



Q3

THIRD QUARTER 2004

CORPORATE PROFILE

Pulse Data Inc. ("Pulse" or the "Company") is a Calgary-based company specializing in acquiring, marketing and licensing non-exclusive seismic data in Western Canada. Pulse generates revenue primarily through licensing data from its seismic data library and licensing non-exclusive multi-client seismic surveys. In addition, its wholly-owned subsidiary Trango Technologies Inc. ("Trango"), is a leading supplier of Geographical Information System ("GIS") data management software to the North American oil and gas industry. Through the recent acquisition of Mosaic Mapping Corporation ("Mosaic"), the Company has added a new dimension to its service offering in the form of airborne and ground-based LiDAR digital terrain modeling for engineering and GIS applications.

Pulse has experienced significant growth in its seismic data library, increasing its database from less than 1,900 net kilometres of 2D data in 1999 to almost 240,000 net kilometres of 2D data, and more than 6,000 net square kilometres of 3D data at the end of the third quarter of 2004. By the end of the year, there will be an additional 361 net square kilometres of 3D seismic data added to the library. Importantly, this growth has taken place while the Company has maintained profitability and increased its financial strength.

The Company operates prudently using a disciplined approach that capitalizes on the expertise of its personnel, its strong financial base and the strength of long-term strategic alliances with contractors and clients. Pulse trades on the Toronto Stock Exchange under the symbol PSD.

FINANCIAL HIGHLIGHTS

(\$000s except per share data)	Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)		Year ended Dec 31 (audited)
	2004	2003	2004	2003	2003
Revenue	\$ 6,139	\$ 7,765	\$ 31,882	\$ 28,427	\$ 35,538
Amortization of data libraries	\$ 3,698	\$ 3,698	\$ 16,439	\$ 14,195	\$ 17,377
Earnings (loss) before income taxes	\$ (2,266)	\$ 1,738	\$ 4,841	\$ 7,831	\$ 9,842
Net earnings (loss)	\$ (1,590)	\$ 866	\$ 2,414	\$ 4,757	\$ 5,999
Earnings (loss) per share:					
basic	\$ (0.04)	\$ 0.02	\$ 0.06	\$ 0.12	\$ 0.15
diluted	\$ (0.04)	\$ 0.02	\$ 0.06	\$ 0.12	\$ 0.15
Funds flow from operations	\$ 2,094	\$ 4,741	\$ 21,579	\$ 22,831	\$ 27,440
Funds flow per share:					
basic	\$ 0.05	\$ 0.12	\$ 0.50	\$ 0.57	\$ 0.68
diluted	\$ 0.05	\$ 0.12	\$ 0.50	\$ 0.57	\$ 0.68
Working capital (deficiency)	\$ (4,160)	\$ 5,503	\$ (4,160)	\$ 5,503	\$ (3,714)
Total assets	\$ 107,133	\$ 90,870	\$ 107,133	\$ 90,870	\$ 108,336
Capital expenditures	\$ 4,127	\$ 2,898	\$ 12,735	\$ 17,971	\$ 30,481
Long-term debt	\$ 18,088	\$ 21,242	\$ 18,088	\$ 21,242	\$ 20,441
Current portion of long-term debt	\$ 5,457	\$ 3,844	\$ 5,457	\$ 3,844	\$ 4,172
Shareholders' equity	\$ 72,402	\$ 62,223	\$ 72,402	\$ 62,223	\$ 63,125
Free cash flow	\$ 2,393	\$ 1,680	\$ 4,940	\$ 5,057	\$ 5,434
Weighted average shares outstanding:					
basic	42,966,532	40,407,434	42,981,869	40,407,434	40,419,367
diluted	43,307,381	40,407,434	43,409,351	40,854,019	40,682,745
Shares outstanding at period end	45,585,424	40,407,434	45,585,424	40,407,434	40,534,068

OPERATIONAL HIGHLIGHTS

Seismic library:	2004	2003	2004	2003	2003
2D in net kilometres	239,013	239,006	239,013	239,006	239,013
3D in net square kilometres	6,080	4,854	6,080	4,854	5,342

The loss incurred for the third quarter of 2004 is the result of identifiable cyclical and one-time factors and it is not an indication of Pulse's expected financial results for the full year ending December 31, 2004. These factors include costs associated with the Mosaic acquisition and the loss generated by Mosaic during its typically slow third quarter. This negative financial impact will be more than offset in the fourth quarter when multi-client revenue from two multi-client surveys in progress at September 30 is recognized, and both Mosaic and Trango enter into a busier period. The Company remains on track to meet its financial targets for 2004.

TO THE SHAREHOLDERS:

We are pleased to present the financial and operating results of Pulse for the first nine months of 2004.

Continuing high commodity prices and robust development and exploration activity by oil and gas companies have contributed to strong activity levels in the energy services sector during the first nine months of 2004, despite activity levels during the third quarter of 2004 being temporarily diminished as a result of adverse weather conditions in August and September. These factors contributed to the Company attaining record data library sales for the first nine months of 2004. Although the Company's financial results reflect a loss for the three-month period ended September 30, 2004, this was due to a combination of identifiable cyclical and one-time factors. Financial results for the year ending December 31, 2004 will be improved considerably. With the recognition of the multi-client revenue in November, relating to the delivery of two 3D survey programs that were in progress at September 30, revenue for 2004 is expected to surpass last year's total revenue.

On May 25, 2004 Pulse acquired all of the issued and outstanding shares of Mosaic in exchange for 4,497,956 shares of Pulse valued at \$7,646,525 and \$2,141,920 in cash including transaction costs of \$388,278. Mosaic, with offices in Calgary, Ottawa and Houston, provides airborne and ground-based LiDAR technology solutions for GIS applications that include oil and gas exploration, transportation, urban planning, infrastructure, construction and land development in North American and international markets. With seven proprietary LiDAR systems available, Mosaic is the largest capacity LiDAR service provider in the world.

