pulse data

Interim Report

Q3, 2006 For the Three and Nine Months Ended September 30, 2006

Financial Highlights Continuing Operations ($000s except per share data) (unaudited)	**Three Months Ended September 30 2006**	**Three Months Ended September 30 2005**	**Nine Months Ended September 30 2006**	**Nine Months Ended September 30 2005**	**Year Ended Dec. 31 2005**
Revenue from continuing operations:					
Data library sales	**$ 6,976**	$ 8,614	**$ 23,708**	$ 22,466	$ 34,905
Participation surveys	**$ –**	$ 607	**$ 3,058**	$ 5,638	$ 10,006
LiDAR	**$ 2,355**	$ 2,453	**$ 5,621**	$ 6,489	$ 8,452
Corporate & other	**$ (75)**	$ (45)	**$ (158)**	$ (172)	$ (226)
Total revenue from continuing operations	**$ 9,256**	$ 11,629	**$ 32,229**	$ 34,421	$ 53,137
Amortization of data libraries	**$ 5,068**	$ 4,627	**$ 17,119**	$ 14,757	$ 21,536
Net earnings (loss) from continuing operations	**$ (760)**	$ 1,189	**$ (5,838)**	$ 2,723	$ 6,700
Net earnings (loss) from continuing operations per share:					
Basic and diluted	**$ (0.02)[(a)]**	$ 0.02	**$ (0.13)[(a)]**	$ 0.05	$ 0.14
Net earnings (loss)	**$ 446**	$ 1,061	**$ (4,629)**	$ 2,468	$ 6,488
Net earnings (loss) per share:					
Basic and diluted	**$ 0.01[(a)]**	$ 0.02	**$ (0.10)[(a)]**	$ 0.05	$ 0.14
Funds from operations[(b)]	**$ 5,026**	$ 9,640	**$ 17,014**	$ 21,157	$ 35,017
Funds from operations per share[(b)]:					
Basic	**$ 0.11**	$ 0.21	**$ 0.37**	$ 0.46	$ 0.76
Diluted	**$ 0.11**	$ 0.20	**$ 0.36**	$ 0.45	$ 0.75
Free cash flow[(b)]	**$ 5,023**	$ 10,261	**$ 9,943**	$ 15,676	$ 23,458
Working capital	**$ 13,437**	$ 11,165	**$ 13,437**	$ 11,165	$ 17,503
Total assets	**$ 108,954**	$ 122,106	**$ 108,954**	$ 122,106	$ 129,882
Capital expenditures:					
Seismic data purchases	**$ 3,850**	$ –	**$ 3,850**	$ 15,225	$ 15,225
Participation surveys	**$ 3**	$ (621)	**$ 7,071**	$ 5,481	$ 11,559
Changes to work in progress	**$ (11)**	$ 6	**$ (192)**	$ 8	$ 190
Property & equipment additions	**$ 238**	$ 246	**$ 1,955**	$ 1,371	$ 1,510
Total capital expenditures	**$ 4,080**	$ (369)	**$ 12,684**	$ 22,085	$ 28,484
Long-term debt (net of current maturities)	**$ 14,151**	$ 22,303	**$ 14,151**	$ 22,303	$ 20,772
Shareholders' equity	**$ 75,479**	$ 79,167	**$ 75,479**	$ 79,167	$ 82,432
Weighted average shares outstanding:					
Basic	**46,834,854**	46,282,828	**46,351,164**	46,047,366	46,161,608
Diluted	**47,638,555**	47,246,570	**47,351,039**	46,726,355	46,842,744
Shares outstanding at period end	**47,634,337**	46,460,354	**47,634,337**	46,460,354	46,559,778

(a) Basic weighted average shares outstanding are used to calculate loss per share.
(b) These non-GAAP financial measures are defined in the Financial Summary below.

Seismic Library:					
2D in net kilometres	**243,267**	239,820	**243,267**	239,820	239,822
3D in net square kilometres	**9,903**	9,256	**9,903**	9,256	9,442

Corporate Profile

Pulse Data Inc. ("Pulse" or "the Company") is a Calgary-based company with two operating units: Pulse Seismic, specializing in acquiring, marketing and licensing seismic data to the western Canadian energy sector, and Terrapoint, focusing on acquisitions and processing of digital elevation and image data (also referred to as LiDAR) to diverse markets. Through these two operating units, Pulse Seismic and Terrapoint, the Company has evolved into an industry leader providing Better Information Faster™.

The Seismic Data segment is at the forefront of seismic data acquisition, marketing and licensing of seismic data in Western Canada. At September 30, 2006 Pulse Seismic's library consisted of approximately 243,000 net kilometres of 2D data and 9,900 net square kilometres of 3D data. Revenue is generated through licensing of the data library and through the licensing of non-exclusive participation surveys.

With offices in Calgary, Ottawa and Houston, the LiDAR segment, operated through Terrapoint, is one of the largest and most experienced LiDAR (Light Detection And Ranging) data providers in the world. LiDAR data is used to produce survey-quality 3D digital elevation models. The use of digital elevation data significantly reduces the cost of project planning and design in a broad array of industries including urban planning, transportation and industrial and resource planning and development. Since its inception in 1998, Terrapoint has worked in many countries around the world providing cost-effective solutions to its clients' needs.

Pulse has declared its 14th consecutive quarterly dividend of $0.0375 per common share payable on December 20, 2006 to shareholders of record at the close of business on December 6, 2006.

Pulse trades on the Toronto Stock Exchange under the symbol PSD.

Management's Discussion and Analysis of Financial Condition and Results of Operations – Nine Months Ended September 30, 2006

The following Management's Discussion and Analysis ("MD&A") for Pulse Data Inc. ("Pulse" or "the Company") has been prepared taking into consideration information available to November 6, 2006 and is supplemental to the consolidated financial statements and related notes for the nine months ended September 30, 2006 and the audited consolidated financial statements for the year ended December 31, 2005. The financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This MD&A focuses on key statistics from the consolidated financial statements, and pertains to known risks and uncertainties relating to the seismic industry 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, changes in taxation of energy trusts, and the ability of oil and natural gas companies to raise capital. Additionally, other circumstances may occur which could impact the licensing of seismic data and sales of LiDAR services.

The Company's continuous disclosure documents provide discussion and analysis of "free cash flow", "funds from operations" and "funds from operations per share". These financial measures do not have standard definitions prescribed by GAAP in Canada and therefore they may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Company's financial performance. The Company's definition of free cash flow is cash available for debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as funds from operations less total participation survey additions to the data library. The Company's definition of funds from operations is cash flow from operations as prescribed by Canadian GAAP, but excluding the impact of changes in non-cash working capital. Funds from operations per share is defined as funds from operations divided by the weighted average number of shares outstanding for the period.

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 "Risk Factors" section of the MD&A in the Annual Report for 2005 and interim reports for 2006 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, except as required by law.

OVERVIEW

Pulse is a Calgary-based company with two operating units: Pulse Seismic, specializing in acquiring, marketing and licensing seismic data to the western Canadian energy sector, and Terrapoint, focusing on acquisitions and processing of digital elevation and image data (also referred to as LiDAR data) to diverse markets. Through these two operating units, Pulse Seismic and Terrapoint, the Company has evolved into an industry leader providing Better Information Faster™.

