

# **Pulse Data Inc.**

Renewal Annual Information Form  
For the year ended December 31, 2005

March 14, 2006

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## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

Pulse Data Inc. ("Pulse" or the "Corporation") was originally incorporated pursuant to the Canada Business Corporations Act as 144020 Canada Ltd. on August 26, 1985.

On February 18, 1987, the Corporation amended its articles to change its name to Gold Vessel Resources Inc. On March 21, 1995, the Corporation amended its articles to change its name to Consolidated Gold Vessel Resources Inc. and to consolidate its Class "A" common shares on a one for ten basis. On July 4, 1995, the Corporation amended its articles to change its name to Golden Bear Minerals Inc. On July 3, 1997, the Corporation amended its articles to change its name to Augusta Gold Corporation. Pursuant to a Plan of Arrangement effective October 1, 1998, the then existing liabilities, assets and minerals properties held by the Corporation were transferred to and assumed by Augusta Corporation in exchange for the issuance by Augusta Corporation to the Corporation of common shares of Augusta Corporation.

On October 13, 1999, the Corporation amended its articles to change its name to Pulse Data Inc. and to consolidate its then Class "A" common shares and its then Class "B" common shares on a 1 for 2.5 basis.

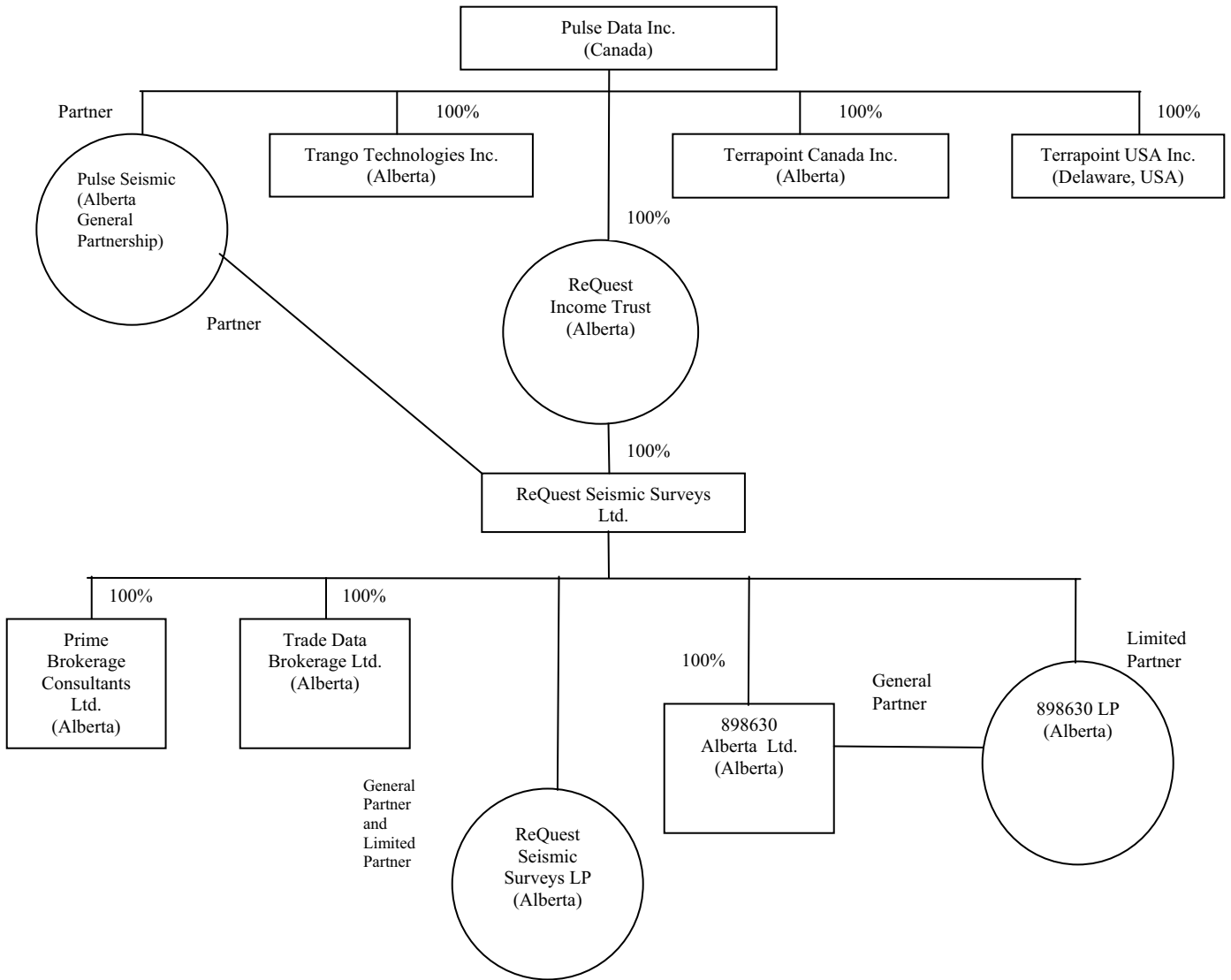
On June 15, 2000, Pulse reduced the stated capital account of its then Class "A" common shares by \$30,778,181.

On April 18, 2001, Pulse amended its articles to (i) remove from the articles the class of Class "B" common shares and the rights, privileges and restrictions thereof, and (ii) change the designation of its "Class A common shares" to "common shares".

Pulse's principal office is located at 2400, 639 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0M9. The registered office of Pulse is located at Suite 1400, 700 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 4V5.

### **Intercorporate Relationships**

The following diagram sets out the intercorporate relationships concerning the Corporation and its subsidiaries:



<sup>1</sup> ReQuest Seismic Surveys Ltd., an indirect wholly-owned subsidiary of Pulse, owns 100% of the outstanding units of 898630 LP and 100% of the Class A Units of ReQuest Seismic Surveys LP (representing approximately 95% of the total units of ReQuest Seismic Surveys LP).