During the 2003-2004 winter seismic season, Pulse completed five, 3D multi-client seismic surveys in northern Alberta, resulting in the addition of 758 net square kilometres of 100%-owned seismic data to its data library. Three of these surveys commenced in the fourth quarter of 2003. The completion of this large volume of work contributed to the significant multi-client revenue recorded in the first quarter of 2004.

Pulse also completed six separate project management contracts during the first quarter of 2004. Project management contracts are undertaken to conduct exclusive seismic programs for clients who wish to retain proprietary ownership of the acquired data.

Late in the second quarter of 2004, Pulse initiated a 261 net square kilometre 3D multi-client program in northwestern Alberta. This program was originally scheduled for completion in the third quarter of 2004, but due to adverse weather conditions, field work was completed in October and the data was delivered during the first week of November.

During the third quarter, the Company commenced another 3D multi-client program in northwestern Alberta. It is a 100 net square kilometre survey, which was also delayed by adverse weather conditions. Field work is now complete and the data will be delivered by the end of November 2004.

On June 16, 2004 Pulse appointed two new directors to the Company, Peter Fuss of Boca Grande, Fla., and Daphne Corbett of Vancouver, B.C.

Mr. Fuss is a management consultant and Executive Vice-President, Technology, of Batterson Venture Partners LLC. He is also currently a director of Mechatronic Laboratories Inc., Raindrop Geomagic Inc. and Cogenic Inc. Mr. Fuss received a Bachelor's degree in electrical engineering in 1956 from the University of Michigan and a Master's degree in electrical engineering in 1960 from New York University. He holds 10 patents, primarily in the area of digital signal processing.

Ms. Corbett is a financial executive with 20 years of diverse corporate banking experience in both domestic and international settings. She holds a Bachelor of Arts in psychology; with a minor in mathematics from the University of Victoria. She is also a past member of the British Columbia Chapter of the Certified Management Accountants.

During the third quarter, Pulse declared and paid its fifth consecutive quarterly dividend of \$0.0125 per common share. It was paid on September 13, 2004 to shareholders of record on September 3, 2004. Pulse has also declared its sixth consecutive quarterly dividend of \$0.0125 per common share, payable on December 17, 2004 to shareholders of record on December 7, 2004. The Company expects to continue to pay quarterly dividends in the future.

On October 28, 2004, Pulse announced the implementation of a Dividend Reinvestment and Optional Share Purchase Plan. Under the Plan, eligible shareholders may automatically reinvest their dividends in common shares of Pulse at 95% of the current market price. Participants may also purchase additional common shares of Pulse at the current market price, with a minimum of \$2,000 per purchase, and a maximum of \$50,000 per calendar year. In order to participate in the Plan, eligible shareholders must complete and return the required Forms to the Plan Agent, Computershare Trust Company of Canada, by two business days before the dividend record date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2004

The following Management's Discussion and Analysis for Pulse has been prepared taking into consideration information available to November 4, 2004, and is supplemental to the consolidated financial statements and related notes contained in this interim report for the quarter ended September 30, 2004 and in the Company's 2003 Annual Report. The interim consolidated financial statements for the three and nine months ended September 30, 2004 were prepared in accordance with Canadian generally accepted accounting principles.

This discussion focuses on key statistics from the consolidated financial statements, and pertains to known risks and uncertainties relating to the seismic data library component of the seismic sector, and the LiDAR industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions, as well as oil and natural gas prices, industry activity levels, and the ability of oil and gas companies to raise capital. Additionally, other circumstances may or may not occur which could impact the licensing of seismic data supplied by the Company.

The Company's continuous disclosure documents may provide discussion and analysis of "free cash flow". This financial measure does not have a standard definition prescribed by generally accepted accounting principles in Canada and therefore it may not be comparable to similar measures disclosed by other companies. The Company has included this non-GAAP financial measure because it is used by management, investors, analysts and others as a measure of the Company's financial performance. The Company's definition of free cash flow is cash available for debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as funds flow from operations less multi-client additions to the data library and monetary data exchanges.

Certain information contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

Investors are encouraged to review the "Business Risks" section of the Management's Discussion and Analysis in the Company's Annual Report for 2003 and Interim Quarterly Reports for 2004 for a discussion of risks that could affect the Company's operations and financial results. Forward-looking statements are based upon management's assumptions, expectations and estimates at the time that such statements are made. Pulse does not update forward-looking statements should circumstances change or management's assumptions, expectations or estimates change.

OVERVIEW

Net earnings for the nine months ended September 30, 2004 were \$2.4 million (\$0.06 per share basic and diluted), a 49% decrease compared to \$4.8 million (\$0.12 per share basic and diluted) for the same period in 2003. Funds flow from operations was \$21.6 million (\$0.50 per share basic and diluted) for the nine-month period in 2004, a 5% decrease from the funds flow from operations of \$22.8 million (\$0.57 per share basic and diluted) reported for the nine-month period in 2003.

Pulse incurred a net loss of \$1.6 million (\$0.04 per share basic and diluted) for the three months ended September 30, 2004 compared to net earnings of \$0.9 million (\$0.02 per share basic and diluted) in the corresponding period in 2003. Funds flow from operations for the third quarter of 2004 was \$2.1 million (\$0.05 per share basic and diluted), compared to \$4.7 million (\$0.12 per share basic and diluted) for the third quarter of 2003.

REVENUE

For the three and nine months ended September 30, 2004, Pulse recorded revenue of \$6.1 million and \$31.9 million, respectively, compared to \$7.8 million and \$28.4 million, respectively, for the comparable periods in 2003 as detailed in the table below. There was no multi-client revenue recorded in the third quarter of 2004; however, a total of \$5.7 million in deferred revenue was included in current liabilities at September 30, 2004 relating to the two 3D multi-client programs in progress at quarter end, which will be delivered and recognized in revenue during the fourth quarter. The timing of the recognition of multi-client revenues creates large swings in sales volumes, and causes significant variances when comparing quarterly results. There was also a 20% decrease from \$358,000 to \$288,000, in revenue from other services, which is a combination of revenue earned from Pulse's wholly-owned subsidiary, Trango, and project management revenue, which is earned when Pulse conducts private seismic surveys for oil and gas clients for a turnkey fee, with the client retaining ownership of the data acquired. The \$1.2 million revenue reported as LiDAR revenue reflects a new category of revenue generated during the third quarter of 2004 by Mosaic.