Data library sales increased by 5.5 percent to $23.7 million for the nine months ended September 30, 2006 from $22.5 million for the first nine months of 2005. Participation survey revenues decreased by 45.8 percent to $3.1 million for the nine months ended September 30, 2006 from $5.6 million for the first nine months of 2005, primarily due to the Company's decision to pursue the purchase of existing datasets rather than conduct additional participation surveys after the first half of the year, and lower-than-normal client funding on the participation survey completed in Q2 2006. Total seismic data segment revenues decreased by 4.8 percent to $26.8 million for the nine months ended September 30, 2006 from $28.1 million for the first nine months of 2005, again primarily due to the completion of fewer participation surveys in 2006, and lower-than-normal client funding on the participation survey completed in Q2 2006. Earnings before income taxes for the seismic data segment decreased by 38.2 percent to $6.9 million for the nine months ended September 30, 2006 from $11.1 million for the first nine months of 2005. The reduction in earnings in the seismic data segment before income taxes was due primarily to a combination of a lower level of participation surveys in 2006 and a higher amortization provision of $17.0 million for the 2006 period (2005 – $14.6 million), which is more fully explained in the seismic data segment review below.

LiDAR segment revenues for the first nine months of 2006 were $5.6 million, a 13.4 percent decrease from the $6.5 million recorded in the first nine months of 2005, due to particularly low sales in July, 2006. In August and September LiDAR revenues picked up significantly. The addition of Jake Jenkins as Vice President Sales and Marketing of Terrapoint Canada Inc., as well as the hiring of several other experienced sales people, has made the sales effort more consistent and systematic, and has resulted in an increased sold backlog in Terrapoint at the end of September of approximately $2.2 million which is expected to be fulfilled in the fourth quarter. The LiDAR segment loss before income taxes increased significantly to $11.0 million for the first nine months of 2006 from $2.3 million for the same period in 2005. This was primarily due to the writedown of Terrapoint's capital assets of $8.8 million in the first half of 2006, which has been shown as additional depreciation expense. With this writedown of Terrapoint's capital assets to fair market value in the first half of 2006, no further writedowns are expected.

Free cash flow for the first nine months of 2006 was $9.9 million, compared to free cash flow of $15.7 million in the first nine months of 2005. This period-over-period decrease is attributable to higher capital expenditures on participation surveys and lower client funding of participation surveys in the three quarters ended September 30, 2006.

Pulse had a working capital position of $13.4 million at September 30, 2006 compared to $11.2 million at September 30, 2005 and $17.5 million at December 31, 2005. During the first nine months of 2006, Pulse utilized cash resources for a participation survey ($7.1 million), a seismic data purchase ($3.9 million), long-term debt repayment ($6.9 million) and dividends ($5.1 million). During the third quarter of 2006, Pulse utilized cash resources for a seismic data purchase ($3.9 million), long-term debt repayment ($3.8 million) and dividends ($1.7 million).

On November 7, 2006 Pulse declared its fourteenth consecutive quarterly dividend of $0.0375 per common share, to be paid on December 20, 2006 to shareholders of record at the close of business on December 6, 2006.

The loss from continuing operations for the nine months ended September 30, 2006 was $5.8 million ($0.13 per share basic and diluted), compared to earnings of $2.7 million ($0.05 per share basic and diluted) for the first nine months of 2005. When calculating loss per share, the basic number of shares outstanding for this period have been utilized, as diluted shares would have the effect of inappropriately decreasing the net loss per share. This loss was due almost entirely to the one-time writedown of Terrapoint's capital assets taken in the first half of 2006. Without this writedown, the net loss from continuing operations for the nine months ended September 30, 2006 would have been $300,000 compared to earnings of $2.7 million for the 2005 period.

The net loss for the nine months ended September 30, 2006 was $4.6 million ($0.10 per share basic and diluted) compared to net earnings of $2.5 million ($0.05 per share basic and diluted) for the same period in 2005.

Funds from operations for the first nine months of 2006 totaled $17.0 million ($0.36 per share diluted) compared to $21.2 million ($0.45 per share diluted) for the first nine months of 2005. The earnings per share for 2005 and funds from operations figures for 2006 and 2005 are based on the weighted average diluted shares outstanding of 47,351,039 for the first nine months of 2006, compared to 46,726,355 for the first nine months of 2005. In 2006, the nine-month loss per share figure is based on the basic weighted average number of shares outstanding of 46,351,164.

The loss from continuing operations for the three months ended September 30, 2006 was $760,000 ($0.02 per share basic and diluted), compared to net earnings of $1.2 million ($0.02 per share basic and diluted) for the comparable three-month period in 2005. Funds from operations for the third quarter of 2006 totaled $5.0 million ($0.11 per share diluted) compared to $9.6 million ($0.20 per share diluted) for the comparable period in 2005. The earnings per share in 2005 and funds from operations figures for 2006 and 2005 are based on the weighted average diluted shares outstanding of 47,638,555 for the three months ended September 30, 2006, compared to 47,246,570 for the three months ended September 30, 2005. In 2006, the three-month loss per share figure is based on the basic weighted average number of shares outstanding of 46,834,854.

The disposition of Pulse's wholly-owned subsidiary Trango Technologies Inc. ("Trango") was completed on July 31, 2006 and was effective June 30, 2006. This disposition provided a net gain on sale of $1.2 million in Q3 2006.

Effective August 29, 2006 Pulse acquired a seismic dataset consisting of 3,445 net kilometres of 2D data and 224 net square kilometres of 3D data in the Deep Basin of west central Alberta for $3.9 million.

SEGMENT REVIEW

This segment review reflects continuing operations and excludes the results of Trango.

Revenue

For the nine months ended September 30 (stated in thousands of dollars)

	2006		2005		
Business Segment	**Revenue**	**% of Total Revenue**	**Revenue**	**% of Total Revenue**	**% Change**
Seismic Data:					
Data library sales	**$ 23,708**	**73.6**	$ 22,466	65.3	6
Participation surveys	**3,058**	**9.5**	5,638	16.4	(46)
LiDAR	**5,621**	**17.4**	6,489	18.9	(13)
Corporate and other	**(158)**	**(0.5)**	(172)	(0.6)	8
Total	**$ 32,229**	**100**	$ 34,421	100	(6)

Earnings (loss) before income taxes

For the nine months ended September 30 (stated in thousands of dollars)

Business Segment	**2006**	**2005**	**% Change**
Seismic Data	**$ 6,865**	$ 11,106	(38)
LiDAR	**(11,011)**	(2,293)	(380)
Corporate and other	**(5,372)**	(4,391)	(22)
Total	**$ (9,518)**	$ 4,422	(315)

Revenue

For the three months ended September 30 (stated in thousands of dollars)