## GENERAL DEVELOPMENT OF THE BUSINESS

The general development of the Corporation's business over the last three completed financial years is as follows:

- During the winter of 2002 and 2003, the Corporation completed, with an industry joint venture partner, five 3D participation surveys in the Buick area of northeastern British Columbia, for a total of 866 gross (433 net) square kilometres of 3D seismic data.
- During the winter of 2002 and 2003, the Corporation also shot 435 kilometres of 2D seismic data in a 100% owned survey in the Osborne River area of northeastern British Columbia and northwestern area of Alberta.
- During the spring and summer of 2003, the Corporation completed a 3D participation survey in the Kakwa area of northern Alberta, for a total of 88 square kilometres of 3D seismic data.
- During the fourth quarter of 2003, the Corporation also completed two significant seismic data purchases, one set comprising 67 square kilometres of 3D seismic data and a larger set of 354 square kilometres of 3D seismic data and a nominal number of kilometres of 2D seismic data (which had previously been shot by the Corporation for a client under project management agreements).
- During 2004, the Corporation completed seven 3D participation surveys in northern Alberta, acquiring a total of 1,101 square kilometres of new 3D data, all of which is owned 100% by the Corporation. In the fourth quarter of 2004, the Corporation also purchased the proprietary rights in two existing seismic datasets, adding an additional 125 net square kilometres of 3D data and 275 net kilometres of 2D data to its library.
- On May 25, 2004, the Corporation acquired all of the issued and outstanding common shares, options and warrants of Mosaic Mapping Corporation ("Mosaic") for 4,497,956 common shares and \$2,141,920 in cash including transaction costs of \$388,278, resulting in Mosaic becoming a wholly-owned subsidiary of the Corporation. Mosaic was subsequently dissolved and its operating subsidiaries were reorganized and renamed as Terrapoint Canada Inc. and Terrapoint USA Inc.
- During the first quarter of 2005, the Corporation completed two 3D participation surveys in northern Alberta resulting in the addition of 244 square kilometres of 100% owned 3D seismic data to the data library.
- On June 15, 2005 the Corporation completed the acquisition of a significant seismic data base consisting of 2,502 net square kilometres of 3D seismic data and 534 kilometres of 2D seismic from an unrelated third party for \$15,225,000.
- During the fourth quarter of 2005, the Corporation completed two 3D participation surveys in west-central Alberta resulting in the addition of 174 square kilometres of 100% owned 3D data to the data library.

## DESCRIPTION OF THE BUSINESS

### GENERAL

Pulse is a Calgary-based international company specializing in information management, with a current focus on the energy sector.

The Corporation's primary business is the acquisition, marketing and licensing of non-exclusive seismic data, which it conducts through its general partnership, Pulse Seismic. Through its subsidiaries Terrapoint Canada Inc. and Terrapoint USA Inc. (together, "Terrapoint"), the Corporation also provides services and technology solutions in the fields of airborne and ground based digital terrain mapping (LiDAR) and digital imaging. Through its subsidiary Trango Technologies Inc. ("Trango"), the Corporation also provides seismic database management applications, database management services and internet marketing applications for seismic data libraries owned by oil and gas exploration and production companies.

### Pulse Seismic

Pulse Seismic's data library consists of approximately 240,000 net kilometres of 2D seismic data and more than 9,440 net square kilometres of 3D seismic data.

Pulse Seismic's primary business is data licensing, being (i) the licensing to third parties of existing proprietary seismic data owned by Pulse Seismic, and (ii) the granting of licences to participants in participation seismic surveys of data acquired pursuant to those surveys. Pulse Seismic acquires seismic data by developing and marketing new participation seismic surveys or by purchasing existing seismic databases. Pulse Seismic also provides seismic acquisition project management and supervision services to the oil and gas industry. Pulse Seismic's services are offered to the oil and natural gas industry and form an important part of the seismic data acquisition process. Companies engaged in oil and natural gas exploration, development and production use seismic data to assist in exploring for and developing new reserves, in establishing the extent of existing reserves and in managing producing reservoirs.

Exploration and production seismology is the process by which explorationists attempt to image the earth's subsurface strata. 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 of 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 after which they are stored on magnetic tape for subsequent processing and interpretation. The resultant seismic section provides explorationists with valuable data on the potential of a particular area to yield oil or natural gas reserves and assists in the selection of drilling locations.

Historically, seismic data has provided explorationists with a 2D profile of the subsurface directly beneath the line on which the data was acquired. Over the last several years, new techniques for acquiring 3D seismic data have been developed and refined. While 3D seismic provides a more accurate reading of potential reserves, its use in Canada was generally restricted to development of such reserves as opposed to 2D seismic which was more cost-efficient for exploration purposes. 3D seismic, however, has gained acceptance as an exploration tool.

Oil and gas companies had traditionally viewed their seismic data libraries as giving them a competitive advantage and, as a result, the majority of seismic data was acquired directly by these companies on a proprietary basis through the hiring of subcontractors to complete a survey in an area of interest. However, there is a growing trend among oil and gas producers to outsource seismic data acquisition and management. This is achieved through the purchase by the producers of licences to view and analyze existing seismic data owned by other parties and by participating in participation seismic surveys with other parties wherein the producers fund a portion of a seismic survey project carried out and managed by other parties and in which the producer does not retain a proprietary interest but obtains a non-exclusive

licence to the data. In addition, a number of oil and gas producers are monetizing their investments in their proprietary seismic data libraries by selling them.

### Revenue Sources:

#### Pulse Seismic:

The primary source of the Corporation's revenues has been the licensing by Pulse Seismic of seismic data from its seismic data library. Such licences are granted by Pulse Seismic (a) on seismic data in Pulse Seismic's existing seismic data library, and (b) to participants on seismic data acquired in Pulse Seismic's participation surveys. Over the past three fiscal years, revenues from data licensing has accounted for approximately 88% of Pulse's total revenues.

The following is a breakdown of Pulse's sources of revenue over its last two fiscal years:

Revenue Sources	For the twelve months ended December 31			
	2005		2004	
	Revenue (thousands)	% of Total Revenue	Revenue (thousands)	% of Total Revenue
Seismic Data:				
Data Library Sales	34,905	63.9	25,674	50.3
Participation Surveys	10,006	18.3	19,916	39.1
LiDAR	8,452	15.5	3,886	7.6
Trango	1,455	2.7	1,437	2.8
Corporate & other	(227)	(0.4)	79	0.2
<b>Total</b>	<b>\$ 54,592</b>	<b>100</b>	<b>\$ 50,992</b>	<b>100</b>

#### *Data Library License Sales*

Data licensing from Pulse Seismic's existing seismic data library generally proceeds in the following manner. An interested party contacts Pulse Seismic, directly or through a broker, and indicates that it wishes to inspect seismic data in a particular location. Pulse Seismic provides a sample of the information to the interested party for inspection. If the interested party agrees to license the data, Pulse Seismic ensures that all necessary copies of the information are correctly prepared and delivered to the client and Pulse Seismic invoices the licensee at the agreed price per kilometre for 2D data or per square kilometre for 3D data. If the licensee approached Pulse Seismic via a broker, a brokerage fee of 10% of the licence fee is paid to the broker by Pulse Seismic upon receipt of the proceeds from the licensee.