Revenue for the nine months ended September 30, 2004 of \$31.9 million represents a 12% increase over the same period in 2003. Year to date, seismic data library revenue has surpassed the data library revenue for the comparative period in 2003 by 26%, while multi-client revenue had decreased by 7%. LiDAR revenue from Mosaic for the period May 26, 2004 to September 30, 2004 contributed 5% of the total revenue for the nine-month period in 2004. The 44% decrease in revenue from other services for the nine months ended September 30, 2004 was due to a decrease in revenue from Trango and the project management services carried out by Pulse. However, with current work in progress, Trango is expected to generate significant revenue in the fourth quarter.

Revenue Sources

	For the three months ended September 30			
	2004		2003	
	Revenue (\$millions)	% of Total Revenue	Revenue (\$millions)	% of Total Revenue
Multi-client surveys	\$ 0.0	0	\$ 2.0	26
Data library licence sales	4.7	76	5.4	69
LiDAR revenue	1.2	19	0.0	0
Revenue from other services	0.3	5	0.4	5
Total	\$ 6.2	100	\$ 7.8	100

	For the nine months ended September 30			
	2004		2003	
	Revenue (\$ millions)	% of Total Revenue	Revenue (\$ millions)	% of Total Revenue
Multi-client surveys	\$ 12.1	38	\$ 13.0	46
Data library licence sales	17.1	54	13.6	48
LiDAR revenue	1.7	5	0.0	0
Revenue from other services	1.0	3	1.8	6
Total	\$ 31.9	100	\$ 28.4	100

The data library acquired in the ReQuest Income Trust ("ReQuest") acquisition in January, 2002 included significant pre-paid data delivery obligations ("library cards"). An outstanding obligation to deliver approximately \$40.0 million of seismic data from the ReQuest library, as of the acquisition date of January 31, 2002, was reduced by 75% by the end of 2003 to approximately \$10.0 million, and was further reduced to a balance of \$6.3 million at September 30, 2004. This balance is expected to continue to be reduced at a similar drawdown rate over the next six to twelve months, but at this level the outstanding library card balance has minimal impact on revenue being generated by data sales.

AMORTIZATION

The most significant expense to Pulse is the charge for data library amortization. Amortization expense was \$3.7 million for each of the three-month periods ended September 30, 2004 and 2003. This amount represents 60% of total revenue for the three-month period in 2004, compared to only 48% for the three months ended September 30, 2003. For the nine months ended September 30, 2004 amortization expense was \$16.4 million, compared to \$14.2 million for the same period in 2003. Commencing in the third quarter of 2003, a change in the calculation of amortization expense was adopted. The Company now amortizes seismic data library costs using a fixed schedule based on the estimated timing of the economic returns of the data library. Amortization expense recorded for the three and nine months ended September 30, 2004 would have been approximately \$1,755,000 and \$2,267,000 lower, respectively, under the previous method of calculating amortization expense. Included in amortization expense, beginning in the second quarter of 2004, is amortization of the LiDAR data library acquired with the acquisition of Mosaic. Amortization of LiDAR data is calculated on a straight-line basis over five years.

OPERATING EXPENSES

Operating expenses were \$3.1 million for the three months ended September 30, 2004, an increase of 161% compared to the \$1.2 million incurred during the same period in 2003. For the nine months ended September 30, 2004, operating costs increased by 73% to \$5.6 million compared to the same nine-month period in 2003. The most significant reason for this increase is the addition of Mosaic's operating costs for the May 26, 2004 to September 30, 2004 period. Included in Mosaic operating costs are the all costs associated with generating their LiDAR project revenues.

GROSS MARGIN

The negative gross margin for the three months ended September 30, 2004 of \$1.4 million represents a decrease of 149% compared to the \$2.8 million gross margin for the comparable period in 2003. The gross margin for the nine-month period ended September 30, 2004 decreased 17% over the comparable period in 2003. The significant reduction in gross margin in 2004 compared to the same periods in 2003 is attributable to a number of identifiable factors. First, the higher seismic amortization expense recorded in periods of lower seismic revenue is due to the change to a fixed method of calculating amortization expense since July 2003. Second, the addition of Mosaic's operations for the May 26, 2004 to September 2004 period includes certain transition costs as well as the cost of sales associated with their project revenue. Third, depreciation of property and equipment has increased as a result of the Mosaic acquisition. The fair market value of the Mosaic equipment acquired was significantly higher than the book value, and is being amortized over seven years.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G & A") were \$687,000 in the third quarter of 2004, a decrease of 2% compared to \$704,000 in the same period in 2003. The G&A for the third quarter of 2004 is net of a reclassification of approximately \$400,000 from G&A to operating expense in Mosaic in order to conform to Pulse's method of expense allocation between G&A and operating expenses. Year to date, G & A expenses were \$2.9 million, an increase of 55% over the \$1.9 million incurred in the first nine months of 2003. This increase in G&A expense incorporates the G&A for the Mosaic offices in Calgary, Ottawa and Houston since May 26, 2004. Also, year to date in Pulse, there has been an increase in stock option expenses, public company costs, consulting fees, travel and insurance compared to last year.

INTEREST

Interest on the RoyNat long-term debt facility decreased by 31% in the third quarter of 2004 compared to the third quarter of 2003. The interest on long-term debt for the nine-month period ended September 30, 2004 decreased 25% to \$791,000 from \$1,054,000 due to the reduction in principal owing on the RoyNat facility, as well as a reduction in the average interest rate for the first nine months of the year from 6.3% in 2003 to 5.5% in 2004.

