentive compensation and internal commissions. For 2014, SCB was $4.8 million, compared to $5.4 million in 2013.

The main factors explaining the decrease in SCB are the lower long-term incentive plan expense and lower salaries offset by a higher short-term incentive plan expense.

Other Selling, General and Administrative Costs (SG&A)

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, mapping, drafting and data storage expenses, directors' fees and corporate costs, consulting fees and professional fees.

For 2014, SG&A was $2.7 million compared to $3.1 million in 2013. The decrease year-over-year was mostly related to lower consulting and professional fees.

Net Financing Costs

Net financing costs for 2014 decreased to $875,000 from $1.4 million in 2013. This was due to the significant reduction in long-term debt. The Company repaid $16.6 million in 2014.

Income Taxes

The income tax expense for 2014 was $1.1 million, reflecting an effective tax rate of 24.5 percent, compared to an income tax reduction of $6.5 million and an effective tax rate of 25.6 percent for 2013.

The enacted federal-provincial corporate income tax rate for 2014 and 2013 was 25 percent. The effective tax rate in 2014 was slightly lower than the enacted income tax rate, as a result of the change in valuation allowances related to future resource deductions. At December 31, 2014, the Company had $7.3 million in non-capital loss carry-forwards available to use in future years.

SUMMARY FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

Earnings (Loss) Before Income Taxes

For the three months ended December 31, 2014, the Company generated earnings before income taxes of $1.1 million ($0.02 per share basic and diluted) compared to a loss before income taxes of $3.6 million ($0.06 per share basic and diluted) for the comparable period of 2013.

Revenue

Total revenue, which includes data library sales and participation survey revenue, for the three months ended December 31, 2014 was $8.4 million compared to $4.6 million for the three months ended December 31, 2013.

Data Library Sales

Data library sales for the quarter ended December 31, 2014 were $8.4 million compared to $4.6 million for the three months ended December 31, 2013.

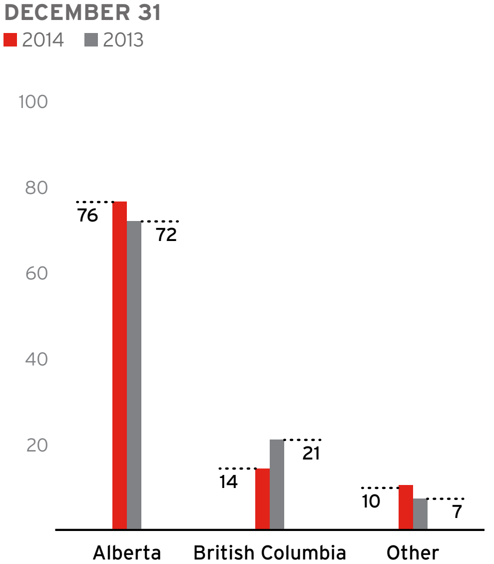
Geographical Sales Breakdown

The Company's customers are generally focusing on liquids-rich natural gas and oil pools found primarily in a broad corridor running from northwest of Calgary, Alberta, along the Foothills of the Rocky Mountains to the British Columbia border, as compared to "dry" natural gas more often found in British Columbia and on Alberta's eastern prairies. In the fourth quarter of 2014, 76 percent of the data library sales were from data located in Alberta.

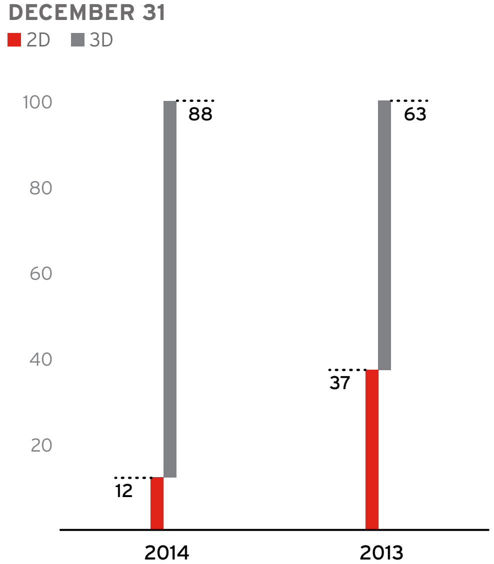
2D/3D Sales Breakdown

As 3D seismic sale contracts are generally larger than 2D seismic sale contracts, the percentage of seismic data library revenues generated from 2D and 3D seismic data fluctuates significantly depending on the number of 3D seismic sale contracts signed during a given period. There were no particularly large 3D contracts signed during the fourth quarter of 2014.

GEOGRAPHICAL SALES BREAKDOWN *(%)*
FOR THE THREE MONTHS ENDED DECEMBER 31



SALES BREAKDOWN 2D/3D *(%)*
FOR THE THREE MONTHS ENDED DECEMBER 31



Participation Survey Revenue

No participation surveys were conducted during the fourth quarters of 2014 and 2013. One new participation survey contract was signed in the fourth quarter of 2014, with survey planning and permitting conducted during the fourth quarter and field operations beginning in January 2015.

Amortization of Seismic Data Library

For the three months ended December 31, 2014, seismic data library amortization expense was $5.3 million compared to $6.2 million in the comparable period of 2013. The slight decrease is due to data acquired in previous years becoming fully amortized.

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

Salaries, Internal Commissions and Benefits (SCB)

SCB for the three months ended December 31, 2014 was $1.1 million compared to $1.0 million in the comparable period of 2013. The increase is attributable to the increase in short-term incentive compensation and sales commissions directly related to the increase in seismic data sales.

Other Selling, General and Administrative Costs (SG&A)

SG&A for the three months ended December 31, 2014 was $641,000 compared to $625,000 for the three months ended December 31, 2013. The slight increase was mostly due to higher external commissions as a result of a higher value of data sold by external brokers.

Net Financing Costs

For the three months ended December 31, 2014, net financing costs decreased to $175,000 from $245,000 for the same period in 2013. Net financing costs decreased due to the significant reduction in long-term debt.

Income Taxes

The income tax expense for the three months ended December 31, 2014 was $266,000, reflecting an effective tax rate of 24.4 percent, compared to income tax reduction of $1.1 million and an effective tax rate of 29.4 percent for the comparable 2013 period. The effective rate in 2014 was lower than the enacted rate of 25 percent due to the change in valuation allowance related to future resource deductions.