Where Pulse Seismic owns less than a 100% ownership interest in a seismic data set in its existing library, the remaining undivided interests in such seismic data are owned by various other parties. In those circumstances, agreements are in place between the various interest owners of the seismic data providing for, among other things, the management of the seismic data and the division of revenues arising from the licensing of the seismic data. When Pulse Seismic licenses seismic data in which it owns less than a 100% interest, the licence fee therefrom, net of commissions and management fees, is divided among Pulse Seismic and the other interested parties. Where Pulse Seismic manages the seismic data, Pulse

Seismic earns a 5% management fee and a 10% commission on the license fee. In these cases, the revenue recorded by Pulse Seismic is the management fee plus the net commission and the net amount of the licensing revenue.

Pulse Seismic increases its seismic data library through its involvement in participation seismic surveys as referred to below and through the acquisition of proprietary interests in existing seismic data from other parties.

#### *Participation Seismic Surveys*

Pulse Seismic designs, markets and operates participation seismic surveys wherein non-exclusive licences to the seismic data acquired from such surveys are granted by Pulse Seismic to parties that participate in the surveys. In these surveys, Pulse Seismic, either by itself or in consultation with oil and gas companies, selects a location for the survey based upon a risk analysis undertaken by Pulse Seismic. Once an area has been selected, Pulse Seismic approaches oil and natural gas companies to subscribe for the seismic information to be obtained from the survey prior to the information being gathered in the field. Obtaining such subscriptions assists in the financing of the surveys and helps to indicate the marketability of the data. When sufficient subscriptions have been procured, Pulse Seismic hires sub-contractors to perform the variety of tasks involved in a survey, although Pulse Seismic supervises all aspects of the survey. By way of presales of licences, the oil and natural gas companies participating in the survey purchase a non-exclusive licence to use the seismic information obtained. Such licences may include a limited exclusive period of up to six months, are perpetual and transfer no ownership rights. Exclusive periods are negotiated on a survey by survey basis. Pulse Seismic retains the ownership rights to continue to licence the seismic data to interested parties after the expiry of any applicable exclusivity period.

Pulse Seismic has generally obtained, and anticipates continuing to obtain, presales of licences covering at least 75% of the cost of participation surveys before proceeding with such surveys, with the actual percentage cost of a particular survey obtained by Pulse Seismic ahead of time depending upon Pulse Seismic's risk analysis of such survey. In circumstances where the results of Pulse Seismic's risk analysis of a survey indicates the risks to be low, Pulse Seismic has proceeded in the past, and may proceed in the future, with the survey when it has obtained presales for less than 60% of the cost of the survey. In some cases, participation may be limited to a particular oil and gas company, which may fund the majority of a survey.

The advantages to oil and gas companies of purchasing non-exclusive seismic surveys are: (i) the ability to evaluate large tracts of land with cost-effective seismic data; (ii) the ability to obtain seismic data in an area on a confidential basis for exploration purposes; (iii) the opportunity to interpret new, high quality seismic data with little competition (only the other initial purchasers of licences) during an exclusivity period; and (iv) the ability to re-allocate personnel to other tasks that would otherwise be tied up supervising the acquisition of this seismic data. These advantages accrue not only to large oil and natural gas companies, which may utilize the surveys to complement their own seismic databases, but also to junior and intermediate companies which gain access to seismic data through their direct subscription in participation surveys or on a licensed basis upon the expiry of the exclusivity period. The primary benefit to Pulse Seismic from its participation in these surveys is the addition, on a cost-effective basis, of modern seismic information to its database. The asset value of these surveys ranges from hundreds of thousands to millions of dollars depending on the size and location of the project.

The seismic data industry in which Pulse Seismic participates has, over the past number of years, experienced an increase in demand for larger 3D seismic surveys encompassing areas up to 1,000 square kilometres in size. In comparison to the costs of acquiring 2D seismic surveys and smaller 3D seismic surveys, the costs of such larger 3D seismic surveys are significantly higher. At current seismic acquisition costs, the total cost of 1,000 square kilometres of 3D seismic is approximately \$30,000,000 to

\$40,000,000. In order to participate in such larger surveys yet share the cost risks associated therewith, Pulse Seismic has sometimes historically engaged in strategic alliances with certain of its competitors for the purposes of reducing its risk in such larger surveys.

#### *Project Management*

Pulse Seismic also generates revenues through project management of supervision services to the oil and gas industry. These revenues have typically amounted to less than 5% of Pulse's revenues generated each year.

#### **Terrapoint:**

Terrapoint uses proprietary LiDAR (Light Detection and Ranging) technology to generate Digital Elevation Models (DEM's) which are sold or licensed to its clients. LiDAR uses a similar principle to RADAR. The LiDAR instrument transmits light out to a target. The transmitted light interacts with and is changed by the target. Some of this light is reflected / scattered back to the LiDAR instrument where it is analyzed. The change in the properties of the light enables some properties of the target to be determined. The time for the light to travel out to the target and back to the LiDAR instrument is used to determine the distance to the target. With an inventory of "High Range" fixed wing wide area LiDAR systems, "Low Range" helicopter mounted corridor mapping systems and "Ground Based Mobile" LiDAR systems, and with offices in Calgary, Ottawa and Houston, Terrapoint is a world leader in capacity, experience and flexibility of services provided. LiDAR data is used by industries such as land development, transportation (road and pipeline construction and maintenance), oil and gas exploration companies, engineering firms and government agencies engaged in flood plain mapping, and utility companies (powerline, pipeline and communication) to accurately map surface and other topographic features. LiDAR technology and data are used world wide. Although Terrapoint has extensive experience operating in various environments throughout the world, the main area for operations is planned to be in North America in 2006. Terrapoint's plan of forming strategic partnerships with firms having complementary expertise and market reach, both in North America and select international marketplaces, is enabling the company to steadily grow revenues and profit by deploying its unique geospatial technology solutions.