The most significant component of the other interest expense in both the three-and-nine month periods ended September 30, 2004 was a one-time charge of \$303,000 resulting from an income tax audit reassessment dating back to 1999 for Request Seismic Surveys Ltd. The other interest expense in both 2004 and 2003 is offset with interest income earned on cash deposits.

INCOME TAXES

The total income tax provision for the first nine months of 2004 is \$2.4 million reflecting an effective tax rate of 50% compared to a total provision of \$3.1 million and an effective tax rate of 39.3% for the same period in 2003. Pulse's effective tax rate in the first nine months of 2004 was significantly higher than the current federal and provincial tax rate for 2004 of 34% due to the payment of income taxes resulting from the reassessment of tax returns for Request Seismic Surveys Ltd. relating to taxation years prior to the acquisition by Pulse. The effective tax rate for the fiscal year ended December 31, 2004 will be lower than the nine-month rate, as the net income before tax will increase substantially partially due to the recognition of the multi-client revenue with the completion and delivery of two 3D surveys in the fourth quarter of 2004.

DATA LIBRARY

Pulse invested \$16.6 million to acquire new data through multi-client surveys in the first nine months of 2004. Included in this amount is \$8.4 million that was recorded at December 31, 2003 as work in progress, relating to the multi-client survey programs completed in the first quarter of 2004, which was converted to data library additions in 2004 with the delivery of the data. In addition, a total of \$4.3 million was incurred on two ongoing 3D multi-client surveys that is included in work in progress at September 30, 2004. The total capital expenditures and work in progress for the multi-client programs in 2004 related to seven 3D multi-client surveys that were conducted in northern Alberta, five of which were completed and delivered in the first quarter of 2004, and two of which were ongoing at the end of the third quarter in 2004. The Company acquired a total of 758 net square kilometres of 3D data from the five programs delivered in the first quarter of 2004, all of which are 100% owned by Pulse. The two 3D programs remaining to be completed and delivered in the fourth quarter consist of a total of 361 net square kilometres. By comparison, in the first nine months of 2003, Pulse invested \$17.8 million relating to data library acquisitions. Of this amount, \$3.7 million related to a 435-kilometre 2D program that was completed and delivered in the first quarter of 2003, \$11.3 million related to 495 net square kilometres on five 3D programs conducted with an industry joint venture partner and delivered in the second quarter of 2003, and the remaining \$2.8 million was spent in the third quarter to acquire 88 square kilometres of seismic data in the Kakwa area of northern Alberta.

FUTURE TAX LIABILITY

The net future tax liability of \$3.0 million consists principally of the future tax liability acquired with the Mosaic acquisition. At December 31, 2003 Pulse had a \$2.1 million future tax asset, which has been decreased due to the application of loss carry forwards to taxable income for the first nine months of 2004.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

The working capital position of Pulse, including the current portion of long-term debt of \$5.5 million, at September 30, 2004 was a deficiency of \$4.2 million, compared to a deficiency of \$3.7 million at December 31, 2003, and a positive working capital position of \$5.5 million at September 30, 2003. The working capital position declined year over year by 176%, and declined by 12% compared to the December 31, 2003 position. Both the September 30, 2004 position and the December 31, 2003 position include significant costs and accruals in current liabilities relating to the multi-client seismic activity in progress at the period end. This situation reverses when the seismic programs are completed and

the related data is delivered. In the nine-month period ended September 30, 2003 the survey work being carried out was completed and the associated deferred revenue was fully recognized as revenue in the third quarter, leaving the Company with a positive working capital position, whereas in the nine-month period ended September 30, 2004, the survey work was not completed and the data had not been delivered. Also contributing to the deficiency for the nine-month period ended September 30, 2004 was the cash expended for the acquisition of Mosaic of \$2.1 million, as well as subsequent working capital funding of Mosaic since the acquisition. Finally, the current portion of long-term debt has increased by 31% at September 30, 2004 compared to the December 31, 2003 balance and has increased by 42% compared to the September 30, 2003 balance. The factors contributing to these increases are the increasing monthly payments required on the RoyNat debt facility, and the additional debt acquired with Mosaic. All working capital covenants with Pulse's lenders have been met throughout each of these periods, and the Company's cash balance in the first week of November exceeded \$7 million.

Accounts receivable at September 30, 2004 were \$10.2 million, down 10% from the prior year comparative and down 35% from the December 31, 2003 balance. The decrease is attributable to an improvement in collection time on both the survey receivables and the data library sales. At December 31, 2003 and September 30, 2003 there were very significant multi-client receivables still outstanding compared to September 30, 2004. Accounts payable and accrued liabilities at September 30, 2004 were \$6.4 million compared to \$3.5 million at September 30, 2003 and \$14.8 million at December 31, 2003. The 81% increase in 2004 compared to the comparable period ended September 30, 2003 reflects the outstanding obligations related to the work in progress for the current period. The 57% decrease in the September 30, 2004 balance compared to the December 31, 2003 balance reflects a much smaller volume of multi-client work in progress at September 30, 2004.

With the continuation of the very strong trend in existing data sales levels, Mosaic entering its busy fall season with a favorable number of contracts and the significant backlog position in Trango, Pulse management expects that its funds flow from operations will be sufficient to finance future operations, debt servicing, dividends and budgeted capital expenditures. The seismic data library is continually growing through the acquisition of new, principally 3D data. The ongoing growth in the Company's seismic data library continues to position Pulse to be able to provide valuable seismic data to industry participants into the future. Historical data sales analysis shows that most seismic data retains its value for many years, and with the technological advancements in reprocessing that have been made in recent years, the Company's clients are able to enhance the quality of older data in the library. Our software subsidiary, Trango, has made significant strides in 2004, and will enter 2005 with new products and an expanded client base. With the second quarter acquisition of Mosaic, Pulse has now added airborne and ground-based LiDAR services to its product offerings, and has begun accessing customers in new industries and markets. Management is optimistic about the future success of Mosaic and expects it to enhance Pulse's financial results in 2005.

