Divestco

Annual Report

For the Year Ended
December 31, 2015

Divestco

Consolidated Financial Statements

For the Year Ended
December 31, 2015

Contents

Management's Responsibility for the Financial Statements

To the Shareholders of Divestco Inc.

Management, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), has prepared the accompanying consolidated financial statements of Divestco Inc. (the "Company"). Financial and operating information presented throughout management's discussion and analysis is consistent with that shown in the consolidated financial statements.

Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

KPMG LLP were appointed by the Company's shareholders and have conducted an audit of the consolidated financial statements of the Company so as to express an opinion on the financial statements. KPMG LLP have audited the consolidated financial statements to provide reasonable assurance that the consolidated financial statements are presented fairly in accordance with IFRS as issued by the IASB.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Audit Committee. The Audit Committee meets regularly with management and the independent auditors to ensure that management's responsibilities are properly discharged, to review the consolidated financial statements and recommend that the consolidated financial statements be presented to the Board of Directors for approval. The Audit Committee also considers the independence of the external auditors and reviews their fees. The external auditors have access to the Audit Committee without the presence of management.

"Stephen Popadynetz"

Stephen Popadynetz
Chief Executive Officer and President

"Danny Chiarastella"

Danny Chiarastella
Chief Financial Officer

Calgary, Canada
April 26, 2016

Independent Auditors' Report

To the Shareholders of Divestco Inc.

We have audited the accompanying consolidated financial statements of Divestco Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes that the Company will need to obtain additional sources of capital, complete other asset dispositions or find other strategic alternatives to settle its liabilities, fund its operations and meet its commitments. There is no assurance that the Company will be successful in closing any of these transactions. These conditions, along with the other matters explained in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Divestco Inc.'s ability to continue as a going concern.

"KPMG LLP"

Chartered Professional Accountants
Calgary, Canada
April 26, 2016

Divestco Inc.
Consolidated Statements of Financial Position

		At December 31	
(Thousands)	**Note**	**2015**	**2014**
Assets			
Current Assets			
Cash		**$ 817**	$ 4,344
Accounts receivable		**1,877**	9,396
Prepaid expenses, supplies and deposits		**793**	661
Income taxes receivable		**78**	46
Total current assets		**3,565**	14,447
Long-term prepaid expense	15	**272**	-
Equity-accounted investees	8	**245**	222
Participation surveys in progress		**-**	9,011
Property and equipment	9	**2,158**	2,551
Intangible assets	10	**25,222**	24,637
Total assets		**$ 31,462**	$ 50,868
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 4,190**	$ 13,568
Deferred revenue		**1,265**	3,171
Current portion of debt obligations	15	**1,042**	11,194
Current portion of other long-term liabilities	16	**395**	408
Total current liabilities		**6,892**	28,341
Long-term debt obligations	15	**8,633**	557
Other long-term liabilities	16	**1,208**	1,532
Total liabilities		**16,733**	30,430
Shareholders' Equity			
Share capital		**7,275**	7,270
Contributed surplus		**8,076**	8,061
Retained earnings		**(622)**	5,107
Total shareholders' equity		**14,729**	20,438
Going concern	2		
Contractual obligations	21		
Total liabilities and shareholders' equity		**$ 31,462**	$ 50,868

Approved by the Board:

"Edward Molnar"
Edward Molnar, Chairman

"Stephen Popadynetz"
Stephen Popadynetz, Director

The notes are an integral part of the consolidated financial statements

		Year ended December 31	
(Thousands, Except Per Share Amounts)	**Note**	**2015**	**2014**
Revenue	11	**$ 18,314**	$ 36,120
Operating expenses			
Salaries and benefits		**9,209**	13,923
General and administrative	12	**6,530**	9,059
Depreciation and amortization	9,10	**11,403**	9,134
Other income	14	**(5,517)**	(207)
Share-based payments	19	**15**	72
Total operating expenses		**21,640**	31,981
Finance costs	13	**1,181**	1,663
Impairment of intangible assets	10	**1,222**	-
Income (loss) before income taxes		**(5,729)**	2,476
Income taxes			
Current (recovery)	17	**-**	(31)
Net income (loss) and comprehensive income (loss) for the year		**$ (5,729)**	$ 2,507
Net income (loss) per share			
Basic and Diluted	18	**$ (0.09)**	$ 0.04

Divestco Inc.
Consolidated Statements of Changes in Equity

(Unaudited - Thousands)	Number of Shares Issued	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2014	67,050	$ 7,266	$ 7,989	$ 2,600	$ 17,855
Net income and comprehensive income for the year				2,507	2,507
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	46	4			4
Share-based payments			72		72
Balance as at December 31, 2014	67,096	$ 7,270	$ 8,061	$ 5,107	$ 20,438
Net loss and comprehensive loss for the year				**(5,729)**	**(5,729)**
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	**112**	**5**			**5**
Share-based payments			**15**		**15**
Balance as at December 31, 2015	**67,208**	**$ 7,275**	**$ 8,076**	**$ (622)**	**$ 14,729**

The notes are an integral part of the consolidated financial statements

Divestco Inc.
Consolidated Statements of Cash Flows

		Year ended December 31	
(Unaudited - Thousands)	**Note**	**2015**	**2014**
Cash from (used in) operating activities			
Net income (loss) for the year		**$ (5,729)**	$ 2,507
Items not affecting cash:			
Equity investment loss (income)		**41**	(168)
Depreciation and amortization	9,10	**11,403**	9,134
Impairment of intangible assets		**1,222**	-
Amortization of tenant inducements		**(72)**	(72)
Deferred rent obligations		**27**	72
Income taxes recoverable		**-**	(31)
Gain on disposal of intangible assets	7	**(5,445)**	-
Non-cash employment benefits		**5**	4
Share-based payments		**15**	72
Finance costs	13	**1,181**	1,663
Funds from operations		**2,648**	13,181
Changes in non-cash working capital balances	20	**4,660**	(1,902)
Changes in long-term prepaid expense		**(272)**	-
Interest and finance costs paid		**(1,044)**	(1,358)
Income taxes received		**68**	253
Net cash from (used in) operating activities		**6,060**	10,174
Cash from (used in) financing activities			
Bank indebtedness		**-**	(2,996)
Repayment of debt obligations	15	**(5,529)**	(3,106)
Deferred financing costs	15	**(205)**	(181)
Proceeds received from debt obligations	15	**3,500**	6,600
Government grant received	16	**51**	-
Net cash from (used in) financing activities		**(2,183)**	317
Cash from (used in) investing activities			
Additions to intangible assets	10	**(13,397)**	(8,740)
Decrease in participation surveys in progress		**9,011**	(4,278)
Purchase of property and equipment	9	**(52)**	(48)
Payments towards sublease loss provision		**(355)**	(356)
Advances to equity-accounted investees		**(64)**	79
Proceeds on sale of intangible assets	7	**6,144**	-
Deferred development costs		**(833)**	(1,550)
Changes in non-cash working capital balances	20	**(7,858)**	8,329
Net cash from (used in) investing activities		**(7,404)**	(6,564)
Increase (decrease) in cash		**(3,527)**	3,927
Cash, beginning of year		**4,344**	417
Cash, end of year		**$ 817**	$ 4,344

The notes are an integral part of the consolidated financial statements

1. Reporting Entity

Divestco Inc. (the "Company") is a company domiciled in Canada. The address of the Company's registered office is 400, 604 – 1st Street S.W., Calgary, Alberta, Canada. The Company is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol "DVT". The consolidated financial statements of the Company as at and for the year ended December 31, 2015 are comprised of the Company and its subsidiaries (together referred to as the "Company") and the Company's interest in entities where the Company holds a significant influence. The Company primarily offers its customers the ability to access and analyze information and make business decisions to optimize their success in the upstream oil and gas industry through the following operating segments: Software & Data, Services and Seismic Data. The Corporate and Other segment provides support services to the operating segments.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2015, the Company had a working capital deficiency of $2.1 million (December 31, 2014: $10.7 million deficiency), excluding deferred revenue of $1.3 million (December 31, 2014: $3.2 million). In addition, the Company has contractual obligations (Note 21).

The Company's ability to continue as a going concern is dependent upon the Company's ability to obtain additional sources of capital, complete other asset dispositions, or find other strategic alternatives to settle its liabilities, fund its operations, and meet its commitments until it is in a position to generate positive net future cash flows and profitability. The Company believes that it will be able to meet its cash flow requirements over at least the next 12 months through the actions and events described above, however, the outcome of these cannot be predicted at this time. As a result of the uncertainty of completing the above transactions, there is material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

3. Basis of Presentation

(a) Statement of Compliance

The consolidated financial statements of the Company have been prepared by management in accordance with IFRS as issued by the IASB. The Company's significant accounting policies under IFRS are presented in Note 4.

These consolidated financial statements were authorized for issuance by the Company's Audit Committee and Board of Directors on April 26, 2016.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand except for share and per share amounts.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

- Determination of cash generating units for purposes of impairment testing. Management determined that the Company's non-financial assets, excluding deferred income tax assets, have been allocated to the following CGUs: Geomatics, Processing, Seismic Data, Geological Software and Log Data and Geophysical Software. These CGUs constitute the smallest identifiable group of assets that generate cash inflows that are independent of cash flows from other assets or groups of assets
- Determination if the Company intends to and has sufficient resources to complete development and to use or sell assets for which development costs have been capitalized
- Determination of the stage of completion with respect to providing products and services over time where revenue is recognized in proportion to the stage of completion
- Determination of when significant risks and rewards of ownership have been transferred to the customer for the purpose of recognizing revenue
- Determination of whether the Company acts as an agent rather than the principal in seismic brokerage transactions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Determination of the useful life and recoverable amount of property and equipment
- Determination of the useful life and recoverable amount of intangible assets
- Key assumptions used in discounted cash flow projections with respect to impairment testing and going concern assessment
- Key assumptions used in determining if the criteria are met for capitalizing development expenditures including: development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset
- Scientific research and development claims are subject to audit by the science advisors from the Canada Revenue Agency ("CRA"). As a result, the amounts recorded as investment tax credits

recoverable are subject to specific measurement uncertainty. When the estimate is known to be materially different from the actual recovery, an adjustment is made in the period in which the determination is made

- Determination of allowances in respect of trade receivables for which collection is in doubt
- Determination of the discount rate used to value government grants
- Notwithstanding management's belief in the merit of the Company's tax filing positions, it is possible that the final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the Company's consolidated tax provision and accruals, which could result in a material effect on the consolidated income tax provision and net income (loss) for the period in which determinations are made. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. In particular, the tax treatment of seismic data is largely based on CRA's policy which is subject to change at any time. The Company is currently deducting certain seismic data costs over a period of 4 years. This approach is consistent with CRA's administrative policy; however, CRA may change the existing policy. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could result in material adjustments to the Company's income tax calculations, carry-forward balances or consolidated net income (loss) in the period a change is communicated.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these consolidated statements, unless otherwise indicated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control is presumed when the Company acquires the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Typically this occurs when more than 50 percent of the voting rights of the entity are acquired.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) Joint arrangements

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ("JO") and joint ventures ("JV").

