Divestco Press Release

Divestco Reports Q3 2013 Results

November 25, 2013, 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 and nine months ended September 30, 2013.

Financial Highlights

Summary Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended September 30				Nine months ended September 30			
	2013	2012	*$ Change*	*% Change*	**2013**	2012	*$ Change*	*% Change*
Revenue	**$ 4,883**	$ 6,409	*$ (1,526)*	*-24%*	**$ 23,584**	$ 32,358	*$ (8,774)*	*-27%*
Operating Expenses	**5,219**	6,013	*(794)*	*-13%*	**17,822**	20,229	*(2,407)*	*-12%*
Other Loss (Income)	**(24)**	40	*(64)*	*N/A*	**1,666**	41	*1,625*	*3963%*
EBITDA (1)	**(312)**	356	*(668)*	*N/A*	**4,096**	12,088	*(7,992)*	*-66%*
Finance Costs	**301**	309	*(8)*	*-3%*	**792**	280	*512*	*183%*
Depreciation and Amortization	**1,372**	1,178	*194*	*16%*	**5,435**	9,354	*(3,919)*	*-42%*
Income (Loss) before Income Taxes	**(1,985)**	(1,131)	*(854)*	*N/A*	**(2,131)**	2,454	*(4,585)*	*N/A*
Income Tax Expense (Reduction)	**-**	(51)	*51*	*N/A*	**-**	(51)	*51*	*N/A*
Net Income (Loss)	**$ (1,985)**	$ (1,080)	*$ (905)*	*N/A*	**$ (2,131)**	$ 2,505	*$ (4,636)*	*N/A*
Per Share - Basic and Diluted	**(0.03)**	(0.02)	*(0.01)*	*N/A*	**(0.03)**	0.04	*(0.07)*	*N/A*
Funds from (used in) Operations (2)	**$ (291)**	$ 191	*$ (482)*	*N/A*	**$ 6,093**	$ 11,664	*$ (5,571)*	*-48%*
Per Share - Basic and Diluted	**-**	-	*-*	*N/A*	**0.09**	0.17	*(0.08)*	*-47%*
Shares Outstanding	**66,921**	66,717	*N/A*	*N/A*	**66,921**	66,717	*N/A*	*N/A*
Weighted Average Shares Outstanding Basic and Diluted	**66,909**	66,715	*N/A*	*N/A*	**66,896**	66,657	*N/A*	*N/A*

(1) EBITDA means earnings before finance Costs, taxes and depreciation and amortization. Readers are cautioned that EBITDA is generally regarded as an indirect measure of operating cash flow, and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. EBITDA is not a measure that has a standardized meaning and accordingly may not be comparable to similar measures used by other companies.

(2) Funds from (used in) operations is not a calculation based on IFRS and should not be considered an alternative to cash from operating activities on consolidated statements of cash flows. Investors should be cautioned that funds from operations as reported by the Company may not be comparable in all instances to funds from operations as reported by other companies. The measure is used by management to evaluate its performance and to assess the ability of the Company to finance operating and investing activities. Funds from operations excludes certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

Divestco had a net loss of $2 million for the third quarter of 2013 ($0.03 per share – basic and diluted) compared to a net loss of $1.1 million ($0.02 per share – basic and diluted) for the same period in 2012. For the nine the months ended September 30, 2013, the Company had a net loss of $2.1 million ($0.03 per share – basic and diluted) compared to net income of $2.5 million ($0.04 per share – basic and diluted) for the same period in 2012. The loss for Q3 2013 was due to lower revenues and higher depreciation partially offset by lower operating costs. The loss for the nine months ended September 30, 2013 included an accounting loss of $1 million and an impairment charge of $0.7 million related to an asset sale and leasehold improvement write-down, respectively. Excluding the loss and impairment, the Company would have had a net loss of $0.4 million ($0.01 per share – basic and diluted) for the nine months ended September 30, 2013

For Q3 2013, Divestco generated revenue of $4.9 million compared to $6.4 million in Q3 2012, a decrease of $1.5 million (24%). Revenues in the Services segment improved due to stronger results from seismic processing and land management services while the Seismic Data and Software & Data segments were weaker. For the nine months ended September 30, 2013, the Company generated revenue of $23.6 million compared to $32.4 million for the same period in 2012, a decrease of $8.8 million (27%) due primarily to lower speculative seismic survey activity.