	2006		2005		
Business Segment	**Revenue**	**% of Total Revenue**	**Revenue**	**% of Total Revenue**	**% Change**
Seismic Data:					
Data library sales	**$ 6,976**	**75.4**	$ 8,614	74.1	(19)
Participation surveys	**–**	**–**	607	5.2	(100)
LiDAR	**2,355**	**25.4**	2,453	21.0	(4)
Corporate and other	**(75)**	**(0.8)**	(45)	(0.3)	(67)
Total	**$ 9,256**	**100**	$ 11,629	100	(20)

Earnings (loss) before income taxes

For the three months ended September 30 (stated in thousands of dollars)

Business Segment	**2006**	**2005**	**% Change**
Seismic Data	**$ 1,128**	$ 3,940	(71)
LiDAR	**(196)**	(606)	68
Corporate and other	**(1,829)**	(1,465)	(25)
Total	**$ (897)**	$ 1,869	(148)

Seismic Data Segment

Revenue

The seismic data segment, which includes data library sales and participation survey revenues, contributed 83.0 percent of total revenue from continuing operations for the Company in the first three quarters of 2006, and 75.4 percent of total revenue from continuing operations in the third quarter of 2006. In 2005, the seismic data segment contributed 81.6 percent of total revenue for the nine-month period ended September 30 and 79.3 percent of total revenue for the third quarter. For the nine months ended September 30, 2006, total seismic data segment revenue decreased by $1.3 million to $26.8 million from $28.1 million for the same period in 2005.

Within the seismic data segment the Company generates two types of revenue: data library sales and participation survey revenue. While participation survey revenue increases revenue and earnings significantly in periods of high survey activity, participation surveys represent investments in the seismic data library that initially draw down the Company's capital resources. Data library sales generate immediate free cash flow through licenses of seismic data from the existing library of seismic data, which can occur many times without incurring further costs.

The data library sales revenue portion of this segment for the nine months ended September 30, 2006 increased by 5.5 percent from the same period in 2005. The increase year-over-year is due in part to a higher demand for seismic data for exploration from junior oil and natural gas companies in the first part of 2006. Overall, seismic data segment revenue for the nine months ended September 30, 2006 decreased by 4.8 percent from the same period in 2005 due to the decrease in participation survey revenue. Participation survey revenue decreased by 45.8 percent for the nine months ended September 30, 2006 from the comparable period in 2005. This was due to the Company's decision to pursue the purchase of quality existing seismic datasets rather than conducting further participation surveys during this period, other than the one completed in the second quarter of 2006, and to lower-than-normal client funding received for this participation survey. In the second quarter of 2006, Pulse completed and delivered a 237 square kilometre, 3D participation survey in west-central Alberta. For the three months ended September 30, 2006, seismic data segment revenue decreased by 24.3 percent from the comparable period in 2005. This was primarily due to a difference in the timing of data library sales which were more heavily weighted to the first half of 2006 compared to 2005.

Amortization

Pulse's most significant expense is the charge for data library amortization. Seismic amortization expense was $17.0 million (63.5 percent of seismic data segment revenue) for the first three quarters of 2006, compared to $14.6 million (52.0 percent of seismic data segment revenue) for the first three quarters of 2005. The increase is attributable to higher capital expenditures for participation surveys in the 2006 period which translates into a higher initial amortization expense upon completion of the survey, as Pulse amortizes 35 percent of the total cost of a participation survey upon its completion. Additionally, the Company purchased a significant dataset at the end of the second quarter of 2005. This added a significant monthly amortization expense to the current year's period. Amortization of seismic data is described further under "Critical Accounting Estimates". For the three months ended September 30, 2006, amortization expense for this segment was 9.6 percent higher than the three months ended September 30, 2005.

Operating Expenses

Operating expenses for the seismic data segment include items directly related to licensing data. These items include sales commissions, salaries for the quality inspection and sales technicians, and drafting and mapping costs. For the first nine months of 2006, operating expenses were 10.9 percent of seismic data segment revenue, compared to 8.4 percent for the same period in 2005. The increase was mainly due to higher commissions being paid on data library sales. For the three-month periods, operating costs as a percentage of seismic data segment revenue increased to 11.8 percent from 7.6 percent. Additionally, in periods of increased participation survey activity, some operating costs are capitalized. Due to the low level of participation surveys conducted in the first nine months of 2006, fewer costs were attributable to capital acquisitions.

Earnings Before Income Taxes ("EBT")

EBT for the seismic data segment for the first three quarters of 2006 decreased by 38.2 percent from the first three quarters of 2005. This decline is due to a decrease in participation survey revenues as well as an increase in operating expenses in the first nine months of 2006 from the same period in 2005. For the third quarter of 2006, the EBT in this segment was down by 71.4 percent from the same period in 2005, due to higher amortization costs as discussed above.

Safety

Pulse Seismic has been awarded the Work Safe Alberta 2005 Best Safety Performers Award for exceptional safety performance in workplace health and safety.

LiDAR Segment

Revenue

LiDAR segment revenue for the first three quarters of 2006 decreased by 13.4 percent from the same period in 2005. For the third quarter of 2006 revenue decreased by 4.0 percent from the third quarter of 2005. September, 2006 has seen a significant improvement in LiDAR sales, and Terrapoint ended the quarter with a significant sold backlog of contracts that are expected to be fulfilled in the fourth quarter of 2006.Terrapoint has strengthened its marketing efforts with the appointment of Jake Jenkins as Vice President Sales and Marketing of Terrapoint Canada Inc. Mr. Jenkins has 22 years of extensive worldwide experience in the fields of remote sensing, LiDAR technology and related sales and marketing. Terrapoint has also added several experienced sales people.

Terrapoint also purchased a new high-altitude data collection system in the second quarter of 2006, which allows projects to be completed more quickly, at a lower cost to customers and at higher margins.

Amortization and Depreciation

The depreciation expense in the LiDAR segment for the nine months ended September 30, 2006 was $10.1 million compared to $1.7 million for the same period in 2005. Included in the 2006 figure is an $8.8 million writedown primarily related to older high-altitude LiDAR data collection systems and their related proprietary processes and software. These were written down to their residual value in the first half of 2006. The residual value reflects the fair market value of the components that Terrapoint is currently using or will be able to use in its other systems. No further writedowns are expected.

LiDAR depreciation expense for the third quarter of 2006 totaled $213,000 compared to $664,000 in the comparable period in 2005.

Included in amortization expense for the nine months ended September 30, 2006 is amortization of $132,000 relating to the LiDAR data library acquired on the acquisition of Terrapoint. In the third quarters of 2006 and 2005 the amortization expense was the same. Amortization of the LiDAR data library is calculated on a straight-line basis over five years. No additional LiDAR data library costs have been capitalized since the acquisition of Terrapoint as these costs have not been significant and have been expensed.

Operating Expenses

Included in Terrapoint's operating expenses are costs associated with generating its LiDAR project revenues. Operating expenses for the first three quarters of 2006 were reduced to $4.5 million from $4.7 million for the same period in 2005. Operating costs as a percentage of revenue were higher at 80.3 percent for the first three quarters of 2006 compared to 72.8 percent for the same period in 2005, due to lower sales revenue in the current period.

Operating expenses for the third quarter of 2006 were $1.7 million or 72.7 percent of revenue compared to $1.5 million or 61.2 percent of revenue for the same period in 2005.