A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to our interests in joint operations, we recognize our share of any assets, liabilities, revenues and expenses of the JO.
A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Investment in JV is accounted for using the equity method.

(iii) Associates

An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20% if we have the power to be actively involved and influential in policy decisions affecting the entity. Our share of the net assets and net income or loss is accounted for in the consolidated financial statements using the equity method of accounting.

On acquisition, an equity method investment is initially recognized at cost. The carrying amount of equity method investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The carrying amount is adjusted by our share of post-acquisition net income or loss, depreciation, amortization or impairment of the fair value adjustments made at the date of acquisition, dividends, cash contributions and our share of post-acquisition movements in Other Comprehensive Income (“OCI”)

Outlined below is information related to the Company’s joint arrangements and entities other than 100% owned Divestco subsidiaries at December 31, 2015:

Entity	Place of business	Entity type	Economic interest	Method
SDLS Inc.	Canada	JO	50%	Equity method
CWD Inc.	Canada	JO	33%	Equity method

(iv) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

The Company translates amounts of foreign currency into Canadian dollars on the following basis:

- monetary assets and liabilities – at the rate of exchange prevailing at the end of the current reporting period
- non-monetary items – at the rate of exchange prevailing at the date of the transaction

Gains and losses on translation of current monetary assets and liabilities are recorded in profit or loss. Foreign currency gains are netted with losses.

(c) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes accounts receivables on the date that they originate. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's financial assets are classified as loans and receivables.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise accounts receivables and cash. Cash is comprised of cash on deposit.

(iii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company’s non-derivative financial liabilities include debt obligations and accounts payables and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. The effective interest rate method amortization is included in finance costs in the consolidated statement of income (loss) and comprehensive income (loss).

(iv) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset or any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replacement part is derecognized. The costs of the day-to-day servicing of property and equipment (repair and maintenance) are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Amortization Method	**Rate**
Computer hardware and software	Straight-line	3 years
Office furniture and equipment	Straight-line	5 years
Leasehold improvements	Straight-line	Term of lease
Assets under finance lease	Straight-line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The Company recognizes changes in estimates in the period of the change.

(e) Intangible Assets

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Company and the cost can be reliably measured. Intangible assets are recorded at cost less accumulated amortization. Intangible assets acquired in a business combination are recorded at fair value, less accumulated amortization and impairment losses, when applicable.

(i) Proprietary software and code

This refers to geological, geophysical and land applications used in the oil and gas industry. Expenditures relating to developing and upgrading these assets are capitalized when it is probable that the expected future economic benefits attributable to the assets will accrue to the Company and the cost can be reliably measured.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Data Libraries

The cost associated with purchasing existing seismic data is capitalized. The Company also creates seismic data and capitalizes the costs paid to third parties for the acquisition of data, permitting, surveying and other related expenditures. Created seismic may be acquired without pre-sale commitments or with pre-sale commitments that may include an exclusive data use period. Certain of the created seismic may also be acquired jointly with others and therefore these financial statements reflect only the Company's proportionate share of the costs of the jointly created seismic data library. The direct cost associated with expanding the remaining data libraries (datasets, logs, support, drilling, reference and map libraries) is also capitalized.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

(v) Amortization

Amortization is provided for as follows:

	Amortization Method	**Rate**
Proprietary software and code	Straight-line	10 years
Deferred development costs	Straight-line	3 years (maximum)
Seismic data library (with pre-sale commitments)	Percentage on delivery and straight-line thereafter	40% on delivery date and balance straight-line over 6 years after year 1
Seismic data library (no pre-sale commitments)	Straight-line	7 to 10 years
Datasets	Straight-line	10 years
Log, support and drilling data library	Straight-line	20 years
Reference library	Straight-line	5 years

Amortization is calculated over the cost of the asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis (except for seismic data with pre-sale commitments) over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Created seismic, without pre-sale commitments, is amortized on a straight-line basis over a seven-year period. Created seismic with pre-sale commitments is initially amortized at approximately 40% on delivery of the data to the customer with the remaining balance on a straight-line basis over the next six-year period commencing a year from the delivery date. Purchases of existing seismic data are amortized on a straight-line basis over 10 years.

Amortization of development costs deferred to future periods commences with the commercial production of the product and is charged to profit or loss based on anticipated sales or use of the product over a period not exceeding three years.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The Company recognizes changes in estimates in the period of the change.

(f) Impairment

(i) Financial assets

A financial asset not calculated at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and the loss event has a negative impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise or indications that a debtor or issuer will enter bankruptcy.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between carrying amount of the assets and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The Company reviews its receivables regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectable. This generally occurs when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have been considered and have not been successful. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized as a bad debt expense in profit or loss. The receivable together with the associated allowance is written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to bad debt expense in profit or loss.

Estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date taking into consideration the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience. In addition, the Company records an allowance for doubtful accounts equal to 20% of balances that are older than 120 days based on historical experience.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Employee benefits

(i) Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to officers, employees, contractors and directors (“Service Providers”) is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the Service Providers unconditionally become entitled to the awards (vesting period). The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

(h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Site restoration

In accordance with the Company’s applicable environmental and legal requirements, a provision for site restoration in respect of any timber damage caused during the acquisition of seismic data is recognized as part of the related asset. If the actual amount of timber damage cannot be assessed prior to the completion of the seismic survey, an accrual is recorded based on an estimate of the restoration costs.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(i) Revenue recognition and deferred revenue

The Company generates revenue from the following sources:

- Seismic data licences
- Geomatics, land management and seismic processing services
- Software sales, licences and development consulting
- Support and log data sales and subscriptions
- Seismic brokerage commissions

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of cancellations, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sale contract, significant risks and rewards of ownership have been transferred to the customer, there is no continuing managerial involvement with the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the associated costs and possible returns can be estimated reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales contracts as discussed below.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by the reference to surveys of work performed.

Contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract as soon as the outcome of the contract can be estimated reliably. Contract expenses are recognized as incurred unless they create an asset in which case the costs are capitalized. The stage of completion is assessed by reference to the amount of costs incurred to the total expected contract costs. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Company.

(i) Software sales, licenses and development consulting (including maintenance and support)

Software is sold through a perpetual license or on a term-basis with a customer (monthly, quarterly, semi-annual and annual terms). Maintenance and support includes installation, training and integration, maintenance, software support, updates and the right to receive product upgrades on a when and if available basis.

Revenue earned from the sale of perpetual software licences is recognized upon delivery. Maintenance and support for the first year is included with the product and recognized as revenue rateably over the term defined in the purchase agreement. Revenue earned from the renewal of maintenance and support contracts is recognized rateably over the term of the agreement.

Revenue from periodic software licences which includes maintenance and support is recognized rateably over the term of the licence.

Revenue for software development consulting is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by the reference to surveys of work performed. If there is a significant uncertainty about the project completion or receipt of payment, revenue is deferred until the uncertainty is sufficiently resolved. When total cost estimates exceed revenues, the Company will accrue for the estimated losses as an expense immediately using cost estimates that are based upon an average fully burdened rate applicable to the individuals performing the feature development.

(ii) Support and log data sales and subscriptions

Support and log data is sold to customers on a transactional or term-basis. Revenue earned from transactional sales of support and log data is recognized upon delivery. Revenue from support and log data subscriptions is recognized rateably over the term of the subscription.

(iii) Seismic brokerage commissions

Revenue with respect to the seismic brokerage division represents brokerage commissions earned from selling seismic data on behalf of others and is recognized on a net basis upon the closing of the transaction. Generally, the Company settles brokerage payables after the related receivables are collected.

(iv) Seismic Data library sales

Revenue is recognized when the customer executes a valid license agreement, transfer of seismic data to the customer occurs and recovery of the consideration is probable. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(v) Seismic participation survey revenue

The Company has customers that participate in new seismic surveys from which it retains the proprietary rights over the data and the participating customers are provided a licensed copy.

Participation survey revenue is recognized in the financial statements in proportion to the stage of completion of the project when the total contract revenue, total contract costs, contract costs to completion and the stage of completion at the reporting date can be measured reliably. The stage of completion is assessed using the proportion of contract cost incurred for work performed to the reporting date compared to total contract cost.

The Company occasionally enters into data and services exchange transactions with third parties. Where there is no or minimal cash consideration, the Company does not recognize revenue or an asset acquisition on these exchanges. In exchange transactions with material cash consideration, the Company recognizes revenue equal to the fair value of the data license and services sold and a seismic data library asset equal to the fair value of the data acquired. Cash flows from investing activities and operating activities reflect only the net cash portion.

(vi) Geomatics, land management and seismic processing services

Revenue with respect to providing geomatics, land management and seismic processing services is recognized in the financial statements in proportion to the stage of completion of the project. Revenue is recognized when the total contract revenue, total contract costs, contract costs to completion and the stage of completion at the reporting date can be measured reliably. The stage of completion is assessed using the proportion of contract cost incurred for work performed to the reporting date compared to total contract cost.

(vii) Deferred revenue

Fees that have been prepaid but do not yet qualify for revenue recognition under the Company's accounting policies are reflected as deferred revenues on the Company's consolidated statement of financial position.

(j) Leases

(i) Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(ii) Finance leases

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Finance costs

Finance costs comprise interest on borrowings and unwinding of the discount on provisions.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the tax authority intends to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Net income or loss per share

The Company presents basic and diluted net income or loss per share data for its common shares. Basic net income or loss per share is calculated by dividing net income or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted net income or loss per share is determined by adjusting the net income or loss attributable to ordinary shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise stock options.

(n) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the CEO, who is the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets.

(o) Government assistance

Government assistance is periodically received in the form of grants, loans or investment tax credits (see "Research and Development") that may be repayable based on future sales levels related to the technology funded. Amounts that are repayable will be accounted for in the period in which conditions arise that will cause repayment. Government assistance with predetermined repayment requirements or conditional criteria is recorded as a liability when received or until the conditions are satisfied. If no predetermined repayment requirements exist, the assistance is treated as a reduction in the cost of the related item.

The Company records investment tax credits related to scientific research and development claims as a deduction in arriving at the carrying value of deferred development costs in the year the tax credits are earned and amortized in profit or loss on the same basis as the deferred development costs.