#### **Trango:**

Revenues are also generated through the Corporation's wholly-owned subsidiary company, Trango, which offers seismic data management applications, database management services and internet marketing applications for data libraries owned by oil and gas companies. Trango's revenues include software license sales, support, installation services, migration services and database audits. Developed in Canada and internationalized in 2000, Trango's software helps petroleum companies catalogue and track their seismic, geological, well and related corporate assets. Trango's clients range from juniors to large Canadian and United States based multi-nationals.

Trango's GIS-enabled software and enterprise database applications provide a central platform for companies to exploit the value of their seismic assets. Unlike competitors who provide single-source storage software, Trango's integrated solutions provide clients with access to all of their physical and electronic assets regardless of where they are located. Trango's software solutions give the Corporation a leading edge solution to manage, market and distribute a wide range of information. Trango has been successful in placing its software in several major independent and multi-national petroleum exploration companies with seventy percent of Trango licenses being located outside of Canada.

#### **Seismic Industry Overview**

The use of seismic data by oil and gas companies in exploration and development activities and reserve management greatly enhances their chances for success. As a result, seismic data is vital information in

the oil and natural gas exploration and development business. Seismic data is obtained by laying cable connected sensors called geophones along the surface of the ground. The cable is connected to a computer capable of recording data received. Once the cable and geophones are in place, an explosion is detonated. The explosion sends acoustic energy through the ground and into the subsurface in the form of a seismic wave. The seismic wave is reflected back to the geophones where it is converted to electrical energy and transferred along the cable to the computer and digitally recorded on tape, different physical properties in the subsurface cause changes in the velocity and travel paths of the energy wave. This information is processed using sophisticated computer software to produce a seismic image that can then be used by geophysicists to assist in evaluating the oil and gas bearing potential of various geological zones. The use of a single cable produces a 2D image.

The 3D seismic imaging process involves the use of parallel cables set over a defined area. Again, an explosion is used to send acoustic energy waves into the subsurface. In the case of 3D seismic, the data, once processed, produces a three dimensional seismic image that provides detailed information for oil and natural gas exploration and development activities and reservoir management. 3D seismic provides a more detailed image of potential reserves than 2D seismic and is therefore useful in the development of reserves. 2D seismic is more cost-effective and regionally oriented than 3D seismic and is therefore useful for exploration purposes. 2D seismic also has a wider appeal to a broader range of oil and natural gas companies. Recently, however, 3D seismic has been gaining acceptance as an exploration tool.

Oil and natural gas are commodities affected by global and regional events of an economic, political and environmental nature. Such events necessarily impact the price of the commodity in that either security of supply or demand for the product is affected to varying degrees. The outlook for prices, in turn, has a major influence on levels of competition and capital investment in the oil and natural gas exploration and production business and has spin-off effects on related businesses including the business of Pulse. Overall capital investment in oil exploration and drilling projects in 2005 was higher than 2004 and 2003 and Pulse believes that overall capital investment by the oil and gas industry will have a similar level in 2006 as that experienced in 2005.

### **Seismic Industry Competitive Conditions**

The Western Canadian geophysical services industry is fragmented and is comprised of a full spectrum of service providers from large multi-national full service companies to single proprietorship owners of seismic data. Unlike full-service companies, which own and operate equipment and field crews for the purposes of seismic data acquisition and seismic data processing, Pulse Seismic's focus remains on the procurement of seismic data by purchasing existing data and developing new participation surveys through the use of contracted equipment and crews as well as the marketing and management of its seismic data inventory.

The Western Canadian geophysical services industry is highly competitive. Pulse Seismic competes with other companies that acquire, market and license seismic data, that maintain their own seismic data libraries, and that compete against Pulse Seismic in licensing seismic data to its customers.

### **Seismic Industry Cycles and Seasonality**

The demand for seismic data and services depends primarily upon the level of exploration and development activity by oil and natural companies in Western Canada. These activity levels are directly affected by fluctuations in world energy prices, supply and demand for oil and natural gas, and to a lesser extent government regulation, including regulation of environmental matters.

Seismic surveys are usually completed in the winter season when frozen ground conditions permit the movement and operation of heavy equipment in the northern areas of Alberta and British Columbia.

### Seismic Industry Environmental Protection

Seismic survey operations are subject to Canadian federal and provincial laws and regulations relating to the protection of the environment. The Corporation and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements in their seismic survey operations. The financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Corporation for the most recently completed financial year were not material to the Corporation. Although environmental protection requirements are expected to continue to grow in future years, the Corporation does not expect at this time that the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Corporation will be material in future years.

### Employees

As of December 31, 2005, the Corporation, through itself and its subsidiaries, had 99 full time and 1 part time employees.

### Environmental, Health and Safety Policies

The Corporation has implemented written policies and procedures to promote a safe, healthy and accident free workplace for its employees and contractors and to mitigate adverse effects on the environment. In addition, the Board of Directors has established an Environment, Health and Safety Committee, whose mandate is to monitor the environmental, health and safety practices and procedures of the Corporation for compliance with applicable legislation, conformity with industry standards, and prevention or mitigation of losses.

## RISK FACTORS

The Section entitled "Risk Factors" in the Corporation's MD&A for the year ended December 31, 2005 is incorporated by reference. The Corporation's MD&A for the year ended December 31, 2005 is on SEDAR at [www.sedar.com](http://www.sedar.com).

## DIVIDENDS

The following table discloses the amount of cash dividends declared per common share for each of the three most recently completed financial years:

Year ended December 31, 2003	Year ended December 31, 2004	Year ended December 31, 2005
\$0.025 (1)	\$0.050 (2)	\$0.075 (3)

Notes: (1) represents two quarterly dividends of \$0.0125 per common share paid in September and December 2003.

(2) represents four quarterly dividends of \$0.0125 per common share paid in 2004.

(3) represents two quarterly dividends of \$0.0125 per common share and two quarterly dividends of \$0.025 paid in 2005.