General and Administrative Expenses ("G&A")

For the nine months ended September 30, 2006, G&A expenses in the LiDAR segment were reduced to $1.1 million or 20.3 percent of revenue, compared to $1.4 million or 20.8 percent of revenue for the first three quarters of 2005. For the three months ended September 30, 2006, G&A expenses were $375,000 or 15.9 percent of revenue, compared to $525,000 or 21.4 percent of revenue for the 2005 period. Terrapoint's management is continuing to focus on reducing costs and improving efficiencies.

Research and Development Expenses ("R&D")

The LiDAR segment is the only business segment of Pulse which incurs R&D. Terrapoint's engineering department activity is divided among new product development; technical support; maintenance; repair and upgrade of the equipment deployed in day-to-day operations; and research and development aimed at improving performance, reliability and ease of use, and achieving further technical advancement of the LiDAR process. R&D expenditures for the first three quarters of 2006 decreased by 14.4 percent to $716,000 from $836,000 for the same period in 2005. Terrapoint's R&D efforts are focused on developing innovative new software and hardware solutions that will provide added value to its expanding client base.

Loss Before Income Taxes

The LiDAR segment accounted for $11.0 million of Pulse's loss before income taxes in the first three quarters of 2006 compared to contributing a loss of $2.3 million for the same period in 2005. The LiDAR segment loss in 2006 includes the $8.8 million of additional depreciation of Terrapoint's capital assets that was recorded in the first half of 2006 and discussed above. This segment's loss before income taxes for the third quarter of 2006 was $196,000 compared to a loss of $606,000 for the 2005 period.

Corporate and Other Segment

The corporate and other segment consists primarily of Pulse's corporate G&A costs, interest and items such as inter-company eliminations and foreign exchange gains and/or losses.

General and Administrative Expenses ("G&A")

For the nine months ended September 30, 2006 G&A expenses were $4.2 million, a 29.9 percent increase from $3.2 million for the same period in 2005. For the third quarter of 2006 the corporate G&A increased by 63.9 percent to $1.4 million from $876,000 for the same period in 2005. The G&A increase is principally related to higher stock-based compensation expense, higher salary expense due to hiring more employees and higher public reporting costs.

Depreciation Expense

Depreciation expense for the nine months ended September 30, 2006 increased by 28.1 percent to $269,000 from $210,000 for the same period in 2005. Depreciation expense for the three months ended September 30, 2006 increased by 9.9 percent to $89,000 from $81,000 for the same period in 2005. The increase in both periods is due primarily to 2005 capital expenditures, mainly for technology-related equipment for improving data security and data flow as well as software upgrades, which results in higher depreciation in the subsequent year.

Interest Expense

Total interest expense for the nine months ended September 30, 2006 increased to $848,000 from $794,000 for the same period in 2005. For the three months ended September 30, 2006 this expense decreased to $229,000 from $389,000 for the same period in 2005. This decrease for the third quarter periods is due to the Company's decision to make a penalty-free, debt pre-payment of $2.2 million in the third quarter of 2006, along with normal principal repayments.

Trango Segment

The Trango segment of Pulse has been reported as discontinued operations as of September 30, 2006. Trango, a wholly-owned subsidiary of Pulse, was classified as assets held for sale as of June 30, 2006 and was subsequently sold on July 31, 2006, for $1.8 million in cash plus a working capital adjustment of approximately $400,000.

Income Taxes

The total income tax recovery related to continuing operations for the nine months ended September 30, 2006 was $3.7 million, compared to a total income tax provision of $1.7 million and an effective tax rate of 38.4 percent for the same period in 2005. The 2006 income tax recovery incorporates the elimination of the federal Large Corporations Tax and recently-enacted provincial and federal tax rate decreases.

Data Libraries

Pulse acquires seismic data to grow its data library through two methods. The Company conducts participation surveys each year, and also purchases proprietary rights to complementary seismic data when the opportunity arises. During the first nine months of 2006, Pulse invested a total of $10.9 million to acquire seismic data. Of this amount, $7.1 million was invested to conduct a 237 square kilometre, 3D participation survey in west-central Alberta in Q2 2006, and additional cash consideration of $3.9 million was invested in Q3 2006 to purchase a seismic dataset consisting of approximately 224 net square kilometres of 3D data and 3,445 net kilometres of 2D data located in the Deep Basin of west central Alberta. In comparison, in the first nine months of 2005 the Company invested $20.7 million to acquire new seismic data. In the second quarter of 2005 the Company purchased the proprietary rights to approximately 2,500 net square kilometres of 3D seismic data and 500 net kilometres of 2D seismic data located in the south-central area of Alberta for $15.2 million. Additionally, in the first nine months of 2005 the Company invested $5.5 million to acquire 240 net square kilometres of 3D data through participation surveys.

The LiDAR data library acquired with Terrapoint in 2004 includes approximately $805,000 of data acquired by Terrapoint in 2003, of which $395,000 remained unamortized at September 30, 2006. The costs associated with acquiring LiDAR data since the acquisition of Terrapoint have not been significant, and have been expensed.

Future Tax Liability

The net future income tax liability, based on assets and liabilities related to continuing operations, decreased from $9.9 million at December 31, 2005 to $4.1 million at September 30, 2006. The liability of $4.1 million consists mainly of deferred partnership income, and the future tax liability associated with various Company property and equipment, including seismic data, that has a lower tax value than its corresponding accounting value. The significant decrease in the future tax liability is primarily due to the writedown of Terrapoint's LiDAR capital assets during the first half of 2006 and the effect of the new, lower future tax rates on the value of the future tax liabilities related to the seismic data.

Liquidity, Capital Resources and Capital Requirements

At September 30, 2006 the working capital position of Pulse, including the current portion of long-term debt of $5.8 million, was $13.4 million, compared to $17.5 million at December 31, 2005. During the third quarter of 2006, Pulse utilized cash resources for a seismic data purchase ($3.9 million), long-term debt repayment ($3.8 million) and dividends ($1.7 million).

With the continued trend of strong seismic data sales levels, Pulse management expects that its funds from operations will be sufficient to finance operations, service debt, and pay dividends through the remainder of 2006. The ongoing growth in the Company's seismic data library continues to position Pulse as a leading provider of valuable seismic data to industry participants well into the future. Historical data sales analysis shows that most seismic data retains its value for many years. Combined with the recent technological advancements in reprocessing, the Company's clients are able to enhance the quality of older data in the library.

Although quarterly results can show significant swings in working capital because of the impact of participation surveys, Pulse remains liquid with a substantial working capital position. Because Pulse's largest expense in any given period is a non-cash amortization expense, funds from operations are usually much higher than net earnings.

Contractual Obligations

There have not been any significant changes in Pulse's contractual obligations since the 2005 Annual Report.

Free Cash Flow

Free cash flow for the nine months ended September 30, 2006 was $9.9 million, compared to free cash flow of $15.7 million for the first nine months of 2005. The decrease in free cash flow is attributable to higher net cash expenditures for participation surveys in 2006.