REVIEW OF FINANCIAL POSITION

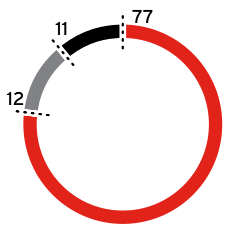
AS AT DECEMBER 31, 2014

Seismic Data Library and Participation Surveys in Progress

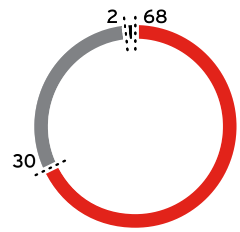
The Company's proven business model includes growing its seismic data library. Pulse acquires seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when the opportunity arises, and it also conducts participation surveys. Pulse partners with customers on participation surveys from which the seismic data collected is added to Pulse's data library to generate future licensing revenue. Pulse retains full ownership of the data, and participating customers are provided with a licensed copy.

At the end of 2014, 77 percent of Pulse's 2D seismic data covered areas in Alberta, 12 percent in British Columbia and the remaining 11 percent in Saskatchewan, Manitoba, the Northwest Territories and the United States. Sixty-eight percent of Pulse's 3D seismic data covered areas in Alberta, 30 percent in British Columbia and the remaining 2 percent in Saskatchewan and Manitoba.

2D OWNERSHIP *(%)*
Alberta British Columbia Other



3D OWNERSHIP *(%)*
Alberta British Columbia Other



During 2013, the Company completed and delivered three 3D participation surveys totalling 1,182 square kilometres of new high-quality 3D data to its seismic data library. Two surveys were located in the Fox Creek vicinity of west central Alberta and encompass the Kaybob, Waskahigan, McKinley and Tony Creek areas. These areas have the potential for multi-zone production of liquids-rich natural gas and oil and conventional natural gas, and include the extensive Montney Formation and the Duvernay shale.

The third participation survey was located in the Pembina area of west central Alberta, which has potential for multi-zone production of liquids-rich natural gas and oil and conventional natural gas.

Pulse did not conduct any participation surveys during 2014 but commenced field operations for a new participation survey on January 2, 2015. The Company capitalized $36,000 in participation surveys in progress at December 31, 2014. These initial costs were for permitting and other start-up expenses.

The Company is continually evaluating new opportunities to partner with customers on potential future participation surveys.

Other Long-Term Payable

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

Share Capital Summary

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

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

	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	**2014**	2013
Weighted average shares outstanding:				
Basic and diluted	**57,865,941**	59,434,027	**58,957,072**	60,280,876
Shares outstanding at period-end			**57,247,843**	59,349,120
Shares outstanding at March 3, 2015			**56,912,643**	

Diluted Earnings per Share Reconciliation

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. All the stock options outstanding at December 31, 2012 were exercised by March 31, 2013. Accordingly, no stock options were outstanding during the year ended December 31, 2013. During the year ended December 31, 2013 the stock options were not dilutive as the Company incurred a net loss.

Long-term Incentive Plan (LTIP)

In 2012 the Company's Board of Directors approved a new LTIP for employees, officers and directors designed to align the Company's long-term incentive compensation with its performance and to increase levels of stock ownership. Participants are granted restricted share units (RSUs) and performance share units (PSUs). LTIP awards are at the discretion of the Board of Directors.

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

On March 31, 2014 one-third of the initial 2012 LTIP awards were eligible to vest. One-third of these awards were RSUs and two-thirds were PSUs. The Company's performance in 2013 did not meet 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 their vesting date of 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 shares were delivered to the LTIP participants in May 2014, at which time the related payroll taxes of $235,000 were paid to settle the fully accrued cash-settled portion of the share-based payment liabilities.

At December 31, 2014 there were 427,359 RSUs and 658,896 PSUs outstanding. At March 3, 2015, total RSUs and PSUs outstanding remain unchanged. 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 of the above units are expected to vest. Subsequent to vesting, 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.

Retained Earnings (Deficit)

On December 31, 2014 the Company had a deficit of $22.8 million, compared to $18.1 million at December 31, 2013. Contributing to this deficit is a $3.4 million reduction to retained earnings due to the required accounting treatment of the Company purchasing and cancelling its common shares. The adjustment relates to the difference between the price paid by the Company for the shares purchased and cancelled under the NCIB and the average historical cost of the Company's shares. The average historical cost of the shares purchased and cancelled was recorded as a reduction to share capital.

The Company's payment of $4.7 million in dividends during 2014 also contributed to the deficit.

Net earnings of $3.5 million partly offset the above contributing factors for the increase in the deficit. The Company realized net earnings as a result of the higher level of data library sales coupled with lower non-cash seismic data library amortization.

As stated, there is a very significant non-cash expense, seismic data library amortization, that is deducted from earnings but does not affect shareholder free cash flow, which enables the Company to continue paying quarterly dividends.

Dividends

On November 5, 2014 the Company declared a quarterly dividend of $0.02 per common share. The dividend was paid on December 18, 2014 to shareholders of record at the close of business on December 4, 2014.

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. Pulse confirms that all dividends paid to shareholders in 2014 are designated as “eligible dividends”, as defined by the Government of Canada’s Bill C-28, entitling Canadian resident individuals to a higher gross-up and dividend tax credit.

Deferred Tax Liability

The net deferred income tax liability was $8.6 million at December 31, 2014 compared to $7.5 million at December 31, 2013. The increase in the deferred income tax liability is mainly due to the increase in the difference between the accounting and the tax value of the data library. The deferred income tax liability consists mainly of taxable temporary differences between the tax base of the seismic data library and the carrying amount on the statement of financial position, offset by non-capital tax losses carried forward.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

	2014				2013			
(thousands of dollars, except per share data)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Data library sales	**8,385**	**14,531**	**7,321**	**5,506**	4,565	4,164	4,486	13,864
Participation survey revenue	-	-	-	-	-	-	361	13,068
Total revenue	**8,385**	**14,531**	**7,321**	**5,506**	4,565	4,164	4,847	26,932
Amortization of seismic data library	**5,279**	**5,554**	**5,842**	**5,832**	6,215	7,090	22,287	20,027
Net earnings (loss)	**824**	**5,086**	**(612)**	**(1,820)**	(2,572)	(3,722)	(15,081)	2,541
Per share – basic and diluted	**0.01**	**0.09**	**(0.01)**	**(0.03)**	(0.04)	(0.06)	(0.25)	0.04

The revenue streams generated by Pulse’s operations are data library sales and customer pre-funding of participation surveys. Data library sales consist of traditional sales and transaction-based sales, as described below under “Transaction-based vs. Traditional Sales: Five-Year History”.