The Corporation commenced paying a quarterly dividend of \$0.0125 per common share (\$0.05 per year) in September 2003. In August 2005, the Corporation doubled the quarterly dividend to \$0.025 per common share (\$0.10 per year) commencing with the quarterly dividend payable in September 2005. In February 2006, the Corporation announced that the Board of Directors had approved a 50% increase in its quarterly dividend to \$0.0375 per common share (\$0.15 per year) commencing with the dividend to be declared in conjunction with the release of its audited 2005 financial results.

The payment of and level of future dividends will be determined by the Board of Directors of Pulse in light of free cash flow, capital requirements and the financial condition of Pulse and other relevant factors.

Pulse has in place a Dividend Reinvestment and Optional Share Purchase Plan (DRIP). Under the DRIP, eligible shareholders may automatically reinvest their dividends in common shares of Pulse at 95% of the current market price. Eligible participants may also purchase additional common shares of Pulse at the current market price, with a minimum of \$200 per purchase and a maximum of \$50,000 per calendar year.

### **DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As of December 31, 2005 there were 46,559,778 common shares outstanding and no preferred shares outstanding.

The holders of the common shares are entitled to receive dividends if, as and when declared by the Board of Directors. The holders of common shares are entitled to receive notice of and to attend all meetings of shareholders and are entitled to one vote per common share held at all such meetings. In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares will be entitled to share equally, share for share, in any distribution of the assets of the Corporation.

The preferred shares are non-voting and are issuable in series, with such designations, rights, privileges, restrictions and conditions as are determined by the Board of Directors at the time of issue.

### **MARKET FOR SECURITIES**

The common shares of Pulse are listed for trading on the TSX under the trading symbol PSD.

The following table provides information on the price ranges and volumes traded on the TSX for each month during 2005:

Month	Trading Volume	Price Range
January	4,396,745	\$1.67 - \$2.07
February	2,140,937	\$1.87 - \$2.10
March	2,582,358	\$2.05 - \$2.10
April	2,927,386	\$1.98 - \$2.20
May	781,546	\$2.05 - \$2.09
June	5,144,434	\$1.82 - \$2.09
July	821,504	\$1.97 - \$2.26
August	1,292,110	\$2.15 - \$2.53
September	3,108,294	\$2.25 - \$2.60
October	2,218,353	\$2.07 - \$2.43

November	1,484,216	\$2.14 - \$2.37
December	1,123,774	\$2.10 - \$2.38

### DIRECTORS AND OFFICERS

The name, province and country of residence, positions held with the Corporation, and principal occupation of the directors and executive officers of Pulse are as follows:

Name and Residence	Positions Held <sup>(5)(6)</sup>	Principal Occupation
Daphne Corbett <sup>(1)(3)</sup> British Columbia, Canada	Director	Independent Businessperson
Arthur Dumont <sup>(2)(3)(4)</sup> Alberta, Canada	Director	Chairman & CEO, Technicoil Corporation
Peter Fuss <sup>(2)(3)</sup> Florida, USA	Director	Independent Businessperson
Kenneth G. MacDonald <sup>(4)</sup> Alberta, Canada	President, Chief Executive Officer and Director	President of Pulse
Graham Weir <sup>(1)(3)</sup> Alberta, Canada	Director	Independent Businessperson
Donald West <sup>(2)(3)(4)</sup> Alberta, Canada	Director	Independent Businessperson
Clark Zentner <sup>(1)(3)</sup> Alberta, Canada	Director, Chairman of the Board	Independent Businessperson
Douglas A. Cutts Alberta, Canada	Vice President, Finance and Chief Financial Officer	Vice President, Finance of Pulse
Brent Gale Alberta, Canada	Vice President, Operations and Chief Operating Officer	Vice President, Operations of Pulse
Richard Earle <sup>(7)</sup> Alberta, Canada	Vice President, Marketing and Sales	Vice President, Marketing and Sales of Pulse

**Notes:**

- (1) Member of the Audit Committee. Graham Weir is the Chair of the Committee.
- (2) Member of the Compensation Committee. Donald West is the Chair of the Committee.
- (3) Member of the Corporate Governance Committee. Arthur Dumont is the Chair of the Committee.
- (4) Member of the Environment, Health and Safety Committee. Donald West is the Chair of the Committee.
- (5) Kenneth MacDonald and Arthur Dumont have been directors of Pulse since October of 1999. Donald West has been a director of Pulse since June of 2000. Graham Weir and Clark Zentner have been directors of Pulse since April of 2002. Daphne Corbett and Peter Fuss have been directors of Pulse since May 20, 2004.

- (6) Each of the directors will hold office until the next annual meeting of shareholders or until their successor is duly elected or appointed.
- (7) Richard Earle was appointed Vice President, Marketing and Sales on January 9, 2006.

The background of each of the directors and executive officers of Pulse and their principal occupations for the past five years are as follows:

**Daphne Corbett, Director**

Ms. Corbett is an independent businessperson with over 20 years of experience in corporate banking. From 1981 to 2003 Ms. Corbett has worked in various senior and executive positions with HSBC Bank of Canada, a subsidiary of HSBC Holdings PLC.

**Arthur Dumont, Director**

Mr. Dumont has been the Chairman of Technicoil Corporation (an energy service company) since October 2000. Mr. Dumont was the President and Chief Executive Officer of CenAlta Energy Services Inc. (an energy services company) from November 1998 to October 2000.

**Peter Fuss, Director**

Mr. Fuss is a management consultant and is the Executive VP Technology of Batterson Venture Partners LLC. He is also currently a director of Mechatronic Laboratories Inc., Raindrop Geomagic Inc. and Cogenic Inc.

**Kenneth G. MacDonald, President, Chief Executive Officer and Director**

Mr. MacDonald has been President and Chief Executive Officer of Pulse since October of 1999.

**Graham Weir, Director**

Mr. Weir is an independent businessman. From 1990 to December 2000, he was Vice President and Director of Corporate Finance for Goepel McDermid Inc. (an investment dealer). He is currently a director of Graymont Limited, Grupo Calidra, Wave Energy and Zargon Energy Trust.

**Donald West, Director**

Mr. West has been a director of Enerplus Resources Corporation (an oil and gas corporation) since April of 2003. From March 1993 to September 1999, he was the President, Chief Executive Officer and a director of Rigel Energy Corporation (an oil and gas company).