Although quarterly results can show significant swings in working capital, Pulse remains liquid. The capital-intensive nature of the seismic business is such that working capital deficiency balances can accumulate during the busy season, only to be reversed upon delivery of the data to survey participants. In order to limit risk in multi-client seismic surveys, the Company does not proceed without obtaining minimum pre-funding commitments from clients. Because Pulse's largest expense in any given period is the non-cash amortization expense, cash flow from operations is usually much higher than net earnings.

The only significant changes to Pulse's contractual obligations since March 31, 2004 relate to the long-term debt acquired with the Mosaic acquisition. At September 30, 2004, long-term debt included \$718,000 in the form of promissory notes and \$50,000 due under various capital leases assumed with the Mosaic acquisition. In addition, there has been an increase in operating lease obligations relating to office space for Pulse and Mosaic in Calgary and Ottawa. The total operating lease commitment relating to these two leases over the next seven years is \$5,008,000. The amount due in less than one year is \$591,000, one to three years is \$1,372,000 and over three years is \$3,045,000.

At September 30, 2004 Pulse was in final stages of completing a 261 net square kilometre 3D multi-client survey in northwest Alberta. The expected cash outlay by Pulse is 30% of the budgeted cost of the program, or approximately \$2.0 million. Pulse is funding its share of capital expenditures through cash flow from operations. Pulse also has an additional \$3.0 million available through its long-term debt facility carried with RoyNat.

Pulse also has a \$10 million operating line of credit facility with Scotiabank. Any drawdowns on this facility are repayable on demand and bear interest at the bank's prime lending rate plus 0.25%. This facility was not utilized throughout 2002, 2003, and to date in 2004.

FREE CASH FLOW

Free cash flow for the nine months ended September 30, 2004 was \$4.9 million, essentially the same as the comparable period in 2003. Continuing strong revenue levels from data library sales contributed to maintaining this free cash flow level. For the three months ended September 30, 2004, the Company recorded free cash flow of \$2.4 million, compared to \$1.9 million for the same period in 2003.

The Company did not execute any monetary data exchanges in 2004. In 2003 there was one monetary data exchange transaction completed with a value of \$750,000. The table below shows the calculation of free cash flow for the three-and nine-month periods in 2004 and 2003 and the year ended December 31, 2003.

(\$000s)	Three months ended September 30		Nine months ended September 30		Year ended Dec 31
	2004	2003	2004	2003	2003
Funds flow from operations	\$ 2,094	\$ 4,741	\$ 21,579	\$ 22,831	\$ 27,440
Less: Multi-client capital additions	\$ (299)	\$ 3,061	\$ 16,639	\$ 17,774	\$ 21,256
Monetary data exchanges	\$ -	\$ -	\$ -	\$ -	\$ 750
Free cash flow	\$ 2,393	\$ 1,680	\$ 4,940	\$ 5,057	\$ 5,434

RELATED PARTY TRANSACTIONS

The Company holds an approximate 50% undivided interest in certain 2D seismic data totalling 1,765 net kilometres (0.7% of the Company's 2D data library) in which two officers of the Company (the President and the Vice-President, Operations) also hold undivided interests. The related parties acquired this data jointly with others prior to Pulse becoming a public company and they have retained their ownership interests. The contract between the parties is for 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 licensing fees from the third parties. The amount due under these arrangements was \$41,626 at September 30, 2004 (\$110,968 at December 31, 2003).

CRITICAL ACCOUNTING ESTIMATES

The capital cost of the seismic data library is amortized on a fixed basis, determined by reference to the estimated timing of the economic return of the library. Additions to the library arise in two distinct ways: multi-client participation surveys and the purchase of other data. The costs associated with multi-client surveys are amortized at 35% immediately upon completion of the program, with the remaining costs being amortized on a straight-line basis over a seven-year period commencing at the end of the period of exclusivity, generally six months after such delivery. The costs of purchased data are amortized on a straight-line basis over seven years.

The foregoing reflects a change in estimate from the method employed by Pulse for 2002 and the first six months of 2003. See note 1(e) to the December 31, 2003 Consolidated Financial Statements for further information relating to the previous methodology in estimating amortization expense.

The capital cost of the LiDAR data library is amortized on a straight-line basis over five years. The capital cost of the camera systems and technical equipment, and proprietary software and processes acquired in Mosaic are amortized on a straight-line basis over a seven-year period.

SHARE CAPITAL SUMMARY

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

The following table provides details of the Company's share capital for the periods ended September 30, 2004, September 30, 2003 and December 31, 2003.

	09/30/04	09/30/03	12/31/03
Weighted average shares outstanding:			
basic	42,981,869	40,407,434	40,419,367
diluted	43,409,351	40,854,019	40,682,745
Shares outstanding at period end	45,585,424	40,407,434	40,534,068

At September 30, 2004 there were 3,578,865 stock options outstanding at exercise prices ranging from \$0.96 to \$1.94.

FINANCIAL SUMMARY OF EIGHT QUARTERS (\$000S EXCEPT PER SHARE DATA)

	2004				2003			2002
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Data Library Revenue	4,679	8,400	4,033	6,861	5,445	4,576	3,548	7,285
Multi-Client Revenue	–	–	12,126	–	1,962	7,645	3,424	65
LiDAR Revenue	1,172	506	–	–	–	–	–	–
Other Revenue	288	172	506	250	358	1,158	311	1,160
Total Revenue	6,139	9,078	16,665	7,111	7,765	13,379	7,283	8,510
Net Earnings (loss)	(1,590)	1,053	2,951	1,242	866	2,101	1,790	2,135
per share-basic	(0.04)	0.03	0.07	0.04	0.02	0.05	0.04	0.05
per share-diluted	(0.04)	0.03	0.07	0.04	0.02	0.05	0.04	0.05
Free Cash Flow	2,393	5,361	(2,814)	1,019	1,680	494	2,241	5,258

Total revenue on a quarterly basis for Pulse over the past eight quarters has fluctuated significantly. The trend has been one of increasing data library revenues quarter over quarter within each fiscal year, with the fourth quarter of the year typically achieving the highest sales volumes for the year.