	Nine Months Ended September 30	
($000s)	**2006**	**2005**
Funds from continuing operations	**$ 17,014**	$ 21,157
Less:		
Participation survey additions	**(7,071)**	(5,481)
Free cash flow	**$ 9,943**	$ 15,676

Related Party Transactions

The Company holds an approximate 50 percent undivided interest in certain 2D seismic data totaling 1,765 net kilometres (0.7 percent 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 $10,000 at September 30, 2006 ($154,000 at September 30, 2005).

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: (i) participation surveys, and (ii) the purchase of other seismic data. The costs associated with participation surveys are amortized at 35 percent 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 capital cost of the LiDAR data library is amortized on a straight-line basis over five years. The capital cost of the camera systems, technical equipment, proprietary software and processes acquired in Terrapoint are amortized on a straight-line basis over a seven-year period.

Estimates are made concerning the expected useful lives, projected residual values and the potential for impairment of Terrapoint's LiDAR property and equipment. These estimates and any potential impairment are evaluated on a quarterly basis.

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 as at September 30, 2006 and September 30, 2005.

	September 30, 2006	September 30, 2005
Weighted average shares outstanding:		
Basic	**46,351,164**	46,047,366
Diluted	**47,351,039**	46,726,355
Shares outstanding at period end	**47,634,337**	46,460,354
Shares outstanding at November 6, 2006	**47,882,440**	

At September 30, 2006 there were 3,334,757 stock options outstanding at exercise prices ranging from $0.96 to $3.05 per share.

At November 6, 2006 there were 3,029,920 options outstanding at exercise prices ranging from $0.96 to $3.05 per share.

Stock Appreciation Rights

Stock Appreciation Rights (SARs) have been granted to employees and a director resident in the United States. They have an exercise price equal to the fair market value of the Company's stock on the date of the grant and an expiration date five years after the grant date. Vesting is over a three-year period with portions of a grant becoming exercisable at one, two and three years after the grant date.

At September 30, 2006, 186,501 SARs were outstanding at exercise prices ranging from $1.66 to $3.05 and having a weighted average remaining life of 3.95 years. The SARs program involves the payment of cash compensation, and does not involve the issuance of any common shares of the Company.

Financial Summary of Quarterly Results ($000s except per share data)
(For comparative purposes, this summary includes the results of Trango)

	2006			2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Data library revenue	**6,976**	**6,634**	**10,098**	12,439	8,614	8,059	5,793	8,520
Participation survey revenue	**–**	**3,058**	**–**	4,368	607	68	4,963	7,657
LiDAR revenue	**2,355**	**1,813**	**1,453**	1,963	2,453	2,556	1,480	2,059
Trango revenue	–	**855**	**287**	390	203	463	399	820
Corporate & other revenue	**(75)**	**(34)**	**(49)**	(54)	(45)	(26)	(101)	54
Total revenue	**9,256**	**12,326**	**11,789**	19,106	11,832	11,120	12,534	19,110
Net earnings (loss)	**446**	**(5,114)**	**39**	4,020	1,061	683	724	5,305
Per share – basic	**0.01**	**(0.11)**	**0.00**	0.09	0.02	0.01	0.02	0.12
Per share – diluted	**0.01**	**(0.11)**	**0.00**	0.09	0.02	0.01	0.02	0.12
Dividends paid per share	**0.0375**	**0.0375**	**0.0375**	0.025	0.025	0.0125	0.0125	0.0125

Pulse's total revenue on a quarterly basis continues to fluctuate significantly. The significant contributing revenue streams are data library and participation survey sales. Generally, in quarters where participation surveys are completed, total revenue is much higher than in quarters without participation survey revenue. The first nine months of 2006 had 6.4 percent less total revenue from continuing operations than the first nine months of 2005 due to lower participation survey revenue of $2.6 million and a reduction of LiDAR revenue of $868,000. The decreases were offset to some degree by an increase of $1.2 million in data library sales.

In addition revenues are subject to seasonality, particularly relating to participation survey revenues. The historic trend has been to deliver the majority of participation survey programs in the first two quarters of each year. In 2006, one survey was completed during the second quarter, while in 2005 Pulse completed and delivered three surveys during the first quarter and two surveys in the fourth quarter.

Terrapoint can also be affected by seasonality. The spring and fall generally present better opportunities due to the improved conditions presented by periods that are “leaf-off” and when the ground is free of snow.

During the past eight fiscal quarters, Pulse’s fluctuations in earnings have largely been a function of revenue and depreciation. The quarters with large participation survey revenues are easily identified. Also, the steadily increasing data library sales are having a very positive impact on earnings. The exceptions in the first and second quarters of 2006 are due to writedowns of certain LiDAR segment capital assets of $1.2 million and $7.6 million respectively, which offset the earnings generated in the quarters by the seismic data segment.

RISK FACTORS

Please refer to the Company’s 2005 Annual Report and 2006 interim reports for a summary of the business risks relating to Pulse’s business and operations.

ADDITIONAL INFORMATION

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

OUTLOOK

It is expected that the recent announcement by the Canadian federal government concerning the taxation of energy income trusts will create some uncertainty in the energy sector in the short term. However we believe that this uncertainty will not significantly affect our business in the long term and may create seismic data acquisition opportunities at attractive prices.

As a result of some softening in commodity prices, there have been reports from certain industry associations that drilling activity levels in Canada may decline in 2007. This reduced level of activity is expected to be primarily related to conventional shallow gas drilling and drilling for coalbed methane, and not exploration drilling. Because the key driver for the demand for seismic data is exploration drilling activity, the Company expects that any reduced levels in shallow gas development drilling activity would have minimal impact on the Company in 2007.

For the past two years Pulse has significantly improved its balance sheet and the Company is now in an excellent position to take advantages of growth opportunities. We increased the size of our 3D data library by 40% in 2005 and the recent signing of a Letter of Intent to purchase over 14,000 kilometres of high-value foothills 2D data, which is scheduled to close November 15, 2006, will add significantly to the value of our 2D data library. This foothills data is high quality, in highly prospective exploration areas and there is little competing data. For the previous owners, over the last five years, this data set has averaged approximately $10 million in cash data licensing revenue per year. This 2D data will be incorporated in the Pulse seismic data library with minimal incremental sales or marketing costs going forward. Therefore we expect this dataset to significantly contribute to the future free cash flow of this segment.

As a result of this pending significant 2D data acquisition, the Company has chosen not to conduct any participation surveys in Q4 2006. Our goal is to increase the worth of our seismic data library by adding high value data and we are ideally positioned to aggressively pursue this goal.

