Source: Pulse Seismic Inc.

PULSE SEISMIC INC. REPORTS Q3 2018 RESULTS

CALGARY, Alberta, November 6, 2018 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) ("Pulse" or "the Company") is pleased to report its financial and operating results for the three and nine months ended September 30, 2018. The unaudited condensed consolidated interim financial statements, accompanying notes and MD&A are being filed on SEDAR (www.sedar.com) and will be available on Pulse's website at www.pulseseismic.com.

HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

- Total revenue for the three months ended September 30, 2018 was $1.6 million compared to $32.4 million for the three months ended September 30, 2017. Total revenue for the nine months ended September 30, 2018 was $5.9 million compared to $38.1 million for the nine months ended September 30, 2017. In the third quarter of 2017 the Company signed its largest-ever seismic data licensing agreement, for $29.5 million. Revenue in each of the comparable periods in 2018 and 2017 consisted entirely of data library sales;

- The net loss for the three months ended September 30, 2018 was $1.0 million ($0.02 per share basic and diluted) compared to net earnings of $18.7 million ($0.34 per share basic and diluted) for the three months ended September 30, 2017. The net loss for the nine months ended September 30, 2018 was $2.8 million ($0.05 per share basic and diluted) compared to net earnings of $13.8 million ($0.25 per share basic and diluted) for the nine months ended September 30, 2017. The main difference for both periods was the period-over-period reduction in data library sales;

- Cash EBITDA[(a)] was $412,000 ($0.01 per share basic and diluted) for the three months ended September 30, 2018, compared to $30.4 million ($0.55 per share basic and diluted) for the three months ended September 30, 2017. Cash EBITDA was $1.8 million ($0.03 per share basic and diluted) for the nine months ended September 30, 2018 compared to $33.3 million ($0.60 per share basic and diluted) for the nine months ended September 30, 2017;

- Shareholder free cash flow[(a)] was $545,000 ($0.01 per share basic and diluted) for the three months ended September 30, 2018 compared to $23.6 million ($0.43 per share basic and diluted) for the comparable period in 2017. Shareholder free cash flow was $2.1 million ($0.04 per share basic and diluted) for the nine months ended September 30, 2018 compared to $26.4 million ($0.48 per share basic and diluted) for the nine months ended September 30, 2017;

- In the nine-month period ended September 30, 2018 Pulse purchased and cancelled a total of 227,500 common shares at a total cost of approximately $673,000 (average cost of $2.96 per common share including commissions); and

- At September 30, 2018 Pulse was debt-free and had cash of $20.6 million. The Company's $30.0 million revolving credit facility is undrawn and fully available.

SELECTED FINANCIAL AND OPERATING INFORMATION

(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended September 30, **2018** (unaudited)	Three months ended September 30, 2017 (unaudited)	Nine months ended September 30, **2018** (unaudited)	Nine months ended September 30, 2017 (unaudited)	Year ended December 31, 2017
Revenue – Data library sales	**1,606**	32,428	**5,875**	38,076	43,525
Amortization of seismic data library	**1,812**	4,639	**5,526**	13,912	15,870
Net earnings (loss)	**(1,042)**	18,704	**(2,754)**	13,776	15,087
Per share basic and diluted	**(0.02)**	0.34	**(0.05)**	0.25	0.27
Cash provided by operating activities	**2,672**	32,544	**(5,707)**	36,675	38,755
Per share basic and diluted	**0.05**	0.59	**(0.11)**	0.66	0.70
Cash EBITDA [a]	**412**	30,407	**1,828**	33,279	37,070
Per share basic and diluted [a]	**0.01**	0.55	**0.03**	0.60	0.67
Shareholder free cash flow [a]	**545**	23,569	**2,055**	26,428	29,729
Per share basic and diluted [a]	**0.01**	0.43	**0.04**	0.48	0.54
Capital expenditures					
Seismic data purchases, digitization and related costs	**-**	-	**62**	125	1,575
Property and equipment	**5**	4	**9**	41	48
Total capital expenditures	**5**	4	**71**	166	1,623
Special dividend	**-**	-	**-**	-	10,915
Weighted average shares outstanding					
Basic and diluted	**53,822,117**	55,069,815	**53,853,199**	55,381,245	55,135,035
Shares outstanding at period-end			**53,793,317**	54,593,017	54,020,817
Seismic library					
2D in kilometres			**450,000**	447,000	447,000
3D in square kilometres			**28,956**	28,647	28,956

FINANCIAL POSITION AND RATIO

(thousands of dollars except ratio)	September 30, 2018	September 30, 2017	December 31, 2017
Working capital	**23,291**	33,315	22,486
Working capital ratio	**14.9:1**	4.7:1	3.1:1
Cash and cash equivalents	**20,568**	38,686	27,422
Total assets	**37,916**	61,309	51,693
Shareholders' equity	**34,183**	49,106	37,810

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

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

OUTLOOK

With sales in the first nine months of 2018 much lower than in the comparable period of 2017, Pulse looks ahead cautiously to the next several quarters. Visibility as to Pulse's traditional sales remains poor and transaction-based sales are innately unpredictable.

Industry indicators continue to be contradictory, with continued stress on oil and natural gas industry capital budgets and cash flows in Canada and a worsening regulatory environment at the federal level.