There is seasonality reflected in the total revenue numbers, particularly relating to multi-client sales. The historic trend has been to deliver seismic data from the majority of the multi-client survey programs in the first two quarters of each year. In 2004 however, the multi-client participation surveys reached or are reaching completion in the first and the fourth quarters. Therefore, the fourth quarter will see a revenue spike this year. Shooting seismic in many areas of Western Canada requires frozen ground conditions. Pulse does conduct additional acquisition programs throughout the remainder of the year, but usually on a smaller scale than the winter work. Mosaic also operates at a higher level in the fall and winter than in the spring and summer, due to the improvement in conditions when trees lose their leaves.

During the past eight fiscal quarters, the fluctuations in earnings have largely been a function of revenue. The quarters with large multi-client revenues are easily identified. There has not been a large increase in the weighted average number of shares outstanding over this eight-quarter period. Going forward, the weighted average number of shares outstanding will increase and cause a dilutive impact on earnings per share; however, the earnings potential of both Mosaic and Trango is expected to more than offset this effect. Historically, the dilutive impact of stock options has not been material, as the majority of the outstanding stock options have only recently been in the money.

Please refer to the Company's 2003 annual report and 2004 interim quarterly reports for a summary of the business risks relating to Pulse's business and operations.

You may find additional information relating to Pulse, including the Company's Annual Information Form, on SEDAR at www.sedar.com.

OUTLOOK

Commodity prices are expected to remain strong through 2004 and 2005, which should result in continuing high levels of exploration and development drilling activity in the Western Canadian Sedimentary Basin and a continuing strong demand for seismic data.

With the strong exploration cycle, combined with the increasing sales from the Company's data library and the diminishing library card obligation balance, Pulse provided annualized financial guidance in March 2004, indicating that the Company expected to achieve a free cash flow level in excess of \$10.0 million in 2004. Based on the financial results achieved for the first nine months of 2004, and Pulse's fourth quarter typically represents its strongest data sales period, and the expectation of increased revenue levels in both Mosaic and Trango in the fourth quarter of 2004, the Company remains confident that this targeted level of free cash flow will be attained.

Pulse intends to continue to increase the value of its seismic assets through professional, innovative marketing and disciplined growth. The Company will continue to evaluate strategic seismic data acquisition opportunities utilizing its strong financial base and management expertise. Trango has turned the corner and is expected to contribute positively to our financial results with new products and an expanded customer base. The acquisition of Mosaic has added to Pulse's diversity of data products and geographical markets and we anticipate that it will provide a significant area of growth to Pulse. Market research indicates that Mosaic is engaged in an industry that is growing rapidly. We feel Mosaic has the potential to become a profitable industry leader.

November 4, 2004



Ken MacDonald
President & C.E.O.



Douglas A. Cutts
Vice President, Finance and C.F.O.

CONSOLIDATED BALANCE SHEETS

(In thousands of dollars)

	September 30, 2004	December 31, 2003
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,174	\$ 9,018
Accounts receivable	10,230	15,652
Income taxes receivable	89	–
Prepaid expenses	317	234
Work in progress	166	–
	14,976	24,904
Seismic data library	71,242	70,981
Seismic participation surveys in progress	4,185	8,438
LiDAR data library	744	–
Property and equipment	15,305	968
Investments	598	883
Deferred financing costs	83	103
Future income tax asset	–	2,059
	\$ 107,133	\$ 108,336
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,367	\$ 14,841
Income taxes payable	–	54
Deferred revenue	7,312	9,551
Current portion of long-term debt (note 4)	5,457	4,172
	19,136	28,618
Long-term debt (note 4)	12,631	16,269
Deferred revenue	–	324
Future income tax liability	2,964	–
Shareholders' equity:		
Share capital (note 5)	50,321	42,064
Contributed surplus	287	34
Retained earnings	21,794	21,027
	72,402	63,125
	\$ 107,133	\$ 108,336

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(In thousands of dollars, except per share data)

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Revenue (note 6)	\$ 6,139	\$ 7,765	\$ 31,882	\$28,427
Operating expenses:				
Amortization of data libraries	3,698	3,698	16,439	14,195
Operating	3,096	1,185	5,570	3,222
Depreciation of property and equipment	696	131	1,101	385
	7,490	5,014	23,110	17,802
Gross margin	(1,351)	2,751	8,772	10,625
General and administrative expenses	687	704	2,873	1,859
Interest:				
Long-term debt	236	343	791	1,054
Other	(8)	(34)	267	(119)
	228	309	1,058	935
Earnings (loss) before income taxes	(2,266)	1,738	4,841	7,831
Income taxes:				
Current (recovery)	53	832	926	(399)
Future (reduction)	(729)	40	1,501	3,473
	(676)	872	2,427	3,074
Net earnings (loss)	\$ (1,590)	\$ 866	\$ 2,414	\$ 4,757
Earnings (loss) per share:				
Basic and diluted	\$ (0.04)	\$ 0.02	\$ 0.06	\$ 0.12

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(In thousands of dollars)

	Nine months ended September 30	
	2004	2003
	(unaudited)	(unaudited)
Balance, beginning of the period	\$ 21,027	\$ 16,039
Net earnings	2,414	4,757
Dividend paid	(1,647)	(505)
Balance, end of the period	\$ 21,794	\$ 20,291