Operating expenses decreased by $0.8 million (13%) to $5.2 million in Q3 2013 from $6 million in Q3 2012. Operating expenses decreased by $2.4 million (12%) to $17.8 million for the nine months ended September 30, 2013 from $20.2 million during the same period in 2012. On both a quarterly and year-to-date basis, salaries and wages were down due to lower headcount and occupancy costs were lower as the Company surrendered a floor of office space effective January 1, 2013 and another floor effective June 1, 2013.

Depreciation and amortization increased from Q3 2012 to Q3 2013 mainly due to higher depreciation on seismic data offset by lower amortization of deferred development costs. For the nine months ended September 30, depreciation and amortization decreased due to lower depreciation on seismic data as the Company acquired more data in 2012 as compared to 2013.

Operating highlights for the nine months ended September 30, 2013 included:

- Reduction of $2.4 million (12%) in operating expenses
- Surrendered 44,000 square feet office space for a cost savings of $200,000 per month (22,000 square feet effective January 1, 2013 and 22,000 square feet effective June 1, 2013)
- Completed $2.2 million in seismic data library sales and completed an 89 km^2 seismic data survey
- Completed $0.9 million of a $1.3 million seismic processing project for a major client

Financial Position

As at September 30, 2013, Divestco had a working capital deficit of $20,000 (excluding deferred revenue of $4.1 million) compared to a deficit of $7.5 million at December 31, 2012, (excluding deferred revenue of $2.4 million). The improvement in working capital from the end of 2012 was as a direct result of debt restructuring, strong seismic cash sales and significant reductions in operating costs. This allowed the Company to significantly reduce its payables. The Company’s funded debt to equity ratio was 0.74:1 at September 30, 2013 compared to 0.64:1 at December 31, 2012.

Financial Position (Thousands)	Balance as at		
	Sep 30	Dec 31	Dec 31
	2013	2012	2011
Total Assets	**$ 34,167**	$ 41,945	$ 43,761
Working Capital (Deficit) (1)	**(20)**	(7,483)	297
Long-Term Financial Liabilities (2)	**9,514**	7,622	8,610

(1) Working Capital is not a calculation based on IFRS. It is calculated as current assets minus current liabilities (excluding deferred revenue) and provides a measure that can be used to gauge Divestco's ability to meet its current obligations. Excludes the current portion of deferred revenue of $4.1 million (December 31, 2012: $2.4 million; December 31, 2011: $4.6 million).

(2) Includes long-term debt obligations, deferred rent obligations, sublease loss provision and other long-term liabilities. The long-term debt obligations are comprised of the Company's subordinated debt, shareholder loans and finance leases.

Operations Update

Divestco has filled key leadership positions to further enhance corporate development and to better align its people with its business strategy. The Company is realizing significant success in its international expansion efforts and has secured several multi-year contracts. Although the outlook for 2014 is somewhat uncertain, management believes its debt restructuring and cost reduction initiatives have positioned the Company to focus on revenue growth to maximize cash flows. With the last major occupancy cost reduction having been completed with the surrender of 22,000 square feet office space effective June 1, 2013, Divestco believes 2014 will realize sustained profitability and increased shareholder value through improved focus and operational alignment.

Mr. Stephen Popadynetz, CEO commented: "During times when the Western Canadian oil and gas industry is in contraction, we at Divestco must be ever vigilant of our costs. We can't increase the industry activity levels, but we can continue to be efficient with our resources. Despite the challenging economic environment, Divestco's working capital position is substantially improved from the end of fiscal 2012. This has been achieved through the restructuring of the Company's debt, our dedication to cost control and realizing the value of its assets. Our seismic inventory sales in the first nine months of 2013 remained strong and, despite the softness in our Services segment as we entered 2013, we are seeing increased activity levels internationally and domestically which should result in improved results going forward. Additionally, our Software & Data segment is rapidly developing new products which are about to hit the marketplace which we believe will lead to significant growth early next year. With all of these positive growth catalysts, we remain optimistic that Divestco will continue to strengthen its balance sheet and reward our shareholders with significant appreciation in our underlying assets."

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".

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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.