**Clark Zentner, Director**

Mr. Zentner is an independent businessman. From 1998 to 2001, Mr. Zentner was Director of National Consultants for Education (an education services organization) based in Bethesda, Maryland. Prior thereto, from 1990 to 1998, he was Managing Director, Merchant Banking with ARC Financial Corporation (an investment management and merchant banking company).

**Douglas A. Cutts, Vice President, Finance and Chief Financial Officer**

Mr. Cutts joined Pulse on March 25, 2002 as Vice President, Finance and Chief Financial Officer. From September 2000 to November 2001 he was Vice President Finance, Chief Financial Officer, and a Director of Command Drilling Corporation (an energy services company). From July 1997 to April 1999 he was President, Chief Operating Officer, and a Director of IPEC (an energy services company).

**Brent Gale, Vice President, Operations and Chief Operating Officer**

Mr. Gale has been Vice President, Operations and Chief Operating Officer of Pulse since August, 2003. Prior thereto, Mr. Gale was Vice President of Pulse since October 1999.

#### **Richard Earle, Vice President, Marketing and Sales**

Richard Earle was appointed Vice President, Marketing and Sales on January 9, 2006. Richard Earle was the President of Time Seismic Exchange Ltd., the Canadian seismic library subsidiary of Veritas DGC, from 1998 through October 2004.

#### **Securities Owned**

As at March 14, 2006, the directors and executive officers of Pulse, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,627,370 Pulse common shares (representing approximately 5.6 % of the issued and outstanding Pulse common shares).

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Arthur Dumont was formerly a director of Fracmaster Ltd. ("Fracmaster"). On March 18, 1999, Fracmaster, in cooperation with its syndicate of lenders, obtained an order of the Alberta Court of Queen's Bench (the "Court") placing Fracmaster under the protection of the Companies Creditors Arrangement Act. On May 17, 1999, the Court issued an order placing Fracmaster in receivership with Arthur Andersen acting as receiver. On May 21, 1999, the Court granted a further order approving the sale of substantially all of the assets of Fracmaster to BJ Services Company. In June of 1999, orders were issued by various securities commissions in Canada, including the securities commissions in the Provinces of Alberta, Ontario and British Columbia ordering that trading cease in respect of the securities of Fracmaster for failure of Fracmaster to file, and deliver to its shareholders, certain financial statements of Fracmaster in accordance with applicable securities laws. Arthur Dumont resigned as a director of Fracmaster in April of 1999.

#### **Conflicts of Interest**

The Corporation holds an approximate 50% undivided interest in certain 2D seismic data totaling 1,765 net kilometres (0.7% of the Corporation's 2D data library) in which Ken MacDonald and Brent Gale (through their holding companies) also hold undivided interests. The contract between the parties is for the management and licensing of the seismic data to third parties for a success-based fee and only permits payment of revenues to the related parties upon receipt of the licensing fees from the third parties. The amount due under these arrangements as at December 31, 2005 was \$192,030.00. The Corporation does not consider this contract or the conflict of interest to be material.

#### **TRANSFER AGENT AND REGISTRAR**

The Corporation's transfer agent and registrar is Computershare Trust Company of Canada with registers of transfers of the Corporation's common shares in Calgary, Alberta and Toronto, Ontario.

#### **MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course of business, there were no contracts that are material to the Corporation and that were entered into within the most recently completed financial year, or before the most recently completed financial year but which are still in effect.

#### **INTERESTS OF EXPERTS**

KPMG LLP, Chartered Accountants, audited the annual consolidated financial statements for the financial years ended December 31, 2005, 2004 and 2003.

Since their appointment as auditors, KPMG LLP and its partners have not held any registered or beneficial interests, directly or indirectly, in any securities of the Corporation or its associates or affiliates.

### ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year.

### AUDIT COMMITTEE INFORMATION

The following Audit Committee information is provided in accordance with MI 52-110 Audit Committees:

#### The Audit Committee's Charter

The Audit Committee's Charter is attached to this AIF.

#### Composition of the Audit Committee

The members of the Audit Committee are Graham Weir (Chair), Daphne Corbett and Clark Zentner. All members of the Audit Committee are considered to be independent and financially literate within the meaning of MI 52-110 Audit Committees.

#### Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of such member's responsibilities as an Audit Committee member are as follows:

MEMBER'S NAME	RELEVANT EDUCATION AND EXPERIENCE
Graham Weir	<p>Relevant Education:</p> <ul style="list-style-type: none"> <li>● B.Sc. Mathematics – 1974 - Trent University</li> <li>● M.Sc. Actuarial Mathematics – 1977 - University of Manitoba</li> <li>● Chartered Business Valuator – 1994 - Canadian Institute of Business Valuators</li> <li>● M.Sc. Financial Mathematics – 2005 – Oxford University</li> </ul> <p>Relevant Experience:</p> <ul style="list-style-type: none"> <li>● For the decade ended December 2000, investment banker with Goepel McDermid Inc. (and its predecessor Goepel Shields and Partners Inc.) in its Calgary office</li> <li>● Since January 2001, pursuing a Master of Science in Mathematical Finance at the University of Oxford and serving on the boards of several public and private companies</li> </ul>

	<ul style="list-style-type: none"> <li>• Currently a member of the Audit Committee of Pulse Data Inc. and Graymont Limited, Grupo Calidra, Wave Energy and Zargon Energy Trust</li> </ul>
Daphne Corbett	<p>Relevant Education:</p> <ul style="list-style-type: none"> <li>• B.A. (Major in Psychology and Minor in Math) – 1970 – University of Victoria</li> <li>• CMA – Member of the BC Association 1989-1999 (resigned as a member in good standing)</li> </ul> <p>Relevant Experience:</p> <ul style="list-style-type: none"> <li>• Senior Vice President BC Region for HSBC Bank Canada 2000 -2002</li> <li>• Head of Internal Audit for Canada for HSBC Bank 1994-1997</li> <li>• Head of Internal Audit for Latin America for HSBC Bank 1997-2000</li> <li>• Chair of the Finance VISTA Steering Committee of HSBC Group</li> <li>• Chair of the Audit Committee for Emergency Communications for Southwestern B.C.</li> <li>• Member of the Finance Committee for the Pacific Salmon Foundation</li> </ul>
Clark Zentner	<p>Relevant Education:</p> <ul style="list-style-type: none"> <li>• B.Sc. Math – 1975 - University of Saskatchewan</li> <li>• MBA – 1979 - Queen’s University</li> </ul> <p>Relevant Experience:</p> <ul style="list-style-type: none"> <li>• 1979 – 1988 Financial analyst and manager - Amoco</li> <li>• 1988 – 1990 Oil &amp; Gas securities analyst – Wood Gundy</li> <li>• 1990 – 1998 Investment banking and corporate financial advisory professional – ARC Financial</li> <li>• Director for Milestone Exploration Inc., a private oil and gas exploration and production company. Member of audit committee</li> <li>• Director of Natural Valley Farms Inc., a private beef processing and marketing company. Member of audit committee</li> <li>• Director and Officer of SpiderPlow Services Inc., a private oilfield service company.</li> </ul>

