Press Release

Divestco

Divestco Reports 2015 Q1 Results

May 28, 2015, Calgary, AB (TSX-V: DVT) – Divestco Inc. ("Divestco" or the "Company"), an exploration services company dedicated to providing a comprehensive and integrated portfolio of data, software and services to the oil and gas industry worldwide, today announced its financial and operating results for the three months ended March 31, 2015.

Financial Highlights

Overall Performance and Operational Results

Financial Results (Thousands, Except Per Share Amounts)				
	Three months ended March 31			
	2015	2014	*$ Change*	*% Change*
Revenue	**$ 9,405**	$ 6,712	*$ 2,693*	*40%*
Operating Expenses [1]	**5,347**	5,625	*(278)*	*-5%*
Other Loss (Income)	**(5,620)**	(183)	*(5,437)*	*N/A*
EBITDA [2]	**9,678**	1,270	*8,408*	*662%*
Finance Costs	**458**	259	*199*	*77%*
Depreciation and Amortization	**6,986**	1,757	*5,229*	*298%*
Income (Loss) before Income Taxes	**2,234**	(746)	2,980	N/A
Income Tax Recovery	**-**	(31)	*31*	*N/A*
Net Income (Loss)	**$ 2,234**	$ (715)	*$ 2,949*	*N/A*
Per Share - Basic and Diluted	**0.03**	(0.01)	*0.04*	*N/A*
Funds from Operations [2]	**$ 4,112**	$ 1,124	*$ 2,988*	*266%*
Per Share - Basic and Diluted	**0.06**	0.02	*0.04*	*200%*
Class A Shares Outstanding	**67,108**	67,085	*N/A*	*N/A*
Weighted Average Shares Outstanding Diluted	**67,106**	67,055	*N/A*	*N/A*

[1] Includes salaries and benefits, G&A and shared-based payments but excludes depreciation and amortization and other loss (income)
[2] See the "Non GAAP Measures and Additional GAAP Measure" sections of the Company's Management Discussion and Analysis filed on the Company's website and on SEDAR.

Q1 2015 vs. Q1 2014

Divestco generated revenue of $9.4 million in Q1 2015 compared to $6.7 million in Q1 2014, an increase of $2.7 million (40%) mainly related to the acquisition of new seismic data surveys. A majority of these contracts were in place prior to the downturn in commodity prices. The increase in other income is mainly related to a $5.4 million accounting gain recognized on the sale of the Company's land software assets for net proceeds of $6.3 million. A portion of the total proceeds from the above disposition were used to fully repay a bridge loan in the amount of $4.5 million with the remaining proceeds to be used for working capital purposes. Operating expenses decreased by $0.3 million (5%) to $5.3 million in Q1 2015 from $5.6 million in Q1 2014 as salaries declined due to a lower headcount and austerity measures put in place in reaction to the current economic conditions. This was partially offset by higher demand for third party contractors to carry out a majority of the field work and international work in the processing and land management services divisions. Finance costs increased by $199,000 (77%) to $458,000 in Q1 2015 mainly due to a higher cost of debt related to a $4.5 million bridge loan secured by the Company at the end of September 2014 which was repaid on March 25, 2015. Depreciation and amortization ($7.0 million) increased by $5.2 million (298%) mainly due to the completion of three seismic data surveys in Q1 2015 (Company policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

Business Seasonality

Although the Company's Software & Data segment has relatively constant recurring revenue throughout the year from its license and subscription sales, some of the Company's other segments experience revenue fluctuations due to seasonal influences on oil and gas industry activities.

Seismic data acquisitions are usually completed in the winter season when the ground is frozen allowing access of heavy equipment with minimal disruption of agricultural fields. This affects the timing of recognition of revenues in the Seismic Data segment. Additionally, the Services segment normally exhibits a noticeable reduction in sales in the spring and summer months and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. To the extent possible, Divestco minimizes these fluctuations by performing specific types of contract work appropriate for lower-activity months.

Financial Position

As at March 31, 2015, Divestco had a working capital deficiency of $6.1 million (December 31, 2014: $10.7 million deficiency), excluding deferred revenue of $2.0 million (December 31, 2014: $3.2 million). The working capital deficiency is mainly comprised of shareholder loans to three directors ($5.7 million) and the current portion of debentures ($0.9 million). Currently, management is in negotiations with the holders of the shareholder loans to develop a long-term debt structure which will significantly reduce the current portion of the loans. The decrease in the working capital deficit from the end of 2014 was primarily due to the sale of the Company's land software assets; the proceeds were used to repay a $4.5 million bridge loan and for working capital purposes. Management remains focused on putting a new long-term conventional banking facility in place and reviewing other non-strategic asset dispositions. However, the outcome of these events cannot be predicted at this time.