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Cash provided by (used in):				
Operations:				
Net earnings	\$ (1,590)	\$ 866	\$ 2,414	\$ 4,757
Items not involving cash:				
Amortization of data libraries	3,698	3,698	16,439	14,195
Depreciation of property and equipment	696	131	1,101	385
Unrealized gain on foreign exchange	(149)	–	(149)	–
Future income taxes	(729)	40	1,501	3,473
Stock option expense	161	–	253	–
Other	7	6	20	21
Funds flow from operations	2,094	4,741	21,579	22,831
Net change in non-cash working capital items related to operations				
Decrease in non-current deferred revenue	(269)	(23)	(324)	(750)
	6,884	4,913	19,667	18,643
Financing:				
Repayment of long-term debt	(1,267)	(750)	(3,401)	(2,250)
Issue of share capital	18	–	610	–
	(1,249)	(750)	(2,791)	(2,250)
Investing:				
Additions to data libraries	299	(3,061)	(16,639)	(17,774)
(Increase) decrease in participation surveys in progress	(4,113)	188	4,253	(132)
Dividends paid	(568)	(505)	(1,647)	(505)
Decrease in investments	–	287	285	420
Additions to property and equipment	(313)	(25)	(349)	(65)
Business acquisition (note 3)	–	–	(2,142)	–
Net change in non-cash working capital items related to investing	1,685	1,049	(5,481)	209
	(3,010)	(2,067)	(21,720)	(17,847)
Increase (decrease) in cash position	2,625	2,096	(4,844)	(1,454)
Cash and cash equivalents, beginning of period	1,549	2,573	9,018	6,123
Cash and cash equivalents, end of period	\$ 4,174	\$ 4,669	\$ 4,174	\$ 4,669

During the three- and nine-month periods ended September 30, 2004 the Corporation paid interest of \$241,000 (2003-\$324,000) and \$987,000 (2003-\$949,000), respectively. During the three- and nine-month periods ended September 30, 2004 the Corporation paid income taxes of (\$1,324,000) (2003-nil) and \$1,069,000 (2003-\$26,000), respectively.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2004 and 2003

(Tabular amounts in thousands of dollars)

(Unaudited)

1. BASIS OF PRESENTATION:

These interim consolidated financial statements should be read in conjunction with the Corporation's most recent annual financial statements and notes included in the annual report for the year ended December 31, 2003. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements unless otherwise disclosed (see note 2). The figures for the nine months ended September 30, 2003 reflect certain reclassifications to conform with the presentation adopted in 2004.

The results of operations for the nine months ended September 30, 2004 are not necessarily indicative of results to be expected for the entire year ending December 31, 2004. The Corporation records multi-client participation revenue related to its seismic programs, which are carried out primarily during the winter months. Revenue is recognized upon completion of a program after the related data has been delivered. Therefore, a significant portion of the Corporation's multi-client revenue is recognized in the winter and spring seasons.

The Corporation's policy with respect to revenue recognition on seismic data sales is to record revenue as and when the seismic data has been delivered. In the case of multi-client surveys, this occurs when the seismic work, including data processing, is complete and delivery to the customer has occurred. In the case of commitment cards (requiring the subsequent delivery of seismic data), revenue is only recognized when the client has chosen and taken delivery of the data; until then the sales value is recorded as deferred revenue. In the case of LiDAR mapping surveys and services, revenue is recognized on a percentage of completion basis over the term of the agreement as milestones are achieved and delivered. Amounts received in advance of qualifying for recognition are recorded as deferred revenue.

The most recent annual financial statements describe a change in estimate, applied prospectively, effective from July 1, 2003, related to amortization of the seismic data library. Amortization recorded for the three- and nine-month periods ended September 30, 2004 would have been \$1,755,000 and \$2,267,000 lower, respectively, using the previous estimates.

2. FOREIGN CURRENCY TRANSLATION:

Accounts of foreign operations which are considered financially and operationally integrated are translated to Canadian dollars using average exchange rates for the reporting period for revenue and expenses. Monetary assets and liabilities are translated at the period end current exchange rate and non-monetary assets and liabilities are translated using historical rates of exchange. Gains or losses resulting from these translation adjustments are included in net earnings.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at current rates. Gains or losses are included in net earnings.

3. BUSINESS ACQUISITION:

On May 25, 2004 the Corporation issued 4,497,956 common shares for all of the issued and outstanding shares of Mosaic Mapping Corporation, a company with offices in Calgary, Ottawa and Houston which provides technology solutions in the fields of airborne and ground-based LiDAR for geographic information system ("GIS") applications that include oil and gas exploration, infrastructure and land development in North American and international markets. The acquisition was accounted for using the purchase method of accounting with the results of operations included from the date of acquisition. The cost of the net assets acquired, at their estimated fair values, and the consideration paid were as follows:

Net assets acquired:

Current assets	\$	1,261
LiDAR data library		805
Property and equipment		15,089
Current liabilities		(3,329)
Long-term debt		(516)
Future income tax liability		(3,522)
	\$	9,788

Consideration:

Common shares	\$	7,647
Cash (including transaction costs of \$388,000)		2,142
	\$	9,788

The LiDAR data library is amortized on a straight-line basis over five years. Included in property and equipment are cameras and proprietary software and processes at a cost of \$14,106,000 which are amortized on a straight-line basis over seven years.

4. LONG-TERM DEBT:

	September 30, 2004	December 31, 2003
Bank term loan, repayable in set monthly installments which vary over the term of the loan, plus interest at the lender's base rate plus 2.75%.	\$ 17,206	\$ 20,300
Promissory note payable in US funds (\$463,000 US), non-interest bearing, due semi-monthly based on 5% of LiDAR sales cash receipts, from the sale or licence of assets purchased from the holder, secured by the purchased assets.	584	-
Promissory note payable in US funds (\$106,000 US), bearing interest at 7%, due in monthly installments of \$28,046 US, secured by assets purchased from the holder.	134	-
Capital lease obligations	164	141
	18,088	20,441
Less current portion	5,457	4,172
	\$ 12,631	\$ 16,269

Future repayments due within each of the next four years are estimated as follows:

2004 (October 1, 2004 – December 31, 2004)	\$	1,251
2005		5,614
2006		6,898
2007		4,325
	\$	18,088

Capital lease obligations in the amount of \$81,000 were acquired with the acquisition of Mosaic Mapping Corporation (note 3).