Interest free government loans are measured at amortized cost using the effective interest rate method. The interest rate used is based on the market rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as a government grant. The grant portion is presented separately as deferred income that is amortized over the useful life of the asset (gross presentation) and as presented as other income (loss) on the statements of consolidated income (loss) and comprehensive income (loss).

5. Future Accounting Policy Changes

IFRS 15 Revenue from Contracts with Customers was released on May 28, 2014, replacing IAS 11 Construction Contracts, IAS 18 Revenue and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchasers. Disclosure requirements have also been expanded.

The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on the consolidated financial statements.

IAS 16 Property Plant and Equipment and *IAS 38 Intangible Assets*, have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016. The Company has evaluated the impact of adopting these amendments on its consolidated financial statements and has determined there will be no impact.

IFRS 9 Financial Instruments was issued by the IASB in July 2014, to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for years beginning on or after January 1, 2018. The Company has yet to evaluate the impact of adopting this new standard.

IFRS 16 Leases was issued by the IASB on January 2016, to replaces *IAS 17 Leases.* For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying *IFRS 15 Revenue from Contracts with Customers.* The Company has yet to evaluate the impact of adopting this new standard.

6. Operating Segments

The Company has four reportable operating segments. These offer different products and services which are managed separately as they require different technologies, marketing and financial management strategies. For each strategic segment, the Company's chief operating decision maker reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Company's reportable segments:

- Software and Data: includes selling, maintaining, and supporting licensed (perpetual and periodic) software exploration products as well as providing a full suite of support data layers.
- Services: includes providing geomatics, processing and land management services.

- Seismic Data: includes providing seismic brokerage and data management services in addition to building, licensing and maintaining the Company's seismic data assets.
- Corporate and Other: includes providing overall strategic direction to the Company through executive management, finance, accounting, marketing, human resources, investor relations, and information technology.

The accounting policies of the segments are the same as those described in Note 4. There are varying levels of integration between the Services and Seismic Data reportable segments. This integration includes the provision of geomatics and processing services to the seismic data division. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment income or loss before tax, as included in the internal management reports that are reviewed by the Company's chief operating decision maker. Segment income or loss before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Taxes reported on the Company's statement of loss and comprehensive loss are not allocated to the reportable segments.

Segment assets and liabilities are those assets and liabilities that are specifically identified with the operations in each reportable segment. Corporate assets primarily include property and equipment. Corporate liabilities primarily include bank indebtedness, term and shareholder loans and debentures. Corporate expense includes salaries and benefits and general and administrative expenses for the Company's support divisions in addition to finance costs, amortization and depreciation.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

As at and for the year ended December 31, 2015	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 5,405	$ 6,753	$ 6,156	$ -	$ 18,314
Inter-segment revenue	8	45	(53)	-	-
Reportable segment income (loss) before tax	4,619	(2,408)	(5,026)	(2,914)	(5,729)
Finance costs	224	90	867	-	1,181
Depreciation and amortization	2,069	586	8,479	269	11,403
Share of profit of equity-accounted investees	-	-	-	(41)	(41)
Other material non-cash items:					
Reportable segment assets	5,626	2,282	21,956	1,598	31,462
Reportable segment liabilities	4,305	3,564	6,580	2,284	16,733
Equity-accounted investees	-	-	-	245	245
Capital expenditures	12	12	4,384	30	4,438
Deferred development costs	833	-	-	-	833

As at and for the year ended December 31, 2014	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 7,733	$ 10,948	$ 17,439	$ -	$ 36,120
Inter-segment revenue	6	312	(318)	-	-
Reportable segment income (loss) before tax	38	(584)	7,535	(4,513)	2,476
Finance costs (income)	355	202	1,106	-	1,663
Depreciation and amortization	2,191	610	5,965	368	9,134
Share of profit of equity-accounted investees	-	-	-	168	168
Reportable segment assets	10,558	5,921	32,950	1,439	50,868
Reportable segment liabilities	5,724	2,434	19,908	2,364	30,430
Equity-accounted investees	-	-	-	222	222
Capital expenditures	12	31	13,004	19	13,066
Deferred development costs	1,550	-	-	-	1,550

Major Customers

Two customers represented $5.4 million (30%) of the Company's total revenue for the year ended December 31, 2015. One customer represented $3.7 million (10%) of the Company's total revenue for the year ended December 31, 2014.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

7. Sale of Assets

On March 25, 2015, the Company sold its Land Software assets for net proceeds of $6.1 million and recognized an accounting gain (which was subject to final purchase price adjustments) of $5.4 million as follows:

Proceeds (net of disposal costs)[(1)]	$ 6,144
Net book value of software code and deferred development costs	(1,398)
Deferred revenue	699
Gain on sale	$ 5,445

[(1)] $400,000 was being held in trust until September 25, 2015 subject to final purchase price adjustments related primarily to new sales and cancellations that were effective after the close date. The final purchase price adjustment totalled $139,000 and the Company received $261,000.

The disposed assets were reported under its Software and Data segment. All accounts receivable, liabilities and other working capital associated with the assets prior to the disposition were retained by the Company.

A portion of the total proceeds from the above disposition were used to fully repay the bridge loan in the amount of $4.5 million. The loan was due on March 31, 2015 (see Note 15). The Company used the remaining proceeds for working capital purposes.

8. Equity Accounted Investees

The Company owns 33% of the shares of CWD. The Company's pro-rata share of the net loss of CWD for the year ended December 31, 2015 was $59,000 (2014: net income of $163,000) and has been recorded in other loss (income) in the consolidated statements of income (loss) and comprehensive income (loss).

The Company also owns 50% of the shares of SDLS Inc. ("SDLS"), a private company. The Company's pro-rata share of the net income of SDLS for the year ended December 31, 2015 was $18,000 (2014: $5,000) and has been recorded in other loss (income) in the consolidated statements of income (loss) and comprehensive income (loss).

	SDLS		**CWD**		**Total**	
	Balance at December 31					
	2015	2014	**2015**	2014	**2015**	2014
Total assets	**$ 86**	$ 53	**$ 2,060**	$ 2,287	**$ 2,146**	$ 2,340
Total liabilities	**$ 309**	$ 312	**$ 243**	$ 291	**$ 552**	$ 603
Total shareholders' equity	**(223)**	(259)	**1,817**	1,996	**1,594**	1,737
Total liabilities and shareholders' equity	**$ 86**	$ 53	**$ 2,060**	$ 2,287	**$ 2,146**	$ 2,340
Company's ownership %	**50%**	50%	**33%**	33%		
Company's portion	**$ 43**	$ 27	**$ 680**	$ 755	**$ 723**	$ 782
Advances to (from) affiliate	**116**	116	**(594)**	(676)	**(478)**	(560)
Company's investment as stated	**$ 159**	$ 143	**$ 86**	$ 79	**$ 245**	$ 222

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

	SDLS		CWD		Total	
	Year ended December 31					
	2015	2014	**2015**	2014	**2015**	2014
Revenue	**$ 150**	$ 146	**$ 995**	$ 1,043	**$ 1,145**	$ 1,189
Net income and comprehensive income	**$ 36**	$ 9	**$ (179)**	$ 493	**$ (143)**	$ 502
Company's investment	**50%**	50%	**33%**	33%		
Company's equity pickup	**$ 18**	$ 5	**$ (59)**	$ 163	**$ (41)**	$ 168

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

9. Property and Equipment

	Computer Hardware and Software	Office Furniture and Equipment	Leasehold Improvements	Assets under Finance Leases	Land	Total
Cost:						
At January 1, 2014	$ 8,036	$ 1,359	$ 5,291	$ 4,386	$ 30	$ 19,102
Additions	48	-	-	250	-	298
At December 31, 2014	8,084	1,359	5,291	4,636	30	19,400
Additions	52	-	-	33	-	85
At December 31, 2015	**$ 8,136**	**$ 1,359**	**$ 5,291**	**$ 4,669**	**$ 30**	**$ 19,485**
Accumulated depreciation:						
At January 1, 2014	$ 7,717	$ 1,309	$ 3,136	$ 4,071	$ -	$ 16,233
Depreciation	261	14	173	168	-	616
At December 31, 2014	7,978	1,323	3,309	4,239	-	16,849
Depreciation	85	14	173	206	-	478
At December 31, 2015	**$ 8,063**	**$ 1,337**	**$ 3,482**	**$ 4,445**	**$ -**	**$ 17,327**
Carrying amounts:						
At December 31, 2014	106	36	1,982	397	30	2,551
At December 31, 2015	**73**	**22**	**1,809**	**224**	**30**	**2,158**

The Company's senior lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company (Note 15). The Company's shareholder loans are secured by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but are subordinated to the Company's senior debt (Note 15).

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

10. Intangible Assets

	Note	Data Libraries: Seismic Data Library	Data Libraries: Datasets	Data Libraries: Log, Support and Drilling Data Library	Data Libraries: Reference Library	Data Libraries: Sub-Total	Proprietary Software and Code	Deferred Development Costs[1]	Total
Cost									
At January 1, 2014		$ 26,015	$ 439	$ 5,273	$ 445	$ 32,172	$ 9,115	$ 17,253	$ 58,540
Additions		8,720	-	-	-	8,720	20	1,784	10,524
At December 31, 2014		34,735	439	5,273	445	40,892	9,135	19,037	69,064
Additions		13,392	-	-	-	13,392	5	733	14,130
Disposals	7	-	-	-	-	-	(1,243)	(3,433)	(4,676)
At December 31, 2015		**$ 48,127**	**$ 439**	**$ 5,273**	**$ 445**	**$ 54,284**	**$ 7,897**	**$ 16,337**	**$ 78,518**
Accumulated depreciation									
At January 1, 2014		$ 12,458	$ 439	$ 2,719	$ 445	$ 16,061	$ 7,172	$ 12,676	$ 35,909
Amortization		5,952	-	264	-	6,216	575	1,727	8,518
At December 31, 2014		18,410	439	2,983	445	22,277	7,747	14,403	44,427
Amortization		8,471	-	264	-	8,735	478	1,712	10,925
Disposals	7	-	-	-	-	-	(850)	(2,428)	(3,278)
Impairment[2]		-	-	-	-	-	522	700	1,222
At December 31, 2015		**$ 26,881**	**$ 439**	**$ 3,247**	**$ 445**	**$ 31,012**	**$ 7,897**	**$ 14,387**	**$ 53,296**
Carrying amount									
At December 31, 2014		$ 16,325	$ -	$ 2,290	$ -	$ 18,615	$ 1,388	$ 4,634	$ 24,637
At December 31, 2015		**21,246**	**-**	**2,026**	**-**	**23,272**	**-**	**1,950**	**25,222**

(1) During the year ended December 31, 2015, the Company expensed $1.0 million (2014: $1.6 million) in research costs.