Mr. Stephen Popadynetz, CEO commented: "Divestco is pleased with its Q1 2015 results. In addition to selling our land software assets and paying down debt, the Company completed and delivered three seismic programs. Despite a strong Q4 2014 and Q1 2015, Divestco is keenly focused on the low price environment facing many of our customers. To date, we have taken several measures to reduce our operating expenses through various austerity programs and will continue to review and make changes to our cost structure as required. While 2015 will be a challenging year, we are focused on the taking the steps necessary to weather the current downturn."

Operations Update and Outlook

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to reduce their capital budgets considerably. This has also led to pressure being put on North American oil and gas service companies to discount their prices. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses and debt. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. On March 25, 2015, the Company announced that it had sold its land software assets and used a portion of the total proceeds to fully repay a secured bridge loan. Management continues to have discussions with various parties on the sale of other non-strategic assets and putting a new banking facility in place.

About the Company

Divestco is an exploration services company that provides a comprehensive and integrated portfolio of data, software, and services to the oil and gas industry. Through continued commitment to align and bundle products and services to generate value for customers, Divestco is creating an unparalleled set of integrated solutions and unique benefits for the marketplace. Divestco's breadth of data, software and services offers customers the ability to access and analyze the information required to make business decisions and to optimize their success in the upstream oil and gas industry. Divestco is headquartered in Calgary, Alberta, Canada and trades on the TSX Venture Exchange under the symbol "DVT".

Additional information on the Company is available on its website at Divestco.com and on SEDAR at sedar.com.

For more information please contact:

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This press release contains forward-looking information related to the Company's capital expenditures, projected growth, view and outlook with respect to future oil and gas prices and market conditions, and demand for its products and services. Statements that contain words such as "could', "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning applicable by Canadian securities legislation. Although management of the Company believes that the expectations reflected in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to have been correct because, should one or more of the risks materialize, or should the assumptions underlying forward-looking statements or forward-looking information prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Readers should not place undue reliance on forward-looking statements or forward-looking information. All of the forward-looking statements and forward-looking information of the Company contained in this press release are expressly qualified, in their entirety, by this cautionary statement. Except where required by law, the Company does not assume any obligation to update these forward-looking statements or forward-looking information if conditions or opinions should change.

In particular, this press release contains forward-looking statements pertaining to the following: Company's ability to keep debt and liquidity at acceptable levels, improve/maintain its working capital position and maintain profitability in the current economy; availability of external and internal funding for future operations; relative future competitive position of the Company; nature and timing of growth; oil and natural gas production levels; planned capital expenditure programs; supply and demand for oil and natural gas; future demand for products/services; commodity prices; impact of Canadian federal and provincial governmental regulation on the Company; expected levels of operating costs, finance costs and other costs and expenses; future ability to execute acquisitions and dispositions of assets or businesses; expectations regarding the Company's ability to raise capital and to add to seismic data through new seismic shoots and acquisition of existing seismic data; treatment under tax laws; and new accounting pronouncements.

These forward-looking statements are based upon assumptions including: future prices for crude oil and natural gas; future interest rates and future availability of debt and equity financing will be at levels and costs that allow the Company to manage, operate and finance its business and develop its software products and various oil and gas datasets including its seismic data library, and meet its future *obligations; the regulatory framework in respect of royalties, taxes and environmental matters applicable to the Company and its customers will not become so onerous on both the Company and its customers as to preclude the Company and its customers from viably managing, operating and financing its business and the development of its software and data; and that the Company will continue to be able to identify, attract and employ qualified staff and obtain the outside expertise as well as specialized and other equipment it requires to manage, operate and finance its business and develop its properties.*

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including: general economic, market and business conditions; volatility in market prices for crude oil and natural gas; ability of Divestco's clients to explore for, develop and produce oil and gas; availability of financing and capital; fluctuations in interest rates; demand for the Company's product and services; weather and climate conditions; competitive actions by other companies; availability of skilled labour; failure to obtain regulatory approvals in a timely manner; adverse conditions in the debt and equity markets; and government actions including changes in environment and other regulation.