

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. ANNOUNCES DELAY IN FILING ITS Q1 2020 FINANCIAL STATEMENTS AND MD&A AND PROVIDES CORPORATE UPDATE

CALGARY, Alberta, May 13, 2020 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) (“Pulse” or the “Company”) announces today that filing of its unaudited interim quarterly financial statements and accompanying management’s discussion and analysis for the quarter ended March 31, 2020 (collectively the “Q1 Filings”) will be postponed due to delays caused by the COVID-19 pandemic.

The Q1 Filings would ordinarily have been filed on or before May 15, 2020, the required deadline set by National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI-51-102”). Pulse is issuing this news release pursuant to Alberta Securities Commission Blanket Order 51-517 – *Temporary Exemption from Certain Corporate Finance Requirements* (the “Blanket Order”), which provides the Company with an additional 45 days to complete its Q1 Filings, which includes the following continuous disclosure documents:

- Unaudited financial statements for the quarter ended March 31, 2020 as required by section 4.4 of NI 51-102; and
- Management’s discussion and analysis for the quarter ended March 31, 2020 as required by section 5.1(2) of NI 51-102

The Company expects to file the Q1 Filings no later than June 11, 2020.

As required by the conditions of the Blanket Order, until the Company has filed and announced the required Q1 Filings, Pulse’s management and other insiders of the Company will be subject to an insider trading blackout that reflects the principles in Section 9 of National Policy 11-207 – *Failure-to-file Cease Trade Orders and Revocations in Multiple Jurisdictions*.

Except as identified below, there have been no material business developments since February 13, 2020, when the Company filed its annual financial statements for the year ended December 31, 2019.

Pulse continues to respond to very challenging business conditions brought about by the combined impact of the COVID-19 pandemic and the precipitous decline of oil prices brought on by the unprecedented demand fallout from COVID-19. These global events have caused significant declines in the 2020 capital budgets of Pulse’s customers in the oil and natural gas sector of Western Canada. While the Company continues to see a lack of clarity into future seismic data licensing opportunities, Pulse remains engaged with customers to monitor their seismic data requirements.

Highlights of the preliminary financial results for the first quarter of 2020 include the following estimates:

- Data library sales of \$2.2 million;
- Net loss of \$2.8 million;
- Cash from operating activities of \$2.3 million;
- Cash EBITDA^(a) of \$1.1 million;
- Shareholder free cashflow^(a) of \$763,000; and
- Long-term debt balance of \$29.4 million.

At March 31, 2020, the Company was in compliance with all covenants related to its syndicated credit facility. In January 2019 Pulse borrowed a total of \$38 million to partially fund the acquisition of Seitel Canada Inc. This indebtedness included approximately \$23.0 million in senior debt on its syndicated credit facility, \$10.0 million in subordinated debt and an additional \$5.0 million due to the vendor of Seitel Canada Ltd. which reflected a potential sales-based deferred payment to the vendor. This acquisition more than doubled the size of Pulse's seismic data library, which we believe has doubled the opportunity set for future sales. At March 31, 2020 the balance owing on these credit facilities was \$29.4 million, of which \$19.4 million was due on its senior credit facility and \$10.0 million in subordinated debt. The sales-based deferred payment was fully satisfied by mid-2019.

With ongoing uncertainty as to the length and continued severity of this oil and gas downturn, Pulse is in discussions with the lead bank of its syndicated facility to amend its financial covenants to ensure additional flexibility in future quarters.

Management and the Board of Directors of the Company have taken cost-cutting measures in reaction to the decline in commodity prices and uncertainty surrounding the continuation of the low oil price environment. Pulse has implemented salary reductions ranging from 10 percent to 20 percent for its executive and management team, and compensation for the Board of Directors has also been reduced. All administrative and operating expenses and capital spending plans have been evaluated.

Pulse remains committed to the health and safety of its employees. In response to the public health measures associated with the pandemic, Pulse implemented its disaster recovery plan and staff have been working remotely since March 13, 2020. Management is closely monitoring the guidance of the health authorities and it is anticipated that staff will continue to work remotely for the foreseeable future. Pulse's business is supplying licences to a digitally-based product, seismic data, and as a result, staff are able to respond to customer needs in a timely manner. The Company's primary focus and attention at this time continues to be the safety of its employees, preserving cash and protecting the balance sheet while weathering these uncertain and unprecedented times.

(a)The Company's continuous disclosure documents provide discussion and analysis of "cash EBITDA" and "shareholder free cash flow". These financial measures do not have standard definitions prescribed by 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, lease payments treated as capital and warehouse storage fees, plus any non-cash and non-recurring expenses. 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.

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.

For further information, please contact:

Neal Coleman, President and CEO

403-531-0689

Or

Pamela Wicks, Vice President Finance and CFO

Tel.: 403-531-0207

Toll-free: 1-877-460-5559

E-mail: info@pulsesismic.com

Please visit our website at www.pulsesismic.com

This document contains information that constitutes “forward-looking information” or “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities legislation, including, but not limited to, statements regarding:

- > The outlook of the Company for the year ahead;
- > Recent events on the political, economic, regulatory, public health and legal fronts affecting the industry’s medium- to longer-term prospects;
- > The Company’s capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities and carry out the necessary capital expenditures through the balance of 2020;
- > Oil and natural gas prices and forecasted trends;
- > Oil and natural gas company capital budgets;
- > Future demand for seismic data;
- > Future seismic data sales; and
- > Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance, as they relate to the Company or to the oil and gas industry as a whole.

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking information. These factors include, but are not limited to: volatility of oil and natural gas prices; risks associated with the oil and gas industry in general; the Company’s ability to access external sources of debt and equity capital; credit, liquidity and commodity price risks; environmental, health and safety risks, including those related to the COVID-19 pandemic; federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, public health and safety; competition; the loss of seismic data; the introduction of new products; and climate change.

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

The forward-looking information contained in this document is provided as of the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, except as required by law. The forward-looking information in this document is provided for the limited purpose of enabling current and potential investors to evaluate an investment in Pulse. Such forward-looking information may not be appropriate, and should not be used, for other purposes.