(2) Impairment

At December 31, 2015, the Company assessed its CGUs for indicators of impairment, as required under IFRS, and concluded there were such indicators. The principal indicator was the ongoing weakness of commodity prices along with uncertainty over the timing of any improvement. That indicator triggered an impairment test. For the purpose of impairment testing, the Company calculated the recoverable amount of its CGUs using the greater of fair value less to cost to sell and value in use. The Company used the following assumptions to calculate the recoverable amount of each CGU:

- The estimated future cash flows for the next five years including growth rates ranging from 2.5% to 25%;
- Terminal value growth rate of 2%;
- A pre-tax discount rate of 17 percent to calculate the net present value of future cash flows, which is the weighted average cost of capital calculated at December 31, 2015; and
- A combined federal-provincial income tax rate of 27 percent.

Revenue and cash flow assumptions were based on a combination of past results and expected future growth. Based on these assumptions and the Company's calculations, an impairment loss of $1.2 million was recognized in the fourth quarter of 2015. The impairment specifically related to three CGUs; Geomatics ($0.1 million – proprietary software and code), Processing ($0.4 million – proprietary software and code) and Geophysical Software $0.7 million – deferred development costs). At December 31, 2015, the reduced exploration activity levels due to low commodity prices and diminished capital budgets increased the estimation uncertainty associated with future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available. There is no remaining net book value for the Geomatics and Processing CGU's at December 31, 2015. The total remaining net book value of Geophysical Software is $1.2 million at December 31, 2015.

For the year ended December 31, 2014, an impairment charge was not required.

The Company's senior lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company (Note 15). The Company's shareholder loans are secured by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but are subordinated to the Company's senior debt (Note 15).

Amortization of $11.0 million for 2015 (2014: $8.5 million) has been included in depreciation and amortization in the consolidated statements of income (loss) and comprehensive income (loss). The disposal of proprietary software and deferred development relates sale of the Company's land software assets in 2015 (Note 7).

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

11. Revenue

	Year ended December 31	
	2015	**2014**
Sales of goods	**$ 10,279**	$ 22,697
Rendering of services	**6,753**	10,948
Commissions	**1,282**	2,475
	$ 18,314	$ 36,120

As at December 31, 2015, the Company had deferred revenue of $1.3 million (2014: $3.2 million) which represents the fair value of that portion of consideration received or receivable in respect of sales of software licenses, seismic participation surveys and seismic processing services for which revenue has not yet been earned.

Commissions relate to the rendering of services in which the Company acts as an agent in the transactions rather than as the principal.

12. General and Administrative Expenses by Nature

	Year ended December 31	
	2015	**2014**
Occupancy costs	**$ 2,716**	$ 2,776
Communications	**184**	211
Advertising and promotion	**330**	815
Operating leases and office supplies	**1,065**	1,211
Recruitment and training	**90**	188
Consultant and professional fees	**1,723**	3,661
Charges and fees	**33**	166
Bad debt	**389**	31
	$ 6,530	$ 9,059

13. Finance Costs

	Year ended December 31	
	2015	**2014**
Interest expense on debt	**$ 1,044**	$ 1,358
Amortization of deferred finance charges	**125**	285
Accretion of sublease loss	**11**	20
Accretion of grant liability	**1**	-
	$ 1,181	$ 1,663

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

14. Other Income

		Year ended December 31	
	Note	2015	2014
Foreign exchange gain		**$ 113**	$ 39
Gain on disposal of intangible assets	7	**5,445**	-
Equity investment income (loss)	8	**(41)**	168
		$ 5,517	$ 207

15. Current and Long-term Debt Obligations

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to liquidity risk, see Notes 2 and 23.

	Balance at December 31	
	2015	2014
Current liabilities		
Bridge Loan	**$ -**	$ 4,500
Debentures	**605**	847
Shareholder loans	**300**	5,725
Finance lease liabilities	**137**	213
Deferred finance charges	**-**	(91)
Total current	**$ 1,042**	$ 11,194
Non-current liabilities		
Bridge Loan	**$ 3,200**	**$ -**
Debentures	**363**	363
Shareholder loans	**5,175**	-
Finance lease liabilities	**66**	194
Deferred finance charges	**(171)**	-
Total long-term	**$ 8,633**	$ 557
Total	**$ 9,675**	$ 11,751

			Balance at December 31			
			2015		2014	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Bridge loan	17-18%	2017	**$ 3,200**	**$ 3,029**	$ 4,500	$ 4,409
Debenture	8%	N/A	**968**	**968**	1,210	1,210
Shareholder loans	10% to 12%	2016-2021	**5,475**	**5,475**	5,725	5,725
Finance lease obligations	1.7-12.9%	2017-2019	**218**	**203**	448	407
Total interest-bearing liabilities			**$ 9,861**	**$ 9,675**	$ 11,883	$ 11,751

Bridge Loan

On September 23, 2015, the Company entered into a secured bridge loan for $3.2 million, repayable on March 31, 2017. The loan bears interest at 17% per annum and is secured by a general security agreement over all present and after acquired personal property of the Company. The loan proceeds were used to repay $0.5 million in shareholder loans and for working capital purposes.

The bridge lender maintains a $0.8 million interest reserve sufficient to satisfy all interest costs for the term of loan and a default reserve of $0.1 million payable to the lender should the loan not be repaid in full by March 31, 2017. These amounts have been recorded in prepaid expenses (short-term and long-term) in the statement of financial position and the interest reserve is being amortized over the term of loan. If the bridge loan is repaid prior to March 31, 2017, the unapplied balance of the interest reserve and the entire balance of the default reserve will be applied against the loan repayment.

On March 25, 2015, the Company repaid a short-term secured bridge loan for $4.5 million with the proceeds from the sale of its land software assets (see Note 7). The loan bore interest at 18% per annum and was secured by a general security agreement over all present and after acquired personal property of the Company. The bridge lender maintained a $0.4 million interest reserve sufficient to satisfy all interest costs for the term of loan and a default reserve of $0.2 million payable to the lender if the loan had not been repaid in full by March 31, 2015. The interest reserve was amortized over the term of loan. The entire balance of the default reserve was applied against the loan repayment.

Shareholder Loans

As at December 31, 2015, the Company had $5.5 million in shareholder loans; $5.2 million is from two members of the Company's board of directors and $0.3 million was received in November 2015 from one of these directors. The $5.2 million in shareholder loans bear interest at rates of 12% per annum and are secured by way of registered security pursuant to the Personal Property Security Act (Alberta). The shareholder loans are subordinated to the Company's senior bridge lender and are repayable in monthly principal payments of $0.1 million commencing on April 1, 2017. $0.5 million of the shareholder loans were repaid in September 2015 (balance prior to repayment was $5.7 million) and the remaining shareholders entered into a new loan agreement with the Company. Previously, certain shareholders had the right to convert a portion of the shareholder loans into an ownership interest in the Company's seismic data library, subject to regulatory approval. There is no conversion feature in the new loan agreement. The $0.3 million loan received in November 2015 bears interest at 12%, is unsecured and due on demand.

Debentures

The Company has $1.0 million in subordinated debentures with a royalty interest. Three directors, who are also shareholders of the Company, hold $0.7 million of the debentures. A former director holds $0.1 million. The debentures bear interest of 8% per annum. Principal payments are calculated at 50% of "net revenues" generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by $1.2 million (debenture proceeds raised) divided by $5 million. The balance of the revenue is retained by the Company. "Net revenues" equal 90% of the "gross revenues" generated by the Seismic Data. The "Seismic Data" is comprised of the seismic surveys acquired by the Corporation prior to July 1, 2012. As at December 31, 2015, there was $0.6 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data up to and including December 31, 2015. Principal payments were postponed until March 31, 2015 due to a requirement under the Company's previous senior debt facilities. The Company issued a payment of $0.2 million in June 2015 and will continue to repay the current portion of the debentures.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Upon full repayment of the principal amount of the debentures and all accrued interest, the royalty interest becomes effective and will be paid as a royalty indefinitely. Royalty payments are to be calculated at 25% of the "net revenues" generated by the "Seismic Data" multiplied by $1.2 million divided by $5 million. The balance of the revenue is retained by the Company.

The principal amount of the debentures and accrued interest, but not the royalty interest, is secured against the Seismic Data by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's senior debt. This security interest ranks pari passu with the security interest for the shareholder loans.

Finance lease obligations

Equipment under finance lease is computer hardware and office equipment. Finance lease obligations are payable as follows:

	Balance at December 31					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**$ 143**	**$ 6**	**$ 137**	$ 227	$ 14	$ 213
Between one and five years	**75**	**9**	**66**	221	27	194
Total	**$ 218**	**$ 15**	**$ 203**	$ 448	$ 41	$ 407

Deferred finance charges

	Balance at December 31	
	2015	2014
Opening	91	195
Additions	205	181
Amortization (1)	(125)	(285)
Closing	**$ 171**	$ 91

(1) Included in finance costs in the consolidated statements of income (loss) and comprehensive income (loss)

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

16. Other liabilities

		Balance at December 31	
	Note	2015	2014
Current portion			
Sublease loss provision	21	**$ 323**	$ 336
Tenant inducements	21	**72**	72
Total current		**$ 395**	$ 408
Long-term portion			
Sublease loss provision	21	**$ -**	$ 331
Tenant inducements	21	**606**	678
Deferred rent obligations	21	**550**	523
Grant liability		**37**	-
Deferred grant income		**15**	-
Total long-term		**$ 1,208**	$ 1,532
Total		**$ 1,603**	$ 1,940

Sublease loss provision

Balance, January 1, 2015	**$ 667**
Payments towards rent shortfall	**(355)**
Accretion	**11**
Balance, December 31, 2015	**$ 323**

Grant liability and deferred grant income

On November 4, 2015, the Company signed a funding and compensation agreement with a branch of the Alberta Government to develop a geomatics solution. Under this agreement, the Company receives interest-free repayable funding in quarterly instalments which commenced in December 2015, to a maximum of $0.4 million. The interest-free loan is repayable in quarterly instalments that begin at the end of the calendar quarter in which the first sale of the product or change of control occurs. Quarterly instalments are the lesser of (i) 20% of the funding amount and (ii) 25% of the gross revenue accrued by the Company over the payment period. All shortfalls are carried over until the loan is repaid in full. During the year ended December 31, 2015, the Company received $52,000.