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted the following specific policies and procedures for the engagement of non-audit services:

On an annual basis, the Audit Committee updates and approves a list of pre-approved audit, audit-related, tax and other services, and pre-approves services that are recurring or are otherwise reasonably expected to be provided.

The Audit Committee is informed quarterly of the services on such list for which the auditor has actually been engaged.

Additional requests for pre-approval are addressed on a case by case specific engagement basis as follows:

- Where the aggregate fees for an engagement are estimated to be less than or equal to \$10,000, the CFO submits a recommendation to the Chair of the Audit Committee for pre-approval. The full Audit Committee is informed of the service at the next meeting of the Audit Committee. The engagement may commence upon pre-approval by the Chair of the Audit Committee;
- Where the aggregate fees for an engagement are estimated to be greater than \$10,000, the CFO submits a recommendation to the full Audit Committee for pre-approval. The engagement may commence upon pre-approval by the full Audit Committee.

**External Auditor Service Fees (by Category)**

	2005 Financial Year	2004 Financial Year
Audit Fees	100,000	100,000
Audit-Related Fees (1)	48,000	54,000
Tax Fees (2)	26,000	53,000
All Other Fees (3)	175,000	62,000

Notes:

(1) Includes the review of interim consolidated financial statements for the periods ended March 31, June 30 and September 30.

(2) Includes the review of corporate tax returns for Pulse Data Inc. and its subsidiary companies, preparation of U.S. tax returns for Terrapoint USA Inc. and general tax planning, and for 2004 includes a review of the Mosaic Mapping Corporation acquisition.

(3) For the 2005 financial year, includes consulting fees relating to a regulatory review of the Corporation and other corporate restructuring, and for the 2004 financial year, includes the review of the Mosaic Mapping Corporation Information Circular.

**PULSE DATA INC.**

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**Audit Committee**

**Terms of Reference**

**Revised March 21, 2005**

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**Overview and Purpose**

The Audit Committee (the “Committee”) is appointed by and responsible to the Board of Directors (the “Board”) of Pulse Data Inc. (the “Corporation”). The Committee oversees the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation, in accordance with applicable laws and securities policies and instruments and these Terms of Reference.

The Committee has the authority to investigate any financial activity of the Corporation. The primary responsibilities of the Committee include:

- assessing the processes related to identification of risks and effectiveness of the control environment;
- overseeing financial reporting; and
- evaluating the external audit process.

The Committee shall have unrestricted access to the Corporation’s personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

**Composition**

The Committee will be comprised of a minimum of three directors. All Committee members will be independent and financially literate within the meaning of MI 52-110 Audit Committees.

The members of the Committee shall be appointed or reappointed at the meeting of the Board immediately following each annual meeting of the shareholders of the Corporation. Each member of the Committee shall continue to be a member thereof until such member’s successor is appointed, unless such member shall resign or be removed by the Board or such member shall otherwise cease to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three (3) directors as a result of the vacancy.

The members of the Committee shall choose one of its members to serve as Chair (the “Chair”) who is responsible for the preparation of reports to the Board and conducting the meetings of the Committee. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present. Resolutions of the Committee shall be carried by the majority of the votes of the members of the Committee present at the meeting.

All members of the Board shall be free to attend any meetings of the Committee and participate, but only those members of the Committee shall be entitled to vote on any question before the Committee. Other than members of the Board, entitlement to attend all or a portion of any Committee meetings shall be determined by the Chair of the Committee or its members. The Chair of the Board is an ex-officio and non-voting member of the Committee, unless appointed by the Board as a full member of the Committee.

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

### **Responsibilities**

The responsibilities of the Committee include the following:

- To review the Corporation's quarterly financial statements, quarterly management's discussion and analysis and the financial information contained in the interim results news releases and interim reports to shareholders, and to provide recommendations to the Board for their approval;
- To review the Corporation's annual audited financial statements and notes thereto and satisfy itself that they are fairly presented in accordance with Canadian generally accepted accounting principles and to recommend to the Board whether such financial statements should be approved;
- To review the financial information contained in the annual management's discussion and analysis, the financial information contained in the annual results news releases and annual reports to shareholders, and the financial information contained in the Annual Information Form (the "AIF"), to determine that they provide consistency of disclosure with the financial statements themselves, and to provide recommendations to the Board for their approval;
- To review the disclosure of Audit Committee information contained in the AIF, and to provide recommendations to the Board for its approval;
- To review such other financial information as the Corporation may publish from time to time including financial information in prospectuses and other offering documents and financial information required by regulatory authorities, to satisfy itself that they are fairly presented in accordance with Canadian generally accepted accounting principles, and to provide recommendations to the Board for their approval;
- To review and monitor accounting policies and practices;
- To review and monitor risk management practices;
- To review and monitor any material litigation involving the Corporation;
- To satisfy itself that management of the Corporation has implemented appropriate systems of internal control over financial reporting and determine that these are operating effectively;

- To satisfy itself that the external audit function has been effectively carried out in a cost effective manner and that any matter which the external auditors wish to bring to the attention of the Board has been addressed;
- To review the annual appointment of external auditors for recommendation to the Board for approval by the shareholders of the Corporation, and to review the compensation of the external auditors and provide a recommendation to the Board for approval;
- To review any new appointment to the position of chief financial officer or to any other key executive position with financial reporting responsibilities;
- To review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditors (provided that the Committee may adopt policies and procedures for the pre-approval of de minimus non-audit services and for the delegation of the pre-approval of non-audit services to one or more members of the Committee, in accordance with MI 52-110 Audit Committees);
- To review on an annual basis the Terms of Reference of the Committee; and
- To satisfy itself that the interim and annual certifications by the Corporation's CEO and CFO of the Corporation's interim and annual financial statements are completed and filed in accordance with applicable securities laws and policies.

