

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. SIGNS \$17.0 MILLION SEISMIC DATA LICENSING AGREEMENT

CALGARY, Alberta, May 28, 2021 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) (“Pulse” or the “Company”) is pleased to announce it has signed a \$17.0 million seismic data licensing contract. On signing, the Company will immediately deliver a portion of the data and will recognize revenue of \$7.3 million. The remainder of the data must be selected by the customer before April 15, 2022, at which time the balance of the \$9.7 million licensing fees will be recognized as revenue. The licence is for 3D seismic data located in a liquids rich fairway in the west shale basin with multi-zone potential in Central Alberta.

“I am extremely pleased to announce the signing of this significant agreement and the recognition of the first tranche of \$7.3 million that brings Pulse’s year-to-date seismic data library sales to \$17.2 million. The agreement also ensures an additional \$9.7 million of revenue will be earned as the data is delivered at the clients request over the coming quarters,” commented Neal Coleman, President and CEO of Pulse. “A deal of this magnitude will be highly positive for the Company’s cash EBITDA and shareholder free cash flow, given the low-cost structure of the Company and high cash margin we generate.”

While the majority of the data to be licenced is a result of an industry M&A transaction, it also includes additional data considered to be a traditional data sale. Transaction-based sales are inherently unpredictable and contribute to the fluctuating nature of Pulse’s quarterly and annual results. From 2010 to 2020, annual transaction-based sales have ranged from a low of \$1.0 million in 2018 to a high of \$44.9 million in 2012. With the recent increase in merger and acquisition activity in Canada’s oil and natural gas sector, Pulse has benefited from a number of transaction-based deals of different sizes.

In January 2019, the Company borrowed \$38.0 million to partially fund the acquisition of Seitel Canada Ltd. and its capital allocation focus since then has been on debt reduction. By March 31, 2021, total debt had been reduced by half, to \$19.2 million. Having doubled the seismic data library through that acquisition, and with transaction-based sales being a significant component of Pulse’s data library licensing business in recent years, the Company continues to believe that the opportunity sets for future sales has increased across its greatly expanded data library.

With first quarter 2021 data sales of \$4.7 million and another \$12.5 million of data sales in the second quarter, the Company is pleased to report preliminary year-to-date seismic data sales of approximately \$17.2 million, which is 56% higher than annual data sales for 2020. These second quarter sales figures are preliminary and have not been audited or subject to review.

CORPORATE PROFILE

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the largest licensable seismic data library in Canada, currently consisting of approximately 65,310 square kilometres of 3D seismic and 829,207 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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