The interest-free loan is measured at amortized cost, using the effective interest rate method at a rate of 18%. An interest rate of 18% was used based on the market interest rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as deferred grant income and will be amortized to income over the life of the asset.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

17. Taxes

Reconciliation of effective tax rate

The following is a reconciliation of income taxes, calculated at the statutory Canadian combined federal and provincial tax rate, to the income tax provision included in the consolidated statements of income (loss) and comprehensive income (loss):

	Year ended December 31	
	2015	**2014**
Income before income taxes	**$ (5,729)**	$ 2,476
Statutory rate	**27.00%**	25.00%
Computed income tax recovery	**$ (1,547)**	$ 619
Effects of differences:		
Non-deductible expenses	**18**	39
Sale of intangible assets	**(822)**	-
Changes in unrecognized temporary differences	**2,351**	(689)
Actual income taxes	**$ -**	$ (31)
Current (recovery)	-	(31)
Actual income taxes	**$ -**	$ (31)

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	Balance at December 31	
	2015	**2014**
Non-capital losses	**$ 7,477**	$ 5,127
Share issue and debt financing costs	**60**	71
	$ 7,537	$ 5,198

Deferred tax assets have not been recognized in respect to these items because it is not probable that the future taxable profit will be available against which the Company can utilize the benefits.

As at December 31, 2015, the Company and its Canadian subsidiaries had approximately $39 million in Federal and $25 million in Alberta non-capital loss carry-forwards, a portion of which was assumed through various acquisitions in 2007, which begin to expire in 2027.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Recognized deferred tax assets and liabilities

	Balance at December 31	
	2015	**2014**
Deferred tax liabilities		
Property and equipment and intangibles	**$ (1,564)**	$ (2,029)
Deferred tax assets		
Sublease loss liability	**$ 87**	$ 167
Non-capital loss carry forwards	**1,477**	1,862
	$ 1,564	$ 2,029
Net deferred tax assets (liabilities)	**$ -**	$ -

Movement in temporary differences during the year

	Balance at Jan 1, 2014	Recognized in net income (loss)	Balance at Dec 31, 2014	Recognized in net income (loss)	Balance at Dec 31, 2015
Property and equipment and intangibles	$ (1,110)	$ (919)	$ (2,029)	$ 465	**$ (1,564)**
Sublease loss liability	251	(84)	167	(80)	**87**
Non-capital loss carry forwards	859	1,003	1,862	(385)	**1,477**
	$ -	$ -	$ -	$ -	**$ -**

The Company files Scientific Research and Experimental Development (SR&ED) claims with the Canada Revenue Agency ("CRA") in respect of certain research and development expenditures. Although the claims are filed on the basis of the regulations, the claims are subject to review by the CRA. As at December 31, 2015, the Company had $2.1 million of federal investment tax credits, including $2 million carried forward from 2014, available to reduce federal income taxes payable in the future which begin to expire in 2028. It is uncertain that the future taxable profit will be available against which the Company can utilize the benefits.

18. Equity Instruments and Net Loss per Share

Authorized share capital

Unlimited number of voting Class A shares with no par value.

Issuance of share capital

During the year ended December 31, 2015, 112,000 Class A shares were issued as long term service awards. The fair value of the shares was measured using the closing price on the day before the long-term service awards were issued. There were no cash proceeds.

During the year ended December 31, 2014, 46,000 Class A shares were issued as long term service awards. The fair value of the shares was measured using the closing price on the day before the long service awards were issued. There were no cash proceeds.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Net income (loss) per share

Basic net loss per share is computed using the weighted-average number of Class A Shares outstanding during the year ended December 31, 2015, being 67,117,000. In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the year ended December 31, 2015 as the stock options were out of the money and there was a net loss for the year.

Basic net income per share is computed using the weighted-average number of Class A Shares outstanding during the year ended December 31, 2014 of 67,081,000. In computing diluted net income per share, no shares were added to the weighted average number of Class A Shares outstanding for stock options as they were out of the money.

19. Share-Based Payment Arrangements

Stock option plan (equity settled)

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. Combined with the Company's other share-based payment arrangements, the option plan allows for the granting of options to purchase Class A Shares to a maximum number equal to 10% of the issued and outstanding Class A Shares of the Company. The exercise price of each stock option granted is based on the market value of the Company's stock on the last trading day prior to the date of grant. The options expire after five years and vest equally over a three-year period commencing on the first anniversary of the date of grant.

The following table summarizes the stock options as at December 31, 2015:

	Number	Weighted Average Exercise Price
Options outstanding, December 31, 2013	3,381	$0.21
Forfeited	(313)	$0.26
Options outstanding, December 31, 2014	3,068	$0.20
Forfeited	**(158)**	**$0.39**
Options outstanding, December 31, 2015	**2,910**	**$0.19**
Options exercisable, December 31, 2015	**2,910**	**$0.19**

No options were granted in 2015 or 2014. When options are granted, the grant date fair value of the stock options granted is measured based using the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility.

Stocks options which were outstanding and vested as at December 31, 2015, are summarized as follows:

Options Outstanding				Exercisable Options	
Number	Price	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number	Weighted Average Exercise Price
1,860	$0.17	$0.17	0.57	1,860	$0.17
400	$0.21	$0.21	1.39	400	$0.21
650	$0.25	$0.25	1.43	650	$0.25
2,910	**$0.17-$0.25**	**$0.19**	**0.88**	**2,910**	**$0.19**

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Employee stock ownership plan (cash settled)

The Company's employee stock ownership plan ("ESOP") allows each employee to contribute up to 25% of their regular salary towards the purchase of Class A Shares. The Company matches the employee's contribution with a cash contribution of up to 4.5% of their monthly regular salary to a maximum of $450 per month. All contributions are used to purchase Class A Shares of the Company through the facilities of the TSX-V. During the year ended December 31, 2015, $20,000 (2014: $146,000) was included in salaries and benefits in the consolidated statements of income (loss) and comprehensive income (loss) for the value of the Company's cash contributions. In March 2015, management suspended the company-matched portion due to the downturn in the oil and gas industry until further notice.

Long-term service awards (equity settled)

The Company issues 5 and 10 year service awards ("Service Awards") to eligible employees in the form of Class A Shares issued from treasury. The value for a 5-year award is $750 and $1,250 for a 10-year award. The number of Class A Shares issued is based on the closing price on the last trading day prior to the issuance of the Service Award. Service Awards are issued at the end of the month in which the employee has their 5 or 10 year anniversary. During the year ended December 31, 2015, $5,000 (2014: $4,000) was included in salaries and benefits in the consolidated statements of income (loss) and comprehensive income (loss) for the value of awards issued based on the share price on the date of issuance.

20. Supplement to Statements of Cash Flows

	Year ended December 31	
	2015	**2014**
Changes in non-cash working capital balances		
Accounts receivable	**7,520**	(260)
Prepaid expenses, supplies and deposits	**(132)**	(361)
Accounts payable and accrued liabilities	**(9,379)**	6,633
Deferred revenue	**(1,207)**	415
	$ (3,198)	$ 6,427
Changes in non-cash working capital balances related to operating activities	**$ 4,660**	$ (1,902)
Changes in non-cash working capital balances related to investing activities	**(7,858)**	8,329
	$ (3,198)	$ 6,427

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

21. Operating Leases, Tenant Inducements, Sublease Loss Provision and Deferred Rent Obligations

Summary of non-cancellable building lease commitments (net of subleases) until expiry:

	Balance at December 31	
	2015	**2014**
Less than one year	**$ 2,808**	$ 2,828
Between one and five years	**11,438**	11,245
More than five years	**14,862**	17,981
	$ 29,108	$ 32,054

Movement in the operating commitments for the year ended December 31, 2015:

Balance, January 1, 2015	**$ 32,054**
Payments (net of subleases)	**(2,824)**
New subleases	**(122)**
Balance December 31, 2015	**$ 29,108**

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately $186,000 per month (including operating costs and property taxes) which increased from $182,000 per month in May 2015. The annual square foot rate increases in 2018, 2020 and 2023. The lease includes a monthly commitment of $30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling $229,000 are expected to be received in 2016. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately $68,000 including operating costs and property taxes from January to April 2016 and $70,000 per month from May to December 2016.

Tenant Inducements

Tenant inducements are amortized over the term of lease as a reduction to occupancy costs (included in operating expenses in the consolidated statement of income (loss) and comprehensive income (loss)). In 2015, $72,000 (2014: $72,000) of the tenant inducements was amortized. Unamortized tenant inducements were $0.7 million as at December 31, 2014 (2014:$0.8 million).

Sublease Loss Provision

The Company pays $30,000 per month until November 2016 related to office space it surrendered to its landlord in 2011. Accretion on the sublease loss provision is included in finance costs in the consolidated statements of income and comprehensive income.

Deferred Rent Obligations

The Company records its occupancy costs on a straight line basis over the term of the lease. The difference between rent paid and rent expense is recorded as deferred rent obligations on the statement of financial position.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

22. Related Parties

Transactions with key management personnel

Loans from directors and shareholders

As at December 31, 2015, the Company had $5.5 million in secured loans from two directors and $0.7 million of the debentures was subscribed for by three directors who are also shareholders (see Note 15). In September 2015, a director resigned and $0.5 million in shareholder loans were repaid to that director. Prior to the loan repayment, there were $5.7 million in shareholder loans held by three directors. The former director also holds $0.1 million of the debentures.

The above was transacted on terms equivalent to those that prevail in arm's length transactions.

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Executive officers also participate in the Company's stock-based compensation plans.

All four of the Company's executive officers have employment contracts. Upon resignation at the Company's request, they are entitled to termination benefits of up to 24 months' gross salary.

	Year ended December 31	
	2015	**2014**
Salaries, benefits and annual non-equity incentives	**$ 905**	$ 1,076
Termination benefits	**-**	-
Share-based payments	**-**	-
	$ 905	$ 1,076

Key management personnel and director transactions

Directors and officers of the Company control approximately 36% percent of the voting shares of the Company. A director controls 13% and the CEO, also a director, controls 13%.

A number of key management personnel including Board members, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to arm's length parties.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

		Transaction value for the year ended December 31		Balance due from (to) the related party as at Dec 31	Balance due from (to) the related party as at Dec 31
Entity	**Transaction**	**2015**	**2014**	**2015**	**2014**
Director	Consulting fees and commissions[1]	**$ -**	$ 184	**$ (184)**	$ (365)
Affiliate (Company owns 1/3)	Software and data license fees net of expense reimbursements [2]	**186**	70	**(332)**	(239)

(1) The Company pays seismic consulting fees to a company controlled by a director for the purposes of acquiring seismic data. The Company also pays this company commissions for providing seismic brokerage services. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.
(2) The Company pays the affiliate for access to well data and charges the affiliate for certain corporate support services.