The comprehensive restructuring of Terrapoint outlined in our Q2 2006 interim report is having the desired effect and enhances our confidence in the future of this division. Our revamped sales and marketing team has steadily increased our sales, resulting in a sold backlog of approximately $2.2 million at the end of the third quarter that is expected to be performed during the fourth quarter. LiDAR revenue in September was over $1.1 million, October revenue was down slightly due to weather and we expect to complete the majority of the backlog by year end. Over the last year implementation of standard operating procedures, new field systems and processing hardware and software has improved our data processing throughput significantly and field system down time, due to system failure, has been reduced by over 90 percent. The restructuring of the R&D department has resulted in internal cost savings, improved data throughput, field system efficiency and innovative solutions for our clients. Our terrestrial-based mobile corridor mapping system "Titan", which was recently featured on The Discovery Channel, will begin field tests in mid November. The Titan system has already generated significant industry interest which is expected to open an entirely new market for Terrapoint. The Company's improved efficiency, market intelligence and entry into new markets have brought us to the point where Terrapoint now has the opportunity to invest in the acquisition of large long-life high value databases that will provide the Company with continued recurring revenue similar to our seismic division. We believe that the rebuilding of Terrapoint has resulted in a dynamic innovative business capable of profitable growth.

We look forward to a very exciting future.

November 6, 2006

[Signed] Ken G. MacDonald	[Signed] Douglas A. Cutts
Ken G. MacDonald President & C.E.O.	Douglas A. Cutts Vice President Finance & C.F.O.

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 "Risk Factors" section of the Management's Discussion and Analysis in the Company's 2005 Annual Report and 2006 interim reports 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, except as required by law.

Interim Consolidated Balance Sheets

(In thousands of dollars) (unaudited)	September 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	**$ 15,454**	$ 11,012
Accounts receivable	**11,746**	20,249
Prepaid expenses	**321**	315
Work in progress	**1,135**	993
Assets of discontinued operations (note 2)	**–**	1,750
	28,656	34,319
Long-term receivable	**–**	800
Data libraries	**74,558**	80,256
Participation surveys in progress	**–**	192
Property and equipment	**5,222**	13,665
Investments	**351**	432
Deferred charges	**167**	218
	$ 108,954	$ 129,882
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 4,750**	$ 6,700
Deferred revenue	**4,637**	3,848
Current portion of long-term debt (note 3)	**5,832**	6,068
Liabilities of discontinued operations (note 2)	**–**	200
	15,219	16,816
Long-term debt (note 3)	**14,151**	20,772
Future income taxes	**4,105**	9,862
Shareholders' equity:		
Share capital (note 4)	**54,233**	51,808
Contributed surplus (note 4)	**1,624**	1,079
Retained earnings	**19,622**	29,545
	75,479	82,432
	$ 108,954	$ 129,882

Subsequent event (note 7)

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Earnings (Loss) and Retained Earnings

(In thousands of dollars, except per share data) (unaudited)	Three Months Ended September 30 2006	Three Months Ended September 30 2005	Nine Months Ended September 30 2006	Nine Months Ended September 30 2005
Revenue	**$ 9,256**	$ 11,629	**$ 32,229**	$ 34,421
Operating expenses:				
Amortization of data libraries	**5,068**	4,627	**17,119**	14,757
Operating	**2,535**	2,274	**7,314**	7,074
Depreciation and amortization (note 5)	**302**	745	**10,398**	1,945
	7,905	7,646	**34,831**	23,776
Gross margin	**1,351**	3,983	**(2,602)**	10,645
General and administrative expenses	**1,811**	1,401	**5,349**	4,590
Research and development expenses	**214**	323	**716**	836
Interest:				
Long-term debt	**417**	408	**1,276**	878
Other	**(194)**	(18)	**(425)**	(81)
	223	390	**851**	797
Earnings (loss) from continuing operations before income taxes	**(897)**	1,869	**(9,518)**	4,422
Income taxes:				
Current	**(2)**	(2,510)	**2,182**	120
Future (reduction)	**(135)**	3,190	**(5,862)**	1,579
	(137)	680	**(3,680)**	1,699
Net earnings (loss) from continuing operations	**$ (760)**	$ 1,189	**$ (5,838)**	$ 2,723
Earnings (loss) from discontinued operations, net of income taxes (note 2)	**1,206**	(128)	**1,209**	(255)
Net earnings (loss)	**$ 446**	$ 1,061	**$ (4,629)**	$ 2,468
Retained earnings, beginning of period	**20,952**	26,784	**29,545**	26,527
Dividends paid	**(1,776)**	(1,158)	**(5,294)**	(2,308)
Retained earnings, end of period	**$ 19,622**	$ 26,687	**$ 19,622**	$ 26,687
Earnings (loss) per share from continuing operations, basic and diluted	**$ (0.02)**	$ 0.02	**$ (0.13)**	$ 0.05
Earnings (loss) per share, basic and diluted	**$ 0.01**	$ 0.02	**$ (0.10)**	$ 0.05

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(In thousands of dollars) (unaudited)	Three Months Ended September 30 2006	Three Months Ended September 30 2005	Nine Months Ended September 30 2006	Nine Months Ended September 30 2005
Cash provided by (used in):				
Operations:				
Net earnings (loss)	**$ 446**	$ 1,061	**$ (4,629)**	$ 2,468
Items not involving cash:				
Amortization of data libraries	**5,068**	4,627	**17,119**	14,757
Depreciation and amortization	**302**	765	**10,426**	2,003
Unrealized (gain) on foreign exchange	**3**	(151)	**(71)**	(87)
Future income taxes (reduction)	**(30)**	3,124	**(5,754)**	1,455
Stock-based compensation	**545**	204	**1,195**	561
Gain on sale of subsidiary	**(1,323)**	-	**(1,323)**	–
Other	**15**	10	**51**	–
Funds from operations	**5,026**	9,640	**17,014**	21,157
Net change in non-cash working capital items related to operations	**(16)**	(4,983)	**8,831**	(4,982)
Increase (decrease) in non-current deferred revenue	**–**	(250)	**–**	–
	5,010	4,407	**25,845**	16,175
Financing:				
Long-term debt	**–**	–	**–**	15,439
Repayment of long-term debt	**(3,757)**	(1,081)	**(6,857)**	(3,910)
Issue of share capital	**621**	381	**1,571**	939
Dividends paid	**(1,706)**	(1,158)	**(5,090)**	(2,308)
Proceeds from sale of subsidiary	**1,714**	–	**1,714**	–
	(3,128)	(1,858)	**(8,662)**	10,160
Investing:				
Additions to data libraries through participation surveys	**(3)**	621	**(7,071)**	(5,481)
Seismic data purchases	**(3,850)**	-	**(3,850)**	(15,225)
(Increase) decrease in participation surveys in progress	**11**	(6)	**192**	(8)
Decrease in investments	**81**	–	**81**	235
Additions to property and equipment	**(238)**	(246)	**(1,955)**	(1,371)
Net change in non-cash working capital items related to investing	**(179)**	572	**(1,035)**	(839)
	(4,178)	941	**(13,638)**	(22,689)
Increase (decrease) in cash position	**(2,296)**	3,490	**3,545**	3,646
Cash and cash equivalents, beginning of period	**17,750**	3,983	**11,909**	3,827
Cash and cash equivalents, end of period	**$ 15,454**	$ 7,473	$ 15,454	$ 7,473

During the three and nine month periods ended September 30, 2006 the Corporation paid interest of $223,000 (2005-$384,000) and $849,000 (2005-$774,000), respectively. During the three and nine month periods ended September 30, 2006 the Corporation paid income taxes of $26,000 (2005-$44,700) and $762,000 (2005-$140,400) respectively.