In addition to the revenue fluctuations described in “Seismic Industry Cycles and Seasonality”, during the third quarter of 2014 and the first quarter of 2013, transaction-based sales contributed to higher data library sales. This type of sale can occur at any time during the year and is unpredictable.

Pulse recognizes its participation survey revenue using the percentage-of-completion method. Under this method, participation survey revenue is recognized proportionately with the degree of each project’s 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.

Seismic data library amortization is greater in quarters when participation surveys are completed, as each participation survey is amortized at 50 percent immediately upon delivery of data to the participant, with the remainder amortized equally over seven years. In the first and second quarters of 2013, the Company completed the largest winter seismic program in its history, resulting in elevated amortization due to the initial amortization recorded upon completion.

There is a lag between the progressive recognition of participation survey revenue and initial amortization upon survey completion. As amortization is a non-cash expense, the Company continued to generate cash EBITDA and shareholder free cash flow in each quarter. During the first quarter of 2013, Pulse recognized the majority of the participation survey revenue related to the 2012-2013 winter season. In the second quarter of 2013, the Company recognized $15.3 million and in the first quarter of 2013, the Company recognized $13.6 million of seismic data library amortization expense related to the initial 50 percent amortization upon delivery of these surveys.

During the past eight fiscal quarters, the fluctuations in net earnings or loss have largely been a function of revenue and data library amortization. Increases in data library sales have a highly positive impact on earnings, as the operating costs associated with licensing seismic data from the library fluctuate little from period to period.

All financial data included in the above table is presented in Canadian dollars, which is the Company's functional currency, and was prepared in accordance with IFRS.

SELECTED ANNUAL FINANCIAL INFORMATION

	Years ended December 31,		
(thousands of dollars, except per share data)	**2014**	2013	2012
Data library sales	**35,743**	27,079	64,040
Participation surveys	**-**	13,429	22,313
Total revenue	**35,743**	40,508	86,353
Net earnings (loss)	**3,478**	(18,834)	27,446
Per share – basic and diluted	**0.06**	(0.31)	0.44
Total assets	**75,482**	98,017	162,454
Long-term debt, net of current portion	**5,367**	21,850	26,688
Current portion of long-term debt	**-**	-	12,998
Total non-current financial liabilities	**14,118**	29,661	25,232
Cash dividends per common share	**0.08**(1)	0.08(1)	0.0725(2)

(1) Represents four quarterly dividends of $0.02 per common share.
(2) Represents one quarterly dividend of $0.0125 and three quarterly dividends of $0.02 per common share.

Total revenue consists of seismic data library sales and participation survey revenue. Total revenue in 2012 was high due to increased participation survey revenue and record data library sales. Seismic data library sales in 2013 were lower due to lower customer demand and fewer transaction-based sales.

The Company had net earnings in 2014 and 2012, compared to a net loss in 2013, due primarily to higher data library sales during the previous periods. In addition, in 2013 the Company recorded high levels of non-cash seismic amortization expense upon completion of the 2012-2013 seismic surveys.

See also "Seismic Industry Cycles and Seasonality".

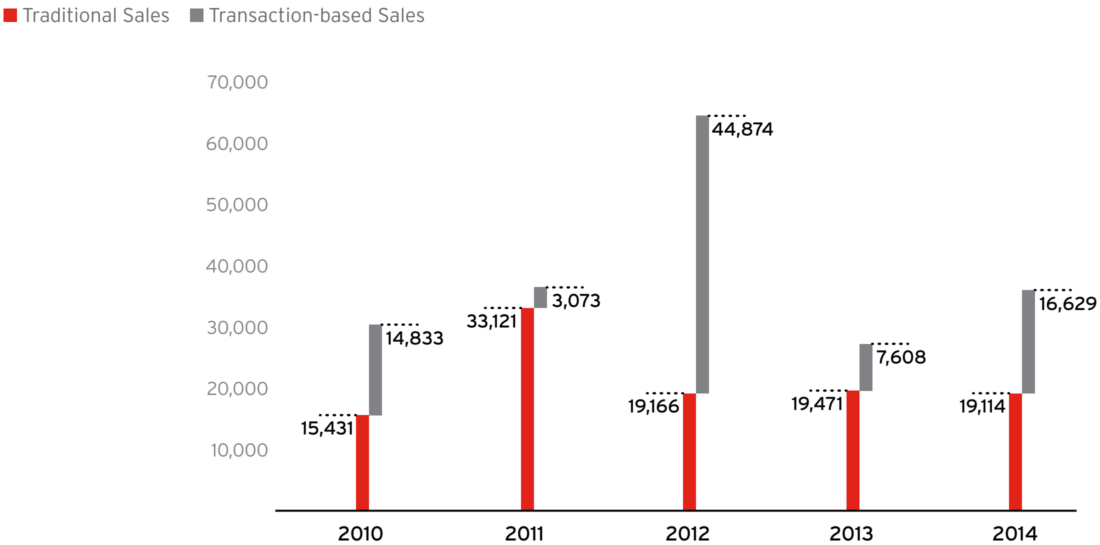
Total assets decreased significantly from 2012 to 2013 due to the costs incurred on two large participation surveys during the latter half of 2012. Total assets decreased from 2013 to 2014 mostly due to the amortization of the seismic data library recorded during the year.

In each of the four quarters of 2014 and 2013, the Company paid a quarterly dividend of $0.02 per share.

All financial data included in the above table are presented in Canadian dollars, which is the Company's functional currency, and were prepared in accordance with IFRS.

TRANSACTION-BASED VS. TRADITIONAL SALES: FIVE-YEAR HISTORY

SALES BREAKDOWN *($ thousands)*



There are three main types of transaction-based sale. The first is the partnership or joint venture, in which an oil and gas asset holder elects to pool their expertise, capital and/or assets with one or more new participants to explore or develop a play. Under the Company's current standard form licensing agreements, any new technical or operational participant that wishes to view or interpret the seismic data must purchase a data licence from Pulse, generally at a discount (usually pre-defined in the initial licensing agreement). Purely financial partners that do not wish to view or interpret the seismic information are exempt.