Commodity Prices

- West Texas Intermediate (WTI) crude oil continues to hold in the range of US$65-US$72 per barrel. In Canada the benefits have been seriously offset by further widening in the WTI to Western Canada Select oil price differential, which in October reached over $50 per barrel, with the region's producing sector losing an estimated $100 million per day in foregone revenue.

- Alberta natural gas prices (AECO) remain extremely weak, with daily pricing in October fluctuating between $2.60 per gigajoule and a price of zero, and the futures price for the coming winter in the range of approximately $2.00-$2.50 per gigajoule.

- Natural gas prices in the U.S. (Henry Hub), by contrast, have strengthened into the range of US$3.20-US$3.40 per MMBtu. Exports of liquefied natural gas from the U.S., currently in the range of 3 billion cubic feet per day, are expected to continue growing strongly in 2019 as new facilities and liquefaction trains come on-stream. Natural gas storage volume is currently more than 600 billion cubic feet below its five-year average weekly range, according to the U.S. Energy Information Administration. This is positive for continued strength in U.S. natural gas prices and, over time, what should be increasing U.S. natural gas imports from western Canada.

Industry Activity

- Mineral lease auctions or "land sales" in Alberta and B.C., after growing strongly in 2017 over 2016, are down substantially in the first nine months of 2018, though still higher than in 2016. Bids have totalled $375.1 million so far this year compared to $676.1 million in the same period last year.

- The Canadian Association of Oilwell Drilling Contractors' drilling forecast for 2018 remains unchanged at 6,138 wells, up slightly from 2017. To date in 2018, the rig utilization rate is roughly comparable to 2017, although the overall size of the Canadian drilling rig fleet continues to decline slowly. In its November 1st update to its 2018 Canadian Drilling Activity Forecast, the Petroleum Services Association of Canada (PSAC) lowered its forecast to 6,980 wells to be drilled across Canada this year from 7,900 wells in its original forecast for the year. If realized, this will be slightly less than the 2017 total of 7,100 wells. For 2019, PSAC expects a further decline to 6,600 wells drilled. Strong drilling activity historically has been conducive to traditional seismic data sales.

- The U.S. active drilling rig count was approximately 1,060 rigs in early October, according to Baker Hughes, extending the recently established plateau in the U.S. rig count. Continued growth in the active rig count would have been suggestive of further growth in U.S. gas supply and, in turn, potentially lower prices.

Capital Projects

- Prospects for the critically required expansion of the Trans-Mountain crude oil pipeline from Alberta to tidewater in Burnaby, B.C., have worsened significantly following a federal appeals court ruling and the federal government's announcement of an even more expansive and still open-ended new round of consultations.

- Much more positive was the late September announcement of the go-ahead of the estimated $40 billion LNG Canada export project at Kitimat, B.C. In addition to a massive liquefaction and loading facility, this will also require construction of an already-approved major new gas pipeline to the West Coast from the main producing region in northeast B.C. This is the most positive news for western Canada's natural gas sector in several years. Over the medium to longer term, it bodes well for overall industry activity, capital investment, cash flows and natural gas pricing. With other proposed LNG projects still awaiting final investment decisions, the LNG Canada project also sends an important signal that major LNG projects in western Canada are viable and can succeed.

- On balance, however, government policies at all levels in Canada remain less supportive of oil and natural gas industry capital investment than in the past. Among other things, the Government of Canada has passed legislation to replace the highly respected National Energy Board with a new regulator having even broader powers and a more expansive consultative mandate, suggesting a further increase to the regulatory burden before any major new trans-border Canadian energy project can be approved.

Corporate Activity

- Though expected to strengthen in 2018, merger and acquisition activity through the end of September was down by 45 percent from the same period in 2017, according to Canadian Scout. The Canadian upstream sector reported a total of 92 transactions valued at a combined $19.9 billion, down from 113 deals valued at $36.6 billion last year. This is negative for Pulse's transaction-based sales, although any individual corporate transaction could lead to a transaction-based sale of seismic data.

Even with weaker sales, Pulse has generated positive cash EBITDA and shareholder free cash flow in each quarter this year. The Company's strong balance sheet, with effectively zero cash financing costs, its low cash operating costs and the absence of other spending commitments make Pulse cash flow positive at annual revenue of approximately $6 million, and total sales in the first nine months of 2018 are already in this range. The Company remains cautious about the level of traditional sales. Large or small transaction-based sales can occur at any time, creating potential upside to Pulse's quarterly and annual revenues from current levels.

CORPORATE PROFILE

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to western Canada' energy sector. Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 28,956 square kilometres of 3D seismic and 450,000 kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occur.

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

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

- Pulse continues to look ahead cautiously to the next several quarters;
- Visibility as to Pulse’s traditional sales remains poor and transaction-based sales are innately unpredictable;
- Industry indicators continue to be contradictory;
- For the next several quarters, Pulse remains cautious about the level of traditional sales;
- Oil and natural gas prices;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Pulse’s business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance.

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

The material risk factors include, without limitation:

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

The foregoing list is not exhaustive. Additional information on these risks and other factors which could affect the Company’s operations and financial results is included under “Risk Factors” of the Company’s MD&A for the year ended December 31, 2017. Forward-looking information is based on the assumptions, expectations, estimates and opinions of the Company’s management at the time the information is presented.