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

Information as of September 30, 2006 and for the three and nine months ended September 30, 2006 and 2005 is unaudited
(Tabular amounts in thousands of dollars, except per share data)

Pulse Data Inc. ("the Corporation") is incorporated under the Canada Business Corporations Act and is a publicly-traded company on the Toronto Stock Exchange under the symbol PSD.

1. **Basis of presentation and significant accounting policies:**

   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, 2005. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements. The figures for the nine months ended September 30, 2005 reflect certain reclassifications to conform to the presentation adopted in 2006.

   The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of results to be expected for the entire year ending December 31, 2006. The Corporation records participation survey revenue related to its seismic programs. Revenue is recognized upon completion of a program at the time the related data is delivered. These surveys can be conducted at any time during the year.

2. **Discontinued operations:**

   On July 31, 2006 Pulse Data Inc. sold 100% of the shares of Trango Technologies Inc., ("Trango") a wholly owned subsidiary of the Corporation, which represented its software development segment. The shares were sold for $1.8 million in cash plus a working capital adjustment calculated at June 30, 2006, the effective date of the sale.

   Results of operations of this segment have been classified as discontinued operations.

   Assets and liabilities of discontinued operations as at September 30, 2006 and December 31, 2005 are as follows:

Assets of discontinued operations

	September 30, 2006	December 31, 2005
Current assets:		
Cash and cash equivalents	$ –	$ 897
Accounts receivable	–	345
Prepaid expenses	–	1
	–	1,243
Property and equipment	–	194
Future income taxes	–	313
	$ –	$ 1,750

Liabilities of discontinued operations

	September 30, 2006	December 31, 2005
Current liabilities:		
Accounts payable	$ –	$ 48
Deferred revenue	–	152
	$ –	$ 200

2. Discontinued operations (continued):

The results of discontinued operations for the three and nine months ended September 30, 2006 and 2005 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	**2005**	**2006**	**2005**
Revenue	**$ –**	$ 203	**$ 855**	$ 1,065
Expenses:				
Operating	**12**	332	**781**	1,253
Depreciation and amortization	**-**	20	**28**	58
General and administrative expenses	**-**	46	**55**	134
Interest income	**-**	(1)	**(3)**	(1)
Future income taxes (reduction)	**-**	(66)	**3**	(124)
	(12)	(128)	**(9)**	(255)
Gain on sale of Trango	**1,218**	–	**1,218**	–
Earnings (loss) from discontinued operations, net of income taxes	**$ 1,206**	$ (128)	**$ 1,209**	$ (255)

3. Long-term debt:

	September 30, 2006	December 31, 2005
Bank term loan, repayable in set monthly installments of $483,350 per month over 5 years, plus interest at the lender's base rate plus 2.5%, secured by the assets of the Corporation.	**$ 19,951**	$ 26,572
Promissory note payable in US funds, non-interest bearing, due semi-monthly based on 5% of cash receipts for sale or license of assets purchased from the holder, secured by the purchased assets.	**–**	205
Capital lease obligations	**32**	63
	19,983	26,840
Less current portion	**5,832**	6,068
	$ 14,151	$ 20,772

Future repayments due when each of the next five years are estimated as follows:

2006 (October to December)	$ 1,480
2007	3,530
2008	5,800
2009	5,800
2010	3,373
	$ 19,983

4. Share capital:

(a) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2005	46,559,778	$ 51,808
Issued for cash on exercise of stock options, net of cancellations	994,199	1,571
Issued under the dividend reinvestment plan	80,360	204
Transferred from contributed surplus on exercise of stock options	–	650
Balance, September 30, 2006	47,634,337	$ 54,233

(b) Contributed Surplus:

Balance, December 31, 2005	$ 1,079
Stock-based compensation	1,195
Transferred to share capital on exercise of stock options	(650)
Balance, September 30, 2006	$ 1,624

(c) Stock-based plans:

The Corporation has a stock option plan under which directors, officers, employees and certain consultants are eligible to receive options to purchase common shares of the Corporation. The options granted vest one-third on each of the first, second and third anniversaries of the date of grant and expire on the fifth anniversary. The options granted prior to September 30, 2003 are fully vested. At September 30, 2006 options to purchase 3,334,757 shares were outstanding at exercise prices ranging from $ 0.96 to $ 3.05 and having a weighted average remaining life of 3.46 years.

During the nine months ended September 30, 2006, 321,500 options were granted at a weighted average price of $2.60. The per share weighted average fair value of stock options granted during this period was $1.42 (2005 – $1.18) using the Black-Scholes model with the following assumptions: risk-free interest rate of 4.25% (2005 – 4.25%), expected life of 5 years and a weighted average expected volatility of 65% (2005 – 61%) and assumed dividend rate of $0.15 per year. Options exercised during the first three quarters of 2006 totaled 994,199. The weighted average price of these options was $1.58. For the three months ended September 30, 2006, the number of options exercised was 353,167. The weighted average price for these options was $1.76.

Stock appreciation rights ("SARs") have been granted to employees and a director in the United States with an exercise price equal to the fair market value of the Company's stock on the date of grant and expire five years after the grant date. Vesting is over a three-year period with portions of a grant becoming exercisable at one, two and three years after the grant date. At September 30, 2006, 186,501 SARs were outstanding at exercise prices ranging from $1.66 to $3.05, and having a weighted average remaining life of 3.95 years. The exercise of SARs involves the payment of cash compensation, and does not involve the issuance of any common shares of the Corporation.

Compensation expense related to stock options and SARs was $1,195,000 and $65,000 respectively.

(d) Per share amounts:

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	**2005**	**2006**	**2005**
Weighted average shares outstanding:				
Basic	**46,834,854**	46,282,828	**46,351,164**	46,047,366
Diluted	**47,638,555**	47,246,570	**46,351,164**	46,726,355

Diluted earnings per share is computed using a "treasury stock" method whereby outstanding stock options are only dilutive if, and to the extent, that they are "in the money", and if there are net earnings for the period. In computing diluted earnings per share for the nine months ended September 30, 2006, no shares were added to the weighted average number of common shares outstanding for dilution from stock options because the Company incurred a net loss. The addition of shares from stock options to the diluted weighted average number of shares outstanding for this period would have had the effect of decreasing the net loss per share.

5. LiDAR asset writedown:

For the nine months ended September 30, 2006 the carrying value of all the LiDAR assets have been written down by $8.8 million to a residual value that is equal to the estimated fair value of these assets. This writedown occurred in the first half of the year. The amount of this writedown is included in depreciation expense in the statement of earnings (loss) and in the LiDAR segment in Note 6.