The second kind of transaction-based sale is a corporate merger or acquisition. In this case, the seismic data is transferred to the new organization. Under the Company's current standard form licensing agreements, the buyer has 30 days to determine whether they would like to pay a change-of-control fee to keep the data or return the data to Pulse.

The third kind is the sale of an oil and gas asset or group of assets (as well as partial mineral rights to particular zones below the asset-owner's lands). Under the Company's current standard form licensing agreements, the license agreement is not transferable upon an asset sale. In this case, no rights to the seismic data transfer to the buyer, and there are no terms of payment in the licence agreement. Should the buyer be interested in Pulse's seismic data, they must license the data from Pulse at the regular price. Following this type of transaction, considerable time may pass until a data licensing sale occurs because the new asset owner may defer development of the particular asset. In addition, the new asset owner may be interested in only portions of the original dataset. The attraction of Pulse's library remains the far lower cost of licensing the data than shooting new seismic over the same area.

The precise terms of individual licence agreements (including those historically used by Pulse and its predecessors and those assumed by Pulse on data acquisitions) can vary greatly. Change-of-control fees and joint venture copy fees may not always be payable, and licence agreements may not always be non-assignable.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at December 31, 2014 included a long-term syndicated debt facility led by Toronto Dominion Bank, operating leases for certain office equipment and office space, and minimum payments under seismic data services contracts. The following table reflects the Company's anticipated payment of contractual obligations (assuming that the syndicated revolving credit facility is not renewed in February 2018):

		Payments due by period			
Contractual Obligations (thousands of dollars)	Total	Less than 1 year	1 - 3 Years	4 - 5 Years	After 5 Years
Long-term debt	5,500	-	5,500	-	-
Interest on long-term debt	602	193	409	-	-
Operating leases	1,263	514	737	12	-
Seismic data services contracts	231	231	-	-	-
Accounts payable and accrued liabilities	1,949	1,772	177	-	-
Total contractual obligations	9,545	2,710	6,823	12	-

Obligations in the category of seismic data services contracts include geophysical services such as reprocessing and data storage.

The Company is subject to financial covenants relating to the long-term debt. Failure to meet their terms could constitute an event of default as defined in the debt agreement, possibly triggering a demand for accelerated repayment. The Company was in compliance with all of the financial covenants at December 31, 2014. See "Liquidity, Capital Resources and Capital Requirements" for further information.

In addition, as part of the acquisition of the Foothills 2D dataset in November 2006, Pulse agreed to pay additional consideration if future seismic data sales from the acquired assets exceeded $10.0 million per year, up to a maximum of $3.75 million. Sales from the Foothills 2D dataset have not exceeded $10.0 million in any year since acquisition. No amounts were included for this obligation in the table above because they cannot be predicted.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At December 31, 2014 Pulse had working capital of $5.3 million and cash and cash equivalents of $901,000. There is no current portion of long-term debt under the current credit facility. Given the flexibility of drawing and paying down debt, without penalty, on the revolving credit facility described below, and in order to reduce net financing costs, the Company maintains a minimum cash balance as required for operations.

The Company utilized cash on hand and cash provided by operating activities during 2014 for the following major cash outlays:

- Investing activities of $797,000, consisting mostly of seismic data digitization costs;
- Purchase and cancellation of 2,101,277 common shares through its NCIB, for a total of $6.3 million (at an average price of $3.01 per common share including commissions);
- Dividend payments of $4.7 million; and
- Debt repayment of $16.6 million.

On February 15, 2013, the Company executed a $50.0 million three-year extendible revolving credit facility with a syndicate of two banks. The maturity date was subsequently extended by one year in both 2014 and 2015.

Highlights of the credit facility:

- Four-tier margin structure based on the Company's total debt to adjusted EBITDA ratio as described below;
- Accordion feature allowing the Company to increase the facility's size up to an additional $20.0 million, subject to the lenders' consent;
- No regularly scheduled principal payments, with voluntary prepayments permitted in whole or part at any time, without premium or penalty; and
- Three-year term, with an extension of up to one year available on February 15 of every year commencing in 2015 with the approval of the lenders. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date.

On an annual basis, the Company has the option to extend the maturity for one additional year with the lenders' approval. On January 19, 2015, the Company negotiated a one-year extension. The current maturity date is February 13, 2018.

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

At December 31, 2014 the Company had $44.5 million available for future draws.

The credit facility is secured by a charge on all of the assets of the Company and its material subsidiaries.

The credit facility also includes the following two financial covenants:

- Total debt to adjusted EBITDA not to exceed a ratio of 2.50:1. Total debt is equal to the sum of, without limitation, debts and liabilities for borrowed money (including the negative mark-to-market exposure of hedging obligations), bankers' acceptances, letters of credit, and letters of guarantee, capital leases and contingent guarantees;

  Adjusted EBITDA is to be calculated on a trailing twelve-month basis and is defined as earnings or loss before interest, income taxes, depreciation and amortization, plus extraordinary losses, non-cash losses and expense charges, and any other unusual or non-recurring cash charges, expenses or losses consented to by the lenders, less participation survey revenue, extraordinary gains and non-cash gains and income. Adjusted EBITDA is to be adjusted for acquisitions or dispositions to reflect such acquisition or disposition as if it occurred on the first day of such calculation period; and
- Interest coverage ratio is to be at least 3:1 at all times. The interest coverage ratio is equal to adjusted EBITDA divided by interest expense.

The covenants at December 31, 2014 were calculated as follows (financial figures are stated in thousands of dollars):

TOTAL DEBT TO ADJUSTED EBITDA RATIO:

Total debt	5,500
Divided by:	
Adjusted EBITDA	28,615
Total debt to adjusted EBITDA ratio (not to exceed 2.50:1)	0.19:1

Adjusted EBITDA was calculated as follows:

Cash EBITDA for the twelve months ended December 31, 2014	$28,615
Adjustment for acquisitions or dispositions	-
Adjusted EBITDA	$28,615

INTEREST COVERAGE RATIO:

Adjusted EBITDA	28,615
Divided by:	
Interest paid for the twelve months ended December 31, 2014	625
Interest coverage ratio (to be at least 3:1)	45.78:1

The Company was in compliance with the credit facility's covenants at December 31, 2014.