In addition, the Chair of the Committee (or in the Chair's absence, any other member of the Committee) will review and approve any earnings guidance and any news release containing financial information based on the Corporation's financial statements prior to their release (other than financial information contained in interim and annual results news releases, which are to be approved by the Committee as provided above.)

### **Procedures**

The Committee will be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than the public disclosure of financial statements, MD&A and annual and interim earnings news releases and reports to shareholders referred to above under "Responsibilities") and will periodically assess the adequacy of those procedures.

The Committee will establish procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee will review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

### **External Auditor**

The external auditor will report directly to the Committee.

The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

### **Authority**

The Committee has the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the Committee; and
- (c) to communicate directly with the internal and external advisors.

### **Meetings**

The Committee will meet at least four times per year and additionally as necessary to discharge its responsibilities as outlined herein. Upon consultation with and approval by all parties affected, the business of the Committee may be conducted by way of a telephone conference call.

The time and place of meetings of the Committee and the procedures at such meetings shall be determined from time to time by the members thereof, provided that a quorum for meetings shall be a majority of the members of the Committee.

Notice of the time and place of and an agenda and related materials respecting every meeting shall be given in writing or facsimile communication to each member of the Committee at least 48 hours prior to the time listed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

The Committee may invite such officers, directors and/or employees of the Corporation as it may see fit from time to time to attend a meeting of Committee and assist in the discussion and consideration of the matters being considered by the Committee.

The Corporation's external auditors will be invited to attend Committee meetings when appropriate, particularly if they have been asked to provide any form of service with respect to specific agenda items.

### **Reporting**

The minutes of all meetings of the Committee are to be provided to the Board. Oral reports by the Chair on recent matters not yet recorded in the minutes are to be provided to the Board at its next meeting.

Supporting schedules and information reviewed by the Committee will be available for examination by any directors upon request to the Chair of the Committee.

### **Calendar for Meetings**

The following outlines a suggested program for regular meetings of the Committee. Prospectuses, acquisitions, or takeovers will require meetings over and above the following annual program.

#### **Meeting Prior to Release of Annual Financial Statements (March)**

- Discuss the audited annual financial statements and auditors' report thereon and annual management's discussion and analysis in detail with the Corporation's senior officers and external auditors.
- Review and confirm the scheduled filing of the annual certifications by the Corporation's CEO and CFO of the annual financial statements.
- Review the financial information contained in the annual results news release and annual report to shareholders.
- Review the financial information and the disclosure of Audit Committee information contained in the AIF.
- Review a summary provided by the Corporation's senior officers of the status of any material pending or threatened litigation, claims and assessments.
- Review the Terms of Reference for the Audit Committee.
- Review and assess the adequacy of the procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements.
- Review and assess the adequacy of the procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- Discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters.
- Discuss in private with the Corporation's senior officers the level and timeliness of service provided by the auditors and whether they recommend the reappointment of the auditors.
- Provide the Board a recommendation as to whether the annual financial statements and management's discussion and analysis, the financial information contained in the

annual results news release and annual report to shareholders, and the financial information and disclosure of Audit Committee information contained in the AIF should be approved.

- Recommend to the Board each year the retention or replacement of the external auditors and their compensation.

#### **Meeting Prior to Release of First Quarter Results (May)**

- Obtain information on any changes in financial reporting requirements that may affect the current year's financial statements.
- Review interim financial statements, interim management's discussion and analysis, the interim review report of the external auditors, and the financial information contained in the interim results news release and interim report to shareholders with the Corporation's senior officers and the external auditors and provide recommendations to the Board for their approval prior to their release.
- Review and confirm the scheduled filing of the interim certifications by the Corporation's CEO and CFO of the interim financial statements.
- Obtain information on how the Corporation's senior officers monitor the effectiveness of the Corporation's financial reporting controls. Inquire into any significant changes planned regarding systems or controls within the next year.
- Review reports from senior officers outlining any significant changes in financial or other risks facing the Corporation.
- Review the management letter of the external auditors and the Corporation's responses to the suggestions made.

#### **Meeting Prior to Release of Second Quarter Results (August)**

- Review interim financial statements, interim management's discussion and analysis, the interim review report of the external auditors, and the financial information contained in the interim results news release and interim report to shareholders with the Corporation's senior officers and the external auditors and provide recommendations to the Board for their approval prior to their release.
- Review and confirm the scheduled filing of the interim certifications by the Corporation's CEO and CFO of the interim financial statements.
- Review reports from senior officers outlining any significant changes in financial or other risks facing the Corporation.

#### **Meeting Prior to Release of Third Quarter Results (November)**

- Review interim financial statements, interim management’s discussion and analysis, the interim review report of the external auditors, and the financial information contained in the interim results news release and interim report to shareholders with the Corporation’s senior officers and the external auditors and provide recommendations to the Board for their approval prior to their release.
- Review and confirm the scheduled filing of the interim certifications by the Corporation’s CEO and CFO of the interim financial statements.
- Review reports from senior officers outlining any significant changes in financial or other risks facing the Corporation.
- Review the terms of engagement of the external auditors and the audit planning summary.
- Obtain summaries of complex financings and other significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration.
- Obtain draft skeleton financial statements and draft notes to financial statements and assess, on a preliminary basis, the reasonableness of the financial statements in light of presentations by the chief financial officer.

#### **Meeting(s) to be called as Required**

- Review the financial information contained in any prospectus or other offering document prior to its release.
- Review any significant accounting policy changes.
- If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition.
- Review any new appointment to the position of chief financial officer or to any other key executive position with financial reporting responsibilities.

#### **Standard Agenda Items**

- Questions for Management and Auditors
- Questions for Private Discussion with External Auditors (Members of Management not present)
- Questions for Private Discussion with Management (External Auditors not present)
- Report from the Chair of the Committee on (a) any complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and (b) any confidential, anonymous submissions by employees of the Corporation of

concerns regarding questionable accounting or auditing matters (Management and External Auditors not present).