6. Segmented information:

The continuing operations of the Corporation include three segments: seismic data, LiDAR, and corporate and other. Under the first segment, the Corporation specializes in acquiring, marketing and licensing non-exclusive seismic data through its general partnership, Pulse Seismic. The inventory of seismic data is increased either by shooting participation surveys or by purchasing existing seismic data libraries. While Pulse Seismic maintains a proprietary interest in the seismic data from all such participation surveys, the initial participants may be granted exclusive licenses for an initial period during which Pulse Seismic cannot license the data to others. Participation survey revenue includes all revenues for licenses sold prior to the delivery of the seismic data to the initial participants or the expiry of the exclusive periods, whichever occurs later. Thereafter the data forms part of the Pulse Seismic's seismic data library, with subsequent sales categorized as data library revenue. Additionally, the Corporation conducts exclusive seismic programs for clients, for which it earns a project management fee. Pulse does not hold an ownership position in the data shot for these programs and the revenue earned is included in participation survey revenue. All of the foregoing types of revenue are included in the seismic data segment. The second segment the Corporation reports is LiDAR, generating revenue through its wholly owned subsidiaries, Terrapoint Canada Inc. and Terrapoint USA Inc. LiDAR revenue is generated by conducting custom 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. The corporate and other segment includes foreign exchange losses of $158,000 (2005-$102,000) and $22,000 (2005-$60,000) for the nine and three months ended September 30, 2006, respectively.

Nine Months Ended September 30, 2006	**Seismic Data**	**LiDAR**	**Corporate and Other**	**Total**
Revenue:				
Data library sales	$ 23,708	$ –	$ –	$ 23,708
Participation surveys	3,058	–	–	3,058
LiDAR	–	5,621	–	5,621
Corporate and other	–	–	(158)	(158)
Total revenue	26,766	5,621	(158)	32,229
Amortization	16,987	132	–	17,119
Segment profit (loss), before undernoted	9,779	5,489	(158)	15,110
Operating expenses	2,914	4,513	(113)	7,314
General and administrative	–	1,139	4,210	5,349
Depreciation	–	10,129	269	10,398
Research and development	–	716	–	716
Interest expense	–	3	848	851
Earnings (loss) before income taxes	$ 6,865	$ (11,011)	$ (5,372)	$ (9,518)
Total assets	$ 99,252	$ 7,608	$ 2,094	$ 108,954
Capital expenditures	$ 10,728	$ 1,842	$ 114	$ 12,684

Three Months Ended September 30, 2006	**Seismic Data**	**LiDAR**	**Corporate and Other**	**Total**
Revenue:				
Data library sales	$ 6,976	$ –	$ –	$ 6,976
Participation surveys	–	–	–	–
LiDAR	–	2,355	–	2,355
Corporate and other	–	–	(75)	(75)
Total revenue	6,976	2,355	(75)	9,256
Amortization	5,024	44	–	5,068
Segment profit (loss), before undernoted	1,952	2,311	(75)	4,188
Operating expenses	824	1,711	-	2,535
General and administrative	–	375	1,436	1,811
Depreciation	–	213	89	302
Research and development	–	214	–	214
Interest expense	–	(6)	229	223
Earnings (loss) before income taxes	$ 1,128	$ (196)	$ (1,829)	$ (897)
Total assets	$ 99,252	$ 7,608	$ 2,094	$ 108,954
Capital expenditures	$ 3,841	$ 205	$ 34	$ 4,080

Nine Months Ended September 30, 2005	**Seismic Data**	**LiDAR**	**Corporate and Other**	**Total**
Revenue:				
Data library sales	$ 22,466	$ –	$ –	$ 22,466
Participation surveys	5,638	–	–	5,638
LiDAR	–	6,489	–	6,489
Corporate and other	–	–	(172)	(172)
Total revenue	28,104	6,489	(172)	34,421
Amortization	14,625	132	–	14,757
Segment profit (loss), before undernoted	13,479	6,357	(172)	19,664
Operating expenses	2,373	4,726	(25)	7,074
General and administrative	–	1,350	3,240	4,590
Depreciation	–	1,735	210	1,945
Research and development	–	836	–	836
Interest expense	–	3	794	797
Earnings (loss) before income taxes	$ 11,106	$ (2,293)	$ (4,391)	$ 4,422
Total assets	$ 105,004	$ 16,868	$ 234	$ 122,106
Capital expenditures	$ 20,714	$ 469	$ 887	$ 22,070

Three Months Ended September 30, 2005	**Seismic Data**	**LiDAR**	**Corporate and Other**	**Total**
Revenue:				
Data library sales	$ 8,614	$ –	$ –	$ 8,614
Participation surveys	607	–	–	607
LiDAR	–	2,453	–	2,453
Corporate and other	–	–	(45)	(45)
Total revenue	9,221	2,453	(45)	11,629
Amortization	4,583	44	–	4,627
Segment profit (loss), before undernoted	4,638	2,409	(45)	7,002
Operating expenses	698	1,502	74	2,274
General and administrative	–	525	876	1,401
Depreciation	–	664	81	745
Research and development	–	323	–	323
Interest expense	–	1	389	390
Earnings (loss) before income taxes	$ 3,940	$ (606)	$ (1,465)	$ 1,869
Total assets	$ 105,004	$ 16,868	$ 234	$ 122,106
Capital expenditures	$ (613)	$ 139	$ 102	$ (372)

7. Subsequent Event:

On October 6, 2006 the Corporation signed a letter agreement for the $32.5 million purchase of 14,000 net kilometres of high-quality, regional 2D seismic data covering extensive areas under active exploration and development drilling in the Foothills region of Alberta and northeastern British Columbia. The transaction also includes extensive coverage in the Northwest Territories, Yukon and the Mackenzie Delta and some data in the northwestern United States. The letter agreement is subject to certain conditions, including a due diligence review and the execution of a formal purchase and sale agreement. The purchase is expected to close by November 15, 2006. The Company intends to finance the purchase using a combination of working capital and additional bank debt.

Corporate Information

Board of Directors

Clark Zentner [1] [3]
Chairman of the Board
Independent Businessperson

Daphne Corbett [1] [3]
Independent Businessperson

Arthur Dumont [2] [3] [4]
Chairman & CEO
Technicoil Corporation

Peter Fuss [2] [3]
Management Consultant

Ken MacDonald [4]
President & CEO
Pulse Data Inc.

Graham Weir [1] [3]
Independent Businessperson

Donald West [2] [3] [4]
Independent Businessperson

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance Committee
(4) Member of the Environmental, Health and Safety Committee

Officers

Ken MacDonald
President & CEO

Douglas Cutts
Vice President, Finance & CFO

Brent Gale
Vice President, Operations & COO

Norman Hall
Corporate Secretary

James Ferguson
President
Terrapoint Canada Inc.

Paul Mrstik
Vice President, Engineering
Terrapoint Canada Inc.

Jake Jenkins
Vice President, Sales and Marketing
Terrapoint Canada Inc.

Roger Shreehan
Vice President, Operations
Terrapoint Canada Inc.

Bruce Nelson
President
Terrapoint USA Inc.

Bankers
Bank of Nova Scotia
Calgary, Alberta

RoyNat Capital Inc.
Calgary, Alberta

Registrar & Transfer Agent
Computershare Trust Company of Canada
Calgary, Alberta

Solicitors
Gowling Lafleur Henderson LLP
Calgary, Alberta

Auditors
KPMG LLP
Calgary, Alberta

Stock Exchange Listing
The Toronto Stock Exchange
Symbol: PSD

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