At December 31, 2014, the floating interest rate on the syndicated revolving credit facility was 3.50 percent, which is based on a combination of the bankers' acceptance rate and an applicable margin tied to the Company's total debt to adjusted EBITDA ratio. The Company pays a standby fee based on the daily undrawn balance of the credit facility and its total debt to adjusted EBITDA ratio. The interest and standby fee rates are adjusted two business days after the covenant's calculation for the previous fiscal quarter is received and approved by the lenders. On December 31, 2014 the applicable margin and standby fee were set at the lowest rates available under the facility.

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

TOTAL DEBT TO ADJUSTED EBITDA RATIO

	Applicable Margin for Canadian Prime Rate Loans	Applicable Margin for Bankers' Acceptances	Standby Fee Rate
Less than or equal to 1:1	0.50%	1.75%	0.35000%
Greater than 1:1 but less than or equal to 1.5:1	0.75%	2.00%	0.45000%
Greater than 1.5:1 but less than or equal to 2:1	1.00%	2.25%	0.50625%
Greater than 2:1 but less than or equal to 2.5:1	1.50%	2.75%	0.61875%

Toronto Stock Exchange (TSX) rules determine the number of shares the Company is permitted to purchase through its NCIB. From December 13, 2013 to December 12, 2014, the maximum number was 4,817,820 common shares, representing 10 percent of the public float of 48,178,201 common shares as at December 12, 2013. From January 1, 2014 to December 31, 2014, the Company purchased 2,101,277 common shares under the NCIB. Purchases were made on the open market through the TSX at the market price of such shares. All shares purchased under the NCIB were cancelled.

On December 15, 2014, the Company announced the renewal of its NCIB. The Company may purchase, for cancellation, up to a maximum of 4,282,902 common shares, equal to 10 percent of the public float of 42,829,022 common shares as at December 12, 2014. The Company is limited under the NCIB to purchasing up to 23,470 common shares in any one day, subject to the block purchase exemption under 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.

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, pay dividends and carry out the necessary capital expenditures through 2015. The Company anticipates that future capital expenditures will be financed through customer pre-funding, cash on hand, available credit facilities, and funds from operations. The Company has a $50.0 million revolving credit facility for future draws in 2015, and an accordion feature allowing Pulse to increase the facility's size by up to $20.0 million, subject to the lenders' consent. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities in raising additional capital where opportunities for seismic data acquisitions or participation surveys arise. Historically, the Company has used a combination of debt and equity to finance various growth initiatives, and it continues to rely on key internal measures such as the total debt to TTM cash EBITDA ratio and total debt to equity ratio, to structure and forecast its capital requirements. Total debt is defined as long-term debt, excluding deferred financing costs. Pulse's management considers the current capital structure appropriate.

The total debt to cash EBITDA ratio for the years ended December 31, 2014 and 2013 is calculated using the total debt at year-end, divided by TTM cash EBITDA:

(thousands of dollars, except ratios)	**2014**	2013
Total debt at year-end	**5,500**	22,100
Divided by: TTM cash EBITDA	**28,615**	19,145
Total debt to 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 the total debt following repayments made during the year.

Pulse uses debt strategically, to acquire high-quality seismic datasets that meet economic and technical criteria and cover areas of strong industry activity.

The total debt to equity ratio is calculated using the total debt balance divided by total equity. At December 31, 2014 and 2013 the total debt-to-equity ratios were as follows:

	December 31,	December 31,
(thousands of dollars, except ratios)	**2014**	2013
Total debt	**5,500**	22,100
Divided 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 the total debt, but also to the decrease in the total equity due to the net earnings generated in 2014, offset by the payment of dividends and the accounting adjustment related to the NCIB. .

Total debt was calculated as follows:

	As at December 31	As at December 31
(thousands of dollars)	**2014**	2013
Long-term debt	**5,367**	21,850
Add: deferred financing charges	**133**	250
Total debt	**5,500**	22,100

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

NON-CAPITAL RESOURCES

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

ADDITIONAL GAAP MEASURE

In its audited consolidated financial statements, the Company uses one additional measure under Canadian generally accepted accounting principles (GAAP) that is not defined under IFRS.

FUNDS FROM OPERATIONS

Management believes that funds from operations, as reported in the consolidated statements of cash flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds from operations represents cash flow from operations excluding changes in non-cash working capital. The Company considers this to be a key measure of performance as it demonstrates its ability to generate the cash flow necessary to fund capital investments, repay debt, purchase its common shares and pay dividends. Funds from operations per share is defined as funds from operations divided by the weighted average number of shares outstanding for the period.

Funds from operations for 2014 totalled $31.6 million ($0.54 per share basic and diluted) compared to $27.8 million ($0.46 per share basic and diluted) for 2013. The increase was mainly attributable to lower operating and financing expenses in 2014.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

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

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

CASH EBITDA AND SHAREHOLDER FREE CASH FLOW

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

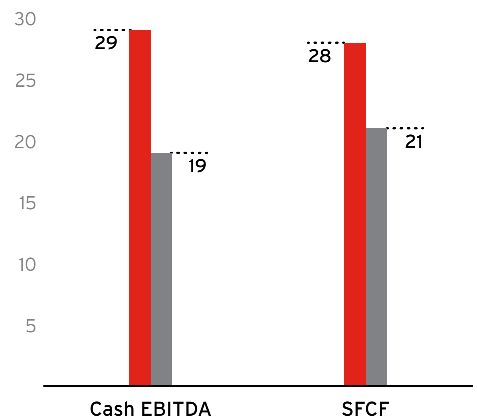
Cash EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation and amortization less participation survey revenue, plus non-cash and non-recurring expenses. Cash EBITDA excludes participation survey revenue as this revenue is directly used to fund specific participation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