23. Financial Risk Management and Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the statement of financial position when the Company becomes a party to the instrument's contractual obligations. The Company's financial assets include cash and cash equivalents, accounts receivable and its financial liabilities primarily comprise accounts payables and debt.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in connection with the collection of its revenues and on the cash received. The Company controls its credit risk by assessing each customer's creditworthiness prior to transacting, subsequently monitoring and making efforts to collect its outstanding accounts receivable and investing cash balances in chartered Canadian banks.

Divestco's business is tied primarily to the oil and gas exploration and production industry. The demand and price for services and products offered by Divestco depends on the activity levels for oil and gas producers, which are determined by commodity prices, supply and demand for oil and natural gas, access to credit and capital markets, and to a lesser extent, government regulation (including regulation of environmental matters and material changes in taxation policies).

The Company has a wide customer base in the energy sector ranging from large multinational public entities to small private companies. As at December 31, 2015, 17% (2014: 13%) of the Company's consolidated accounts receivables were due from one customer (2014: one customer). No outstanding individual balance was greater than $1 million (2014: one customer's balance was greater than $1 million). These receivables have been collected. This concentration risk is mitigated primarily by a portion of the customers being large, investment grade organizations. The carrying amount of accounts receivable and cash represents the maximum credit exposure.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

The Company reviews its accounts receivable amounts regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectable. In those cases the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance has two components:

(a) provision for amounts that have been individually determined not to be collectible in full when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have been considered and have not been successful. While the Company normally relies on in-house collection efforts, there are occasions where legal action is required to collect an overdue account; and

(b) collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets resulting in the Company recording an allowance for doubtful accounts equal to 20% of balances that are more than 120 days old.

The Company considers its accounts receivable excluding doubtful accounts to be aged as follows:

	Balance at December 31			
	2015		2014	
	Gross	**Impaired**	**Gross**	**Impaired**
Not past due (less than 30 days old)	**$ 1,112**	**$ -**	$ 5,271	$ -
30 to 60 days old	**244**	**-**	1,543	-
60 to 90 days old	**289**	**-**	593	-
90 to 120 days old	**240**	**20**	457	-
More than 120 days old	**67**	**54**	87	39
Trade receivables	**1,951**	**74**	7,951	39
Non-trade receivables and accrued revenue	**-**	**-**	1,484	-
Accounts receivable before impairment	**1,951**	**74**	9,435	39
Accounts receivable net of impairment	**$ 1,877**		$ 9,396	

Apart from the allowance the Company recognizes for accounts that are more than 120 days old, the Company believes that the unimpaired amounts that are more than 120 days old are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' ratings, when available.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Balance at December 31	
	2015	**2014**
Balance, beginning of year	**$ 39**	$ 37
Amounts collected	**(338)**	(27)
Impairment loss recognized and amounts written off	**373**	29
Balance, end of year	**$ 74**	$ 39

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions. The Company regularly evaluates operating budgets, forecasting cash flows and maintaining sufficient capital to meet financing requirements.

The Company had a net loss of $5.7 million for the year ended December 31, 2015 and as at December 31, 2015 had a working capital deficiency of $2.1 million, excluding deferred revenue of $1.3 million. In addition, it has future operating lease commitments of $2.8 million over the next 12 months (see Note 21).

On September 23, 2015, the Company entered into a secured bridge loan for $3.2 million. The loan proceeds were used to repay $0.5 million in shareholder loans and for working capital purposes. On March 25, 2015, the Company repaid a $4.5 million bridge loan with the proceeds from the sale of its land software assets (see Note 7).

The Company expects to settle its liabilities in the near term by using funds from operations, closing additional asset dispositions or exploring other strategic alternatives. Management is currently in discussions with a number of interested parties. All discussions are preliminary and there is no assurance that any transaction will proceed and the outcome of these events cannot be predicted at this time.

The tables below summarize the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including estimated interest payments:

As at December 31, 2015	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 4,190	$ 4,190	$ 4,190	$ -	$ -	$ -	$ -	$ 4,190
Deferred rent obligations	550	550	-	-	-	-	550	550
Long-term debt obligations (1)	9,472	11,910	649	955	6,538	3,405	363	11,910
Finance lease obligations	203	218	72	72	74	-	-	218
Loss on sublease	323	326	178	148	-	-	-	326
Grant liability	37	51	-	-	20	31	-	51
Total	$ 14,775	$ 17,245	$ 5,089	$ 1,175	$ 6,632	$ 3,436	$ 913	$ 17,245

As at December 31, 2014	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Accounts payable and accrued liabilities	13,568	13,568	13,568	-	-	-	-	13,568
Deferred rent obligations	523	523	-	-	-	-	523	523
Long-term debt obligations (1)	11,344	11,435	10,225	847	-	-	363	11,435
Finance lease obligations	407	448	114	114	140	80	-	448
Loss on sublease	667	682	178	178	326	-	-	682
Total	$ 26,509	$ 26,656	$ 24,085	$ 1,139	$ 466	$ 80	$ 886	$ 26,656

(1) Includes bridge loan (net of deferred financing charges), shareholder loans and debentures. Excludes finance lease obligations.

Further discussion regarding liquidity risk can be found in Note 2.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

Fair Value

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of the term debt instruments approximate their carrying amount which has been measured at amortized cost using the effective interest rate method.

24. Capital Management

The Board of Directors' policy is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk levels and manage capital in a manner which balances the interests of equity and debt holders. Management monitors capital using a funded debt to equity ratio. The ratio is calculated by taking the sum of interest-bearing long-term debt obligations and bank indebtedness (current and long-term portions) divided by shareholders' equity which consists of equity instruments, retained earnings and contributed surplus.

In managing the capital structure, the Board of Directors, along with management, make adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue equity, issue new debt, and issue new debt to replace existing debt with different characteristics.

The Company's funded debt to equity at the reporting date was as follows:

	Balance at December 31	
	2015	**2014**
Components of funded debt to equity ratio:		
Current portion of long-term debt obligations	**$ 1,042**	$ 11,194
Long-term debt obligations	**8,633**	557
Total funded debt	**9,675**	11,751
Shareholders' equity	**$ 14,729**	$ 20,438
Funded debt to equity ratio	**0.66**	0.57

The Company's strategy is to maintain a funded debt to equity ratio of less than 1:1. Consistent with the year ended December 31, 2014, the strategy of the Board of Directors and management is to operate the Company with the lowest possible debt load in reaction to unstable economic conditions. This is to ensure adequate financial flexibility to meet the financial obligations, both current and long-term and as part of Company's effort to maintain a healthy statement of financial position. The Company is not subject to any externally imposed capital requirements.

25. Contingencies

The Company is party to various legal actions arising in the normal course of business. Matters that are probable of an unfavorable outcome to the Company and that can be reasonably estimated are accrued. The Company's estimates of the outcomes of such matters are based on information known and its experience in contesting, litigating and settling similar matters. None of the actions are believed by management to involve future amounts that would be material to the Company's financial position or results of operations after consideration of recorded accruals. However, actual amounts could differ materially from management's estimate. Claims made by the Company that are probable of a favourable outcome are not accrued until the realization of income is virtually certain.

December 31, 2015 and 2014 (Tabular amounts in thousands, unless otherwise stated)

The computation of income tax is subject to review and audit by regulatory authorities. The Company has determined its provision for such items in accordance with applicable legislation and regulation and in accordance with IFRS. No amounts have been recorded for potential adjustments resulting from audit or re-assessment by regulatory authorities.

26. Subsidiaries

	Country of incorporation	Ownership interest (%)	
		2015	2014
Cavalier Land Ltd.	Canada	**100**	100
Agadir Resources Inc.	Canada	**100**	100
Canadian Landmasters Resource Services Ltd.	Canada	**100**	100
Divestco Seismic Management GP Ltd.	Canada	**100**	100
Divestco Seismic Management Limited Partnership	Canada	**99.99**	99.99

Management's Discussion & Analysis

For the Three Months and Year Ended December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated April 26, 2016, and should be read in conjunction with the audited consolidated financial statements and notes of Divestco Inc. ("Divestco" or the "Company") as at and for the years ended December 31, 2015 and December 13, 2014. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB'') and is reported in Canadian dollars unless otherwise specified.

DIVESTCO'S BUSINESS

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 has created 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".

Divestco operates under four business segments: Software and Data, Services, Seismic Data and Corporate and Other.

- Software and Data: Offers the market a complete software suite designed with a thorough understanding of the workflows and requirements of oil and gas professionals; as well as a full suite of exploration datasets and a library of comprehensive well log data. Software and data together provide complete solutions and have become an indispensable resource for geologists, geophysicists and engineers. On March 25, 2015, the Company announced the sale of its land software assets (LandRite, iLand and MapQ). The disposed assets, revenues and expenses were reported under the Software & Data segment. All accounts receivable, liabilities and other working capital associated with the assets prior to the disposition were retained by the Company. The segment continues to operate post-closing under the following product lines: Geophysical Software and Geological Software and Log Data.

- Services: Offers geomatics services, which include data integrity validation, mapping, database hosting, and advisory support and consultation; seismic processing services, which include data quality assurance, processing and data management services for geophysical and geological information; and land management services through Cavalier Land and Canadian Landmasters, including surface acquisition, public consultation and consultation, regulatory guidance, freehold mineral acquisition, and crown land sale representation.

- Seismic Data: Focused on providing the oil and natural gas industry with quick, reliable access to cost-effective, high-resolution seismic data. This includes brokering and licensing existing seismic data between data owners and licensees, managing existing seismic data for the purpose of brokering sales, and creating new seismic data inventories through recording multi-client services.

- Corporate and Other: Responsible for setting Divestco's overall strategic objectives and providing finance and accounting, sales and marketing, human resources (HR) and information technology (IT) services to the Company's operating segments.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2015, the Company had a working capital deficiency of $2.1 million (December 31, 2014: $10.7 million deficiency), excluding deferred revenue of $1.3 million (December 31, 2014: $3.2

million). In addition, the Company has contractual obligations (see "Off Balance Sheet Arrangements" section to this MD&A).