5. SHARE CAPITAL:

(a) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2003	40,534,068	\$ 42,064
Issued on business combination (note 3)	4,497,956	7,647
Issued for cash on exercise of stock options	553,400	610
Balance, September 30, 2004	45,585,424	\$ 50,321

(b) Stock options:

At September 30, 2004 there were 3,578,865 stock options outstanding at exercise prices ranging from \$0.96 to \$1.94 with a weighted average remaining life of 4.1 years. During the nine months ended September 30, 2004, 2,415,500 options were granted with exercise prices ranging from \$1.64 to \$1.94. Compensation expense of \$161,000 and \$253,000 has been recorded for the three-and nine-month periods ended September 30, 2004, respectively, with the corresponding increase in contributed surplus relating to both the options issued in the current period and those issued in the prior year which vested during this period. The per share weighted-average fair value of stock options granted during the current period was \$0.84, using the Black-Scholes pricing model, with the following assumptions: risk-free rate of 5.5%, expected life of five years and a weighted-average expected volatility of 55%.

The Corporation continues to disclose the pro-forma earnings impact of stock options granted in 2002 which have vested subsequently. If the fair value method had been used, net earnings for the three-and nine-months periods ended September 30, 2004 would have been reduced by \$38,000 and \$114,000, respectively, and loss per share for the three months ended September 30, 2004 would have been \$0.05 and earnings per share for the nine months ended September 30, 2004 would have been \$0.05.

(c) Per share amounts:

The following table summarizes the common shares used in calculating per share amounts:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2004	2003	2004	2003
Weighted shares outstanding:				
Basic	42,966,532	40,407,434	42,981,869	40,407,434
Diluted	43,307,381	40,407,434	43,409,351	40,854,019

The reconciling item between basic and diluted average common shares outstanding is stock options.

6. REVENUE:

The Corporation specializes in acquiring and licensing non-exclusive seismic data. The inventory of seismic data is acquired by either shooting multi-client seismic surveys or by purchasing existing quality seismic data libraries. While the Corporation maintains a proprietary interest in the seismic data from all such surveys, the initial participants may be granted exclusive rights for an initial period during which the Corporation cannot license the data to others. Multi-client survey revenue includes all revenues for licenses sold prior to the delivery of the seismic data or the expiry of the exclusive periods, which ever occurs later. Thereafter the data forms part of the Corporation's seismic data library. The Corporation's activities also include other services related to the seismic industry, including software development carried out for the oil and natural gas industry by the Corporation's wholly owned subsidiary, Trango Technologies Inc. The Corporation generates LiDAR revenue through its wholly owned subsidiary Mosaic Mapping Corporation. LiDAR revenue is generated by conducting custom development projects for clients using the process of airborne laser mapping, a method of obtaining three-dimensional data required for the creation of digital terrain models, as well as selling licensed copies of LiDAR data from the proprietary LiDAR data library.

(\$000s)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2004	2003	2004	2003
Multi-client survey revenue	\$ -	\$ 1,962	\$ 12,127	\$ 13,031
Seismic data library revenue	4,679	5,445	17,112	13,569
LiDAR revenue	1,172	-	1,678	-
Revenue from other services	288	358	965	1,827
	\$ 6,139	\$ 7,765	\$ 31,882	\$ 28,427

DIRECTORS

Clark Zentner ⁽¹⁾⁽³⁾

Chairman of the Board
Independent Businessperson
Calgary, Alberta

Daphne Corbett ⁽¹⁾⁽³⁾

Independent Businessperson
Vancouver, British Columbia

Arthur Dumont ⁽²⁾⁽³⁾⁽⁴⁾

Chairman and Chief Executive Officer
Technicoil Corporation
Calgary, Alberta

Peter Fuss ⁽²⁾⁽³⁾

Management Consultant
Boca Grande, Florida

Ken MacDonald ⁽⁴⁾

President and Chief Executive Officer
Pulse Data Inc.
Calgary, Alberta

Graham Weir ⁽¹⁾⁽³⁾

Independent Businessperson
Calgary, Alberta

Don West ⁽²⁾⁽³⁾⁽⁴⁾

Independent Businessperson
Calgary, Alberta

Notes

(1) Member of Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Member of the Environmental, Health & Safety Committee

OFFICERS

Ken MacDonald

President and C.E.O, Pulse Data Inc.
President, Mosaic Mapping Systems Inc.

Douglas Cutts

Vice President, Finance
and Chief Financial Officer, Pulse Data Inc.

Brent Gale

Vice President, Operations and
Chief Operating Officer, Pulse Data Inc.

Deryl Williams

President, Trango Technologies Inc.

Bruce Nelson

President, TerraPoint USA Inc.

James Ferguson

Vice President, Operations,
Mosaic Mapping Systems Inc.

Paul Mrstik

Vice President, Engineering,
Mosaic Mapping Systems Inc.

Norman Hall

Corporate Secretary
Pulse Data Inc.

HEAD OFFICE

Pulse Data Inc.
Suite 2400, 639 – 5th Avenue S.W.
Calgary, Alberta T2P 0M9
Phone: (403) 237-5559
Toll-Free (877) 460-5559
Fax: (403) 531-9142
Email: info@pulsedatainc.com
www.pulsedatainc.com

AUDITORS

KPMG LLP
1200, 205 – 5th Avenue S.W.
Calgary, Alberta T2P 4B9

BANKERS

Bank of Nova Scotia
240 – 8th Avenue S.W.
Calgary, Alberta T2P 2N7

RoyNat Capital Inc.
4500, 400 – 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

SOLICITORS

Gowling Lafleur Henderson LLP
1400, 700 – 2nd Street S.W.
Calgary, Alberta T2P 4V5

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
600, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 2V5

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: PSD