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

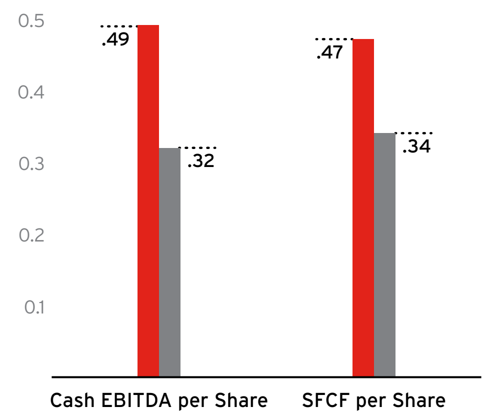
A reconciliation of net earnings (loss) to EBITDA, cash EBITDA and shareholder free cash flow follows:

	Three months ended December 31		Twelve months ended December 31	
(thousands of dollars, except per share data)	**2014**	2013	**2014**	2013
Net earnings (loss)	**824**	(2,572)	**3,478**	(18,834)
Add:				
Amortization of seismic data library	**5,279**	6,215	**22,507**	55,619
Net financing costs	**175**	245	**875**	1,383
Income tax expense (reduction)	**266**	(1,070)	**1,128**	(6,468)
Depreciation	**62**	80	**248**	318
EBITDA	**6,606**	2,898	**28,236**	32,018
Deduct:				
Participation survey revenue	-	-	**-**	(13,429)
Add:				
Non-cash expenses	**55**	64	**379**	556
Non-recurring expenses	**-**	-	**-**	-
Cash EBITDA	**6,661**	2,962	**28,615**	19,145
Deduct:				
Net financing costs	**(175)**	(245)	**(875)**	(1,383)
Current income tax expense	**-**	-	**-**	-
Add:				
Non-cash deferred financing charges	**29**	29	**118**	160
Current income tax reduction	**-**	909	**-**	2,760
Shareholder free cash flow (SFCF)	**6,515**	3,655	**27,858**	20,682
Cash EBITDA per share (basic and diluted)	**0.12**	0.05	**0.49**	0.32
Shareholder free cash flow (SFCF) per share (basic and diluted)	**0.11**	0.06	**0.47**	0.34

CASH EBITDA AND SFCF
FOR THE YEAR ENDED DECEMBER 31
($ millions)
2014 2013



CASH EBITDA AND SFCF PER SHARE
(BASIC AND DILUTED)
FOR THE YEAR ENDED DECEMBER 31
($)
2014 2013



FINANCIAL INSTRUMENTS

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

FAIR VALUE

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of the long-term debt approximates the carrying value because interest charges under the bank loan are based on current Canadian bankers' acceptance rates and margins.

CREDIT RISK

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 customer credit risk in connection with data sales. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The makeup 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 exclusively in the oil and natural gas industry, essentially all of its 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 before payment and delivery terms and conditions are offered. The Company's review includes credit reference checks and credit limits for all customers as well as other monitoring activities. Accounts receivable aging is reviewed regularly. Certain customers have signed agreements with the Company that provide for extended payment terms.

The Company's credit risk increases on these types of arrangements due to the length of time before payments are received. The risk is mitigated by attempting to limit these types of arrangements to major oil and natural gas companies which have long operating histories and adequate resources to fulfill their commitments.

The Company has been doing business with the majority of its customers for many years, with insignificant credit losses to date. The Company does not require collateral in respect of trade receivables.

The Company's customers are 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. These amounts were collected subsequent to year-end, with the exception of $1.9 million due from two customers with extended payment terms.

The Company recorded no bad debt expense in 2014. At December 31, 2014, less than 1 percent of the Company's accounts receivable were past due more than 60 days.

Cash and cash equivalents are held with a large, well-known Canadian chartered bank. The carrying amount of financial assets represents the maximum credit exposure. The Company considers the risk on cash and cash equivalents to be limited.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company's interest rate risk exposure is mainly related to long-term debt. The Company is exposed to interest rate fluctuations on the cost of its variable-rate debt. An increase of 100 basis points in the lender's base-rate would have decreased earnings before income taxes by approximately $160,000 for the year ended December 31, 2014. The Company did not have any fixed-rate interest-bearing obligations at December 31, 2014.

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 other financial assets, i.e., repaying its debt and paying its suppliers. 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. Beyond effective working capital and cash management, the Company has a revolving-term credit facility, which offers flexibility in drawing and paying down debt, without penalty, of which $44.5 million remained available at December 31, 2014 for future draws, as described in "Liquidity, Capital Resources and Capital Requirements".

The Company regularly monitors cash flow. In addition, it monitors 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 obligations associated with financial liabilities.

COMMODITY PRICE RISK

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

NEW IFRS STANDARDS

A number of new standards, amendments 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, 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 Pulse's current amortization policy.

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 described below and are discussed annually with the Audit Committee of the Company's Board of Directors.

SEISMIC DATA LIBRARY

Amortization of the seismic data library, the Company's largest asset, with a net book value of $66.5 million at December 31, 2014 (December 31, 2013 – $88.2 million), is conducted by reference to the estimated timing of the economic return of the seismic library. Amortization of seismic library data 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 systematic allocation of the seismic data library over its useful life.

Additions to the seismic library arise in two ways: (i) participation surveys, and (ii) the purchase of existing seismic data. Costs associated with participation surveys completed during the year 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, if any. The costs of purchased data are amortized on a straight-line basis over seven years.

The carrying amounts of the seismic data library are reviewed at each reporting date 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. The Company uses judgement in determining its cash-generating units for purposes of impairment testing. The determination of these cash-generating units was based on management's judgements in regards to the smallest identifiable group of seismic data that generates cash inflows largely independent of the cash inflows from other data. Estimating future cash flows for purposes of impairment testing requires management to make judgments regarding long-term forecasts of future revenues and costs related to the seismic data library. These forecasts are uncertain as they require assumptions about demand for seismic data and future market conditions. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period.

Estimates of useful lives and the pattern of expected future economic benefits are based on historical experience and internal business plans. Expected future economic benefits are determined based on historical revenue patterns. Future deviations from the Company's historical returns could materially affect the current amortization methodology.

PERFORMANCE SHARE UNITS

In determining the amount of share-based compensation related to PSUs, management makes estimates about future results and vesting criteria. It is reasonably possible that future outcomes could be different from the estimates and could 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.

DEFERRED TAX ASSETS

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable income. The estimates of projected future taxable income 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 recognized in the consolidated financial statements.