The Company's ability to continue as a going concern is dependent upon the Company's ability to obtain additional sources of capital, completing other asset dispositions, or finding other strategic alternatives to settle its liabilities, fund its operations, and meet its commitments until it is in a position to generate positive net future cash flows and profitability. The Company believes that it will be able to meet its cash flow requirements over at least the next 12 months, however, the outcome of the actions and events described above cannot be predicted at this time. As a result of the uncertainty of completing the above transactions, there is material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

FORWARD-LOOKING INFORMATION

Divestco's MD&A and consolidated financial statements contain forward-looking information related to the Company's capital expenditures, projected growth, view and outlook towards 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 in 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 MD&A 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 MD&A are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- The Company's ability to keep debt and liquidity at acceptable levels, improve/maintain its working capital position and achieve profitability
- 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 seismic data through new seismic shoots and acquisition of existing seismic data
- Treatment under tax laws
- 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
- 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
- Ability of the Company to continue to be able to identify, attract, and employ qualified staff and to 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 which cause seasonal cyclicality in our business
- Competitive actions by other companies
- Availability of skilled labour
- Ability to obtain regulatory approvals in a timely manner
- Adverse conditions in the debt and equity markets
- Government actions, including changes in environment and other regulations

NON-GAAP MEASURES

The Company's consolidated financial statements have been prepared in accordance with IFRS. Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered non-GAAP measures. While these measures may not be comparable to similar measures presented by other issuers, they are described and presented in this MD&A to provide shareholders and other stakeholders with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

These measures include:

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

Divestco uses EBITDA as a key measure to evaluate the performance of its segments and divisions, as well as the Company overall, with the closest IFRS measure being net income or net loss. EBITDA is a measure commonly reported and widely used by investors as an indicator of the Company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing the Company's performance on a consistent before tax basis, without regard to financing cost and non-cash depreciation and amortization, which can vary significantly depending upon accounting methods or non-operating factors such as historical cost.

The following is a reconciliation of EBITDA with net loss:

	Three months ended Dec 31				Year ended Dec 31			
(Thousands)		**2015**		2014		**2015**		2014
Net Income (Loss)	**$**	**(3,366)**	$	10,252	**$**	**(5,729)**	$	2,507
Income Tax Reduction		**-**		-		**-**		(31)
Impairment of Intangible Asssets		**1,222**		**-**		**1,222**		**-**
Finance Costs		**334**		479		**1,181**		1,663
Depreciation and Amortization		**1,438**		2,529		**11,403**		9,134
EBITDA	**$**	**(372)**	$	13,260	**$**	**8,077**	$	13,273

Funded debt and funded debt to equity

Funded debt is a measure of Divestco's long-term debt position and includes long-term debt obligations (bridge loan, shareholder loans, debentures and finance leases). Funded debt to equity is funded debt divided by shareholders' equity (as reported on the Company's consolidated statement of financial position). The ratio indicates what proportion of equity and debt the Company is using to finance its assets and is used by the Company to determine an appropriate capital structure.

The calculation is as follows:

	Balance at December 31			
		2015		**2014**
Components of funded debt to equity ratio:				
Current portion of long-term debt obligations	**$**	**1,042**	$	11,194
Long-term debt obligations		**8,633**		557
Total funded debt		**9,675**		11,751
Shareholders' equity	**$**	**14,729**	$	20,438
Funded debt to equity ratio		**0.66**		0.57

Adjusted working capital

Adjusted working capital is calculated as current assets minus current liabilities (excluding deferred revenue). Adjusted working capital provides a measure that can be used to gauge Divestco's ability to meet its current obligations.

ADDITIONAL GAAP MEASURE

Funds from operations

Divestco reports funds from operations because it is a key measure used by management to evaluate its performance and to assess the ability of the Company to finance operating and investing activities. Funds from operations exclude certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

The closest IFRS measure that can be used to gauge Divestco's capacity to generate discretionary cash flow is cash from operating activities.

The following reconciles funds from operations with cash from operating activities:

	Three months ended Dec 31		Year ended Dec 31	
(Thousands)	**2015**	2014	**2015**	2014
Net Cash from (used in) Operating Activities	**$ (226)**	$ 7,556	**$ 6,060**	$ 10,174
Changes in Non-Cash Working Capital Balances Related to Operating Activities	**(318)**	5,336	**(4,660)**	1,902
Changes in Long-term Prepaid Expense	**(136)**	-	**272**	-
Interest Paid	**297**	384	**1,044**	1,358
Income Taxes Refunded	**1**	(2)	**(68)**	(253)
Funds from (used in) Operations	**$ (382)**	$ 13,274	**$ 2,648**	$ 13,181

OVERALL PERFORMANCE AND OPERATIONAL RESULTS

Summary Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended Dec 31				Year ended December 31			
	2015	2014	*$ Change*	*% Change*	**2015**	2014	*$ Change*	*% Change*
Revenue	**$ 2,863**	$19,012	*$ (16,149)*	*-85%*	**$ 18,314**	$ 36,120	*$ (17,806)*	*-49%*
Operating Expenses (1)	**3,256**	5,773	*(2,517)*	*-44%*	**15,754**	23,054	*(7,300)*	*-32%*
Other Income	**(21)**	(21)	-	*N/A*	**(5,517)**	(207)	*(5,310)*	*N/A*
EBITDA (2)	**(372)**	13,260	*(13,632)*	*N/A*	**8,077**	13,273	*(5,196)*	*-39%*
Finance Costs	**334**	479	*(145)*	*-30%*	**1,181**	1,663	*(482)*	*-29%*
Depreciation and Amortization	**1,438**	2,529	*(1,091)*	*-43%*	**11,403**	9,134	*2,269*	*25%*
Impairment of Intangibles	**1,222**	-	*1,222*	*N/A*	**1,222**	-	*1,222*	*N/A*
Income (Loss) before Income Taxes	**(3,366)**	10,252	(13,618)	*N/A*	**(5,729)**	2,476	(8,205)	*N/A*
Income Tax Recovery	**-**	-	-	*N/A*	**-**	(31)	*31*	*N/A*
Net Income (Loss)	**$ (3,366)**	$10,252	*$ (13,618)*	*N/A*	**$ (5,729)**	$ 2,507	*$ (8,236)*	*N/A*
Per Share - Basic and Diluted	**(0.05)**	0.15	*(0.20)*	*N/A*	**(0.09)**	0.04	*(0.13)*	*N/A*
Funds from (used in) Operations (2)	**$ (382)**	$13,274	*$ (13,656)*	*N/A*	**$ 2,648**	$ 13,181	*$ (10,533)*	*-80%*
Per Share - Basic and Diluted	**(0.01)**	0.20	*(0.21)*	*N/A*	**0.04**	0.20	*(0.16)*	*-80%*
Class A Shares Outstanding	**67,208**	67,096	*N/A*	*N/A*	**67,208**	67,096	*N/A*	*N/A*
Weighted Average Shares Outstanding Basic and Diluted	**67,126**	67,096	*N/A*	*N/A*	**67,117**	67,081	*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.*

Q4 2015 vs. Q4 2014

Divestco generated revenue of $2.9 million in Q4 2015 compared to $19 million in Q4 2014, a decrease of $16.1 million (85%) mainly related to the drop in commodity prices which has had a significant impact on upstream oil and gas activity levels. Revenue in the Software & Data segment ($1.1 million) decreased by $0.9 million (45%) mainly due to the sale of the land software assets in Q1 2015. Log data revenue was also down slightly. Revenue in the Seismic Data segment ($0.6 million) decreased by $13.1 million (95%) due to significantly reduced activity levels. During Q4 2014, the Company completed one seismic participation survey and commenced three additional surveys; there was no new seismic data acquired in Q4 2015. Revenue in the Services segment ($1.1 million) decreased by $2.2 million (66%) due to low commodity prices but was partially offset by the completion of certain international projects. Land management services experienced weaker demand for telecom services compared to Q4 2014 due to reduced capital spending while the demand for oil and gas services was weaker as this was also tied to lower commodity prices.

Operating expenses decreased by $2.5 million (44%) to $3.3 million in Q4 2015 from $5.8 million in Q4 2014. Salaries declined due to reduced staffing levels and the austerity measures put in place in response to current economic conditions. G&A expenses declined due to less reliance on third party contractors.

Finance costs decreased by $0.2 million (30%) to $0.3 million in Q4 2015 from $0.5 million in Q4 2014 mainly related to lower debt levels. A $4.5 million bridge loan was repaid on March 2015 and a new $3.2 million bridge loan was secured in September 2015.

Depreciation and amortization ($1.4 million) decreased by $1.1 million (43%) mainly due to the growth of the Company's seismic data library (Divestco's accounting 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).

There was an impairment charge of $1.2 million in Q4 2015. The impairment was the result of reduced exploration activity levels due to low commodity prices and diminished capital budgets along with uncertainty over the timing of any improvement. The impairment specifically related to three cash generating units; Geomatics ($0.1 million – proprietary software and code), Processing ($0.4 million – proprietary software and code) and Geophysical Software $0.7 million – deferred development costs).

Year Ended December 31, 2015 vs. Year Ended December 31, 2014

Divestco generated revenue of $18.3 million during 2015 compared to $36.1 million in 2014, a decrease of $17.8 million (49%) mainly related to the significant fall in commodity prices compared to 2014. Due to the fall in activity levels, the demand for domestic seismic-related services was drastically impacted. In Q4 2014, the Company completed a seismic survey and commenced three additional surveys that were completed in Q1 2015. No other seismic data was acquired in 2015. The Company also sold its land software assets in March 2015.

Revenue in the Software & Data segment ($5.4 million) decreased by $2.3 million (30%) mainly due to the sale of its land software assets in Q1 2015. Log data revenue was down slightly. Revenue in the Seismic Data segment ($6.2 million) decreased by $11.2 million (65%) due to less seismic data being acquired and lower seismic brokerage revenue. Revenue in the Services segment ($6.8 million) decreased by $4.1 million (38%) due to lower commodity prices partially offset by the completion of some larger international projects. Land management services experienced weaker demand for telecom services compared to 2014 due to reduced capital spending while the demand for oil and gas services was weaker due to low 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 $6.1 million. A portion of the total proceeds from this disposition was used to fully repay a bridge loan in the amount of $4.5 million with the remaining proceeds being used for working capital purposes.

Operating expenses decreased by $7.3 million (32%) to $15.8 million in 2015 from $23.1 million in 2014. Salaries declined due to reduced staffing levels and austerity measures put in place in response to current economic conditions. G&A expenses declined due to less reliance on the third party contractors.

Finance costs decreased by $0.5 million (29%) to $1.2 million 2015 from $1.7 in 2014 mainly related to lower debt. A $4.5 million bridge loan was repaid on March 2015 and a new $3.2 million bridge loan was secured in September 2015.

Depreciation and amortization ($11.4 million) increased by $2.3 million (25%) mainly due to the completion of three seismic surveys in Q1 2015 (Divestco's accounting 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).

There was an impairment charge of $1.2 million in Q4 2015. The impairment was the result of reduced exploration activity levels due to low commodity prices and diminished capital budgets along with uncertainty over the timing of any improvement. The impairment specifically related to three cash generating units; Geomatics ($0.1 million – proprietary software and code), Processing ($0.4 million – proprietary software and code) and Geophysical Software $0.7 million – deferred development costs).