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

DC&P

DC&P are designed to provide reasonable assurance that information the Company must disclose is recorded, processed, summarized and reported within the periods specified in securities legislation, and includes controls and procedures designed to ensure that this information is accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer (CEO) and Vice President, Finance and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

Management has evaluated the effectiveness of its DC&P, under the supervision of its CEO and CFO, at December 31, 2014. Based on this evaluation, the CEO and CFO have concluded that the disclosure controls and procedures, as defined in National Instrument 52-109, were effective at December 31, 2014.

ICFR

Management is responsible for designing ICFR, under the supervision of its CEO and CFO, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Management under the supervision of its CEO and CFO evaluated the effectiveness of ICFR at December 31, 2014, in accordance with Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Information and Related Technology Framework (COBIT). Based on this evaluation, Pulse's CEO and CFO have concluded that the ICFR were effective at December 31, 2014. No changes were made to ICFR during the period beginning on October 1, 2014 and ending on December 31, 2014 that have materially affected, or are reasonably likely to materially affect, Pulse's ICFR.

In May 2013, the COSO released an updated Internal Control – Integrated Framework which it required companies to use for officers' certificates filed after December 15, 2014. Pulse early-adopted the new framework in 2013, without any significant impact to the internal controls testing or documentation.

RISK FACTORS

OIL AND NATURAL GAS PRICES

Pulse's customers are oil and natural gas exploration and development companies. Oil and natural gas prices are volatile and directly affect the capital budgets, drilling activity, and access to capital and credit by Pulse's customers, which in turn directly affect the demand by such customers for seismic data.

SEISMIC INDUSTRY CYCLES AND SEASONALITY

Revenue fluctuations are a normal part of the seismic data library business, and data library sales can vary significantly from quarter to quarter. Data library sales can occur at any time during any quarter. This is due to the nearly continual changes in general oil and natural gas industry conditions, increased demand for seismic data covering a specific area or play, timing of public offerings of petroleum and natural gas rights (land sales), as well as merger-and-acquisition, joint venture and asset disposition activity by Pulse's clients.

Participation survey revenue also varies significantly from quarter to quarter. The majority of new 3D seismic data is acquired under frozen ground from November to March. Summer seismic programs can only be completed in certain areas that have drier ground conditions and can be easily accessed without environmental harm. In addition, the size and pre-funding levels of individual participation surveys can vary significantly.

DEMAND FOR SEISMIC DATA AND PARTICIPATION SURVEYS

Pulse's ability to generate revenue, cash EBITDA, shareholder free cash flow and earnings and to grow its seismic data library depends on the demand for seismic data and participation surveys from its oil and natural gas customers over geological plays and areas that such customers focus on in a given period. Activity in such plays and areas depends on commodity prices, geological understanding and advances in drilling technology, all of which are beyond Pulse's control. The Company endeavours to grow its high-quality proprietary data library, to expand and maintain its customer base, and to provide good customer service with short delivery time and broad data coverage in prospective locations.

PRICING OF DATA LIBRARY LICENCE SALES

Pulse's ability to generate revenue, cash EBITDA, shareholder free cash flow and earnings and to grow its data library depends on its ability to market data library licences and on the pricing of these licences. Pulse prices its data competitively while endeavouring to maintain the integrity of the database.

RELICENSING (CHANGE-OF-CONTROL) FEES AND PARTNER COPY SALES

Data library licences are generally not transferable. Under Pulse's current standard-form licence agreement, upon a change of control of the licensee in a merger or acquisition transaction, a change-of-control fee is generally payable. Under Pulse's current standard-form licence agreement, a licensee generally may not give the licensed data to a joint interest partner in the oil and natural gas lands. If the joint interest partner wishes to view or interpret the seismic data, it must purchase an additional copy directly from Pulse.

The precise terms of individual licence agreements (including those historically used by Pulse and its predecessors and those assumed by Pulse on data acquisitions) can vary greatly. Relicensing (change-of-control) fees may not always be payable and joint interest partners may not always wish to or have to purchase an additional licensed copy.

In addition, M&A activity and joint venture activity in the oil and gas industry is unpredictable.

PRE-FUNDING OF PARTICIPATION SURVEYS AND SUBSEQUENT DATA LIBRARY LICENCE SALES

Pulse's rate of pre-funding for participation surveys varies, with the actual target percentage funding of each particular survey determined by Pulse ahead of time depending on Pulse's risk analysis of such survey and competitive conditions in the area. Factors affecting these individual survey program targets include: circumstances where Pulse believes that there is a high probability of additional participants joining the survey before completion or additional licence sales after completion of the survey, or where a survey is located in a strategic location, or where competitive conditions require a lower level of pre-funding.

Pulse's ability to generate revenue, cash EBITDA, shareholder free cash flow and earnings and to grow the data library depends on its ability to obtain targeted levels of pre-funding for participation surveys, and to make subsequent seismic data library sales from such surveys.

COMPLETION OF PARTICIPATION SURVEYS

Pulse obtains presales of licences for participation surveys based on its budgeted costs and program schedule. Pulse's ability to generate revenues, cash EBITDA, shareholder free cash flow and earnings depends on its ability to complete committed participation surveys on time and within budget. Cost overruns are generally absorbed by Pulse and effectively reduce the percentage of pre-funding. The Company endeavours to manage this risk through the use of a dedicated survey project team with extensive experience.

ENVIRONMENTAL, HEALTH AND SAFETY RISKS

Pulse's field operations for participation surveys are subject to laws and regulations relating to environmental protection and occupational health and safety. A breach of these laws and regulations could result in material fines and civil lawsuits, as well as reputational damage. Pulse endeavours to reduce this risk by employing seasoned specialists who provide comprehensive training, field supervision and monitoring, and by working with a network of trusted sub-contractors who operate to high standards. In September 2012, Pulse received the renewal of its three-year Certificate of Recognition (COR) issued by Enform and the Government of Alberta, with a score of 91 percent, higher than in its initial 2009 certification. The Company is in the process of completing its

COR renewal and is expecting the results of the audit by the end of the first quarter of 2015. The COR program recognizes employers in the Alberta oil and natural gas industry having a health and safety management system that meets provincial standards.

EFFECT OF SEASONALITY AND WEATHER CONDITIONS ON PARTICIPATION SURVEYS

Seismic surveys are often completed in the winter season when frozen ground permits the movement and operation of heavy equipment in the northern areas of Alberta and British Columbia. If an unseasonably late or warm winter delays or prevents sufficient freezing, or if an early spring results in an early thaw, Pulse may not be able to complete its winter seismic survey programs on time and within budget.

Seismic surveys may also be completed in the summer months under drier conditions. If there is unseasonably cold or wet weather, Pulse may not be able to complete its summer seismic survey programs on time and within budget.

Pulse endeavours to manage this risk by scheduling sufficient time for each participation survey to allow flexibility to complete the survey on time and within budget.

LAWS AND REGULATIONS

Pulse's oil and natural gas customers are subject to federal and provincial laws and regulations, including those pertaining to taxation, royalty rates, environmental protection and safety. Compliance with these laws and regulations, and changes in these laws and regulations, may affect oil and natural gas exploration and development activities and the demand for seismic data licences and participation surveys by such customers.

Pulse's field operations for participation surveys are subject to federal and provincial laws and regulations, including laws and regulations relating to safety and environmental protection. Pulse and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements in their operations. Although such expenditures historically have not been material to Pulse, such laws and regulations are subject to change and, accordingly, it is impossible for the Company to predict the cost or impact of such laws and regulations on its future operations.

COMPETITION

The western Canadian geophysical services industry in which Pulse operates is highly competitive and price-sensitive. Pulse competes with companies which may have greater financial resources, and certain of which are large international geophysical services companies that offer a wider array of geophysical services to their clients than Pulse. Pulse also competes with other companies that acquire, market and license seismic data, that maintain their own seismic data libraries, and that compete against Pulse in shooting participation surveys and licensing seismic data to their customers. Pulse also competes against oil and natural gas companies that may choose to license their own proprietary seismic data to customers. To mitigate this risk, Pulse's management continuously evaluates its marketing plan and marketing efforts. In addition, the Company owns high-quality data with extensive coverage in the WCSB. In general, there is little overlap between 3D databases, due to the high costs of overshooting existing 3D seismic surveys, and there is little direct competition between specific 3D datasets. Seismic data library companies and individual oil and gas companies may, however, elect to overshoot an existing 3D dataset if it is not of the desired quality or specifications.

DEPENDENCE ON QUALIFIED SEISMIC CONTRACTORS

Pulse depends on qualified seismic acquisition contractors to complete its seismic surveys on time and within budget. Pulse endeavours to enter into master service agreements and to establish relationships with its key contractors.

KEY MANAGEMENT, OPERATIONS AND MARKETING PERSONNEL

Pulse depends on certain key management, operations and marketing personnel for the success of its seismic acquisition, marketing and licensing business. Pulse endeavours to obtain written employment agreements with such personnel containing confidentiality and non-competition provisions where appropriate. Personnel risk is further mitigated by providing compensation packages designed to support Pulse's business philosophy and which are both market-driven and performance-based. This includes short- and long-term incentive programs which are directly tied to shareholder free cash flow per share, which the Board of Directors believes is the key financial metric for the long-term increase in the value of Pulse. Pulse also has a succession plan to provide adequate training and education to its future leaders, which is reviewed annually by the Board of Directors.

LOSS OF SEISMIC DATA

Pulse's largest asset and source of revenue is the seismic data library. The safety and security of the data library asset is imperative to the Company's success. The physical data is stored in a secure location managed by a data storage company with multiple physical data copies and digital copies in separate locations.

PROTECTION OF INTELLECTUAL PROPERTY

Pulse relies on a combination of licence agreements, copyright and other intellectual property rights to protect its ownership rights and copyright in its seismic data. Despite Pulse's efforts to enforce its licence agreements and copyright, there is a risk that unauthorized parties might improperly obtain, copy or use Pulse's seismic data without Pulse's knowledge or permission. The cost of litigation necessary to enforce Pulse's ownership rights and copyright could be prohibitive.

NEW PRODUCTS

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. There are currently no other products that compete directly against seismic data for such purposes. Should a new product or method be introduced that was technically and/or economically comparable or superior to seismic data, Pulse's data library sales and/or the pricing thereof could be adversely affected.

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.

The "Outlook", "Summary for the Year ended December 31, 2014", "Liquidity, Capital Resources and Capital Requirements", and "Liquidity Risk" sections contain forward-looking information which includes, among other things, statements regarding:

› Pulse's outlook for 2015 is cautious;
› Pulse's view is that US$50-per-barrel oil is not sustainable;
› Pulse foresees transaction-based sales having a significant role in 2015;

- Pulse also foresees a significant role for private companies, funded by private equity, in purchasing and redeveloping assets, creating further opportunities for transaction-based sales;
- The Company is capable of generating shareholder free cash flow even in a weak revenue year;
- The Company expects revenues from the participation survey in progress to be recognized in the first quarter of 2015;
- Pulse's management believes that the Company's capital resources will be sufficient to finance future operations, pay dividends and carry out the necessary capital expenditures through 2015;
- The Company does not believe that it will encounter any difficulty in meeting its obligations associated with financial liabilities;
- General economic and industry outlook;
- Pulse's capital allocation strategy;
- Industry activity levels and capital spending;
- Forecast commodity prices;
- Oil and natural gas producers' forecast capital budgets and cash flows;
- Estimated future demand for seismic data;
- Estimated future seismic data sales;
- Estimated future demand for participation surveys;
- Pulse's business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance.

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.

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

The material risk factors include, without limitation:

- Oil and natural gas prices;
- Seismic industry cycles and seasonality;
- The demand for seismic data and participation surveys;
- The pricing of data library licensing sales;
- Relicensing (change-of-control) fees and partner copy sales;
- The level of pre-funding of participation surveys, and the Company's ability to make subsequent data library sales from such participation surveys;

- The Company's ability to complete participation surveys on time and within budget;
- Environmental, health and safety risks;
- The effect of seasonality and weather conditions on participation surveys;
- Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection and safety;
- Competition;
- Dependence on qualified seismic field contractors;
- Dependence on key management, operations and marketing personnel;
- The loss of seismic data;
- Protection of intellectual property rights; and
- The introduction of new products.

The foregoing list is not exhaustive. Additional information on these risks and other factors which could affect the Company's operations and financial results is included above in "Risk Factors". Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company's management at the time the information is presented.