No current tax provision was recorded in 2015 while a refund of income tax was recorded in 2014 of $31,000 due to tax losses available. No deferred tax provision was recorded in 2015 and 2014 as the Company had not recognized any benefit associated with its tax pools as it was not probable that the asset would be realized.

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 in oil and gas industry activities.

Seismic data acquisitions are usually completed in the winter season when the ground is frozen allowing access by heavy equipment with minimal surface disruption. This affects the timing of revenue recognition in the Seismic Data segment. Additionally, the Services segment normally exhibits a noticeable reduction in sales in the spring and summer months and an increase in sales during the fall and winter months when under normal circumstances, 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 December 31, 2015, Divestco had an adjusted working capital deficiency of $2.1 million (December 31, 2014: $10.7 million deficiency). The decrease in the adjusted working capital deficiency from the end of 2014 was primarily due to the following: the Company repaid a $4.5 million bridge loan and augmented working capital with the proceeds from an asset sale in March 2015; the Company secured a new bridge loan in September 2015 and used the proceeds to partially repay its shareholder loans and augment working capital. The loan is repayable on March 31, 2017 and is therefore classified as long-term debt at December 31, 2015; and the Company entered into a new shareholder loan agreement with fixed repayment terms that commence in April 2017. This excludes a new $0.3 million shareholder loan that was received in November 2015 and is due on demand. The remaining shareholder loans are classified entirely as long-term as at December 31, 2015.

Financial Position (Thousands)	**2015**	**2014**	**2013**
Total Assets	**$ 31,462**	$ 50,868	$ 40,721
Adjusted Working Capital (Deficit) (1)	**(2,062)**	(10,723)	(2,295)
Long-Term Financial Liabilities (2)	**10,600**	12,941	9,357

(1) See the "Non GAAP and Additional GAAP Measures" sections.
(2) Includes long-term debt obligations (both current and long-term portions), sublease loss provision (both current and long-term portions), deferred rent obligations and grant liability (both current and long-term portions). Excludes tenant inducements of $0.7 million (December 31, 2014: $0.8 million; December 31, 2013: $0.8 million).

SELECTED ANNUAL INFORMATION

	2015	2014	2013
Revenue	**$ 18,314**	$ 36,120	$ 33,979
EBITDA (1)	**8,077**	13,273	9,223
Net Income (Loss)	**(5,729)**	2,507	1,327
Net Income (Loss) Per Share - Basic and Diluted	**(0.09)**	0.04	0.02
Funds from (used in) Operations (1)	**2,648**	13,181	11,282
Funds from (used in) Operations Per Share - Basic and Diluted (1)	**0.04**	0.20	0.17
Total Assets	**31,462**	50,868	40,721
Adjusted Working Capital (Deficit) (1)	**(2,062)**	(10,723)	(2,295)
Long-Term Financial Liabilities (2)	**10,600**	12,941	9,357
Shareholders' Equity	**14,729**	20,438	17,855
Class A Shares Outstanding	**67,208**	67,096	67,050
Weighted Average Shares Outstanding - Basic and Diluted	**67,117**	67,081	66,905

(1) See the "Non GAAP and Additional GAAP Measures" sections.
(2) Includes long-term debt obligations (both current and long-term portions), sublease loss provision (both current and long-term portions), deferred rent obligations and grant liability (both current and long-term portions). Excludes tenant inducements of $0.7 million (December 31, 2014: $0.8 million; December 31, 2013: $0.8 million).

Due to the dramatic fall in oil prices since the latter part of 2014 and persistently low natural gas prices, Divestco generated significantly less revenue in 2015 compared to 2014 and 2013. The largest impact of this industry down-turn was on the Company's domestic seismic-related services including geomatics, processing, seismic acquisition and seismic brokerage. Increase of international revenue since 2013 has partially offset the fall in domestic revenue. There was significant seismic data revenue in 2014 and 2013 and while the Company completed four seismic surveys in Q1 2015, no other seismic was acquired in 2015. To the contrary, the Company's seismic data and software and data segments fared better over 2013, 2014 and 2015. Excluding the effect of the sale of Divestco's land software assets, the rest of the segment's revenue was only down slightly in 2015 compared to prior years.

As a result of falling activity levels, Divestco implemented a number of salary austerity measures commencing in Q1 2015 and significantly reduced its discretionary expenses.

Furthermore, the net loss for 2015 includes an accounting gain of $5.4 million from the disposal of Divestco's land software assets and an impairment charge of $1.2 million. Net income in 2013 was partially offset by the recognition of a $1 million accounting loss from the disposal of certain data library assets and a $0.7 million impairment of leasehold improvements (net of tenant inducements) associated with the surrender of office space in the period.

SELECTED QUARTERLY INFORMATION

	2015				2014			
(Thousands, Except Per Share Amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 2,863**	**$ 3,110**	**$ 2,936**	**$ 9,405**	$ 19,012	$ 5,207	$ 5,189	$ 6,712
EBITDA [(1)]	**(372)**	**(76)**	**(1,153)**	**9,678**	13,260	(902)	(355)	1,270
Income (loss) before Income Taxes	**(3,366)**	**(1,837)**	**(2,760)**	**2,234**	10,252	(3,033)	(3,997)	(746)
Net Income (Loss)	**(3,366)**	**(1,837)**	**(2,760)**	**2,234**	10,252	(3,033)	(3,997)	(715)
Per Share - Basic and Diluted	**(0.05)**	**(0.03)**	**(0.04)**	**0.03**	0.15	(0.05)	(0.06)	(0.01)
Funds from (used in) Operations [(1)]	**(382)**	**42**	**(1,124)**	**4,112**	13,274	(901)	(316)	1,124
Per Share - Basic and Diluted	**(0.01)**	**0.00**	**(0.02)**	**0.06**	0.20	(0.01)	0.00	0.02

[(1)] *See the "Non GAAP Measures and Additional GAAP Measure" sections.*

The variances in the quarterly results illustrated in the table above are primarily a result of changing industry factors affecting oil and gas producers' exploration activities, upon which our business model is based. In turn, the producers' primary activity drivers are crude oil and natural gas commodity pricing and general economic and industry labour conditions, which have fluctuated in these reporting periods. Since Q3 2014, commodity prices have fallen dramatically which has had a significant impact on Divestco's services and seismic data segments. These business units rely heavily on capital investment in exploration which was significantly cut by oil and gas E&P companies in 2015. Therefore the Company shot considerably less seismic data in 2015 as compared to 2014 and 2013.

The variance in quarterly results is also influenced by seasonality. Typically, the first and fourth quarters are the busiest for the Company when drilling activities are at their peak in western Canada. Road bans severely restrict field activity in the second quarter and seismic field work can be limited in summer months for agricultural reasons. The Company commenced four seismic surveys in Q4 2014 of which one survey was completed in the same quarter and the remaining surveys were completed in Q1 2015. Revenue is recognized on a percentage of completion basis. Net income and EBITDA in Q1 2015 includes an accounting gain of $5.4 million recognized on the sale of the Company's land software assets. Commodity prices continued to remain lower in 2015 as compared to 2014 which directly contributed to weaker financial results in Q4 2015 compared to Q4 2014. There is also an impairment charge of $1.2 million in Q4 2015.

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 considerably reduce their capital spending. This has resulted in increased pressure being put on North American oil and gas service companies to further reduce fees for services. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. Further salary reductions were implemented on June 1, 2015 and again on July 1, 2015; these austerity measures are currently in place and will likely continue throughout 2016.

On March 25, 2015, Divestco sold its Land Software assets for proceeds of $6.1 million and recognized an accounting gain of approximately $5.4 million (which was subject to final purchase price adjustments). The disposed assets, revenues and expenses were reported under its Software and Data segment and the segment continues to operate post-closing. All accounts receivable, liabilities and other working capital associated with the assets prior to the disposition were retained by the Company. A portion of the total proceeds from the disposition were used to fully repay the bridge loan in the amount of $4.5 million (see the "Bridge Loan" under the "Capital Resources" section of the MD&A). The Company used the remaining proceeds for working capital purposes. In September 2015, the Company secured a new bridge loan and used the proceeds to partially repay its shareholder loans and augment working capital. The loan is repayable on March 31, 2017. Management continues to have discussions with various parties on the sale of other non-strategic assets and other strategic alternatives.

LIQUIDITY

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the statement of financial position when the Company becomes a party to the instrument's contractual obligations. The Company's financial assets include cash and cash equivalents, trade and other receivables and its financial liabilities primarily comprise accounts payables and debt.

Fair Value

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of the term debt instruments have been measured at amortized cost using the effective interest rate method. Fair value was equal to carrying value as at December 31, 2015.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in connection with the collection of its revenues and on the cash received. The Company controls its credit risk by assessing each customer's creditworthiness prior to transacting, subsequently monitoring and making efforts to collect its outstanding accounts receivable and investing cash balances in chartered Canadian banks.

Divestco's business is tied primarily to the oil and gas exploration and production industry. The demand and price for services and products offered by Divestco depends on the activity levels for oil and gas producers, which are determined by commodity prices, supply and demand for oil and natural gas, access to credit and capital markets, and to a lesser extent, government regulation (including regulation of environmental matters and material changes in taxation policies).

The Company has a wide customer base in the energy sector ranging from large multinational public entities to small private companies. As at December 31, 2015, 17% (2014: 13%) of the Company's consolidated accounts receivables were due from one customer (2014: one customer). No outstanding individual balance was greater than $1 million (2014: one customer's balance was greater than $1 million). These receivables have been collected. Currently there are no significant economic dependencies on any particular customers.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions.

The Company had a net loss of $5.7 million for 2015 and as at December 31, 2015 had an adjusted working capital deficiency of $2.1 million. In addition, Divestco has future operating lease commitments of $2.8 million over the next 12 months (see the "Contractual Obligations" section of this MD&A). In March 2015, the Company repaid a $4.5 million bridge loan with the proceeds from the sale of its land software assets and augmented working capital. In September 2015, the Company secured a new $3.2 million bridge loan and used the proceeds to pay $0.5 million in shareholder loans and as a working capital injection. The loan has no financial covenants, minimal non-financial covenants and is repayable on March 31, 2017. See “Bridge Loan” under the “Capital Resources” section to this MD&A for further discussion.

While management believes that the Company’s funds from operations will provide the capital to continue to operate in the short-term, it is dependent upon future financial performance that is subject to financial, business, and other risk factors, including elements beyond the Company’s control. As a response to the sharp decline in oil prices and persistently low natural gas prices since Q3 2014, the Company sold a portion of its assets as well as implemented a number of salary austerity measures and reduced discretionary spending commencing in Q1 2015. In addition, management is currently in discussions with a number of interested parties with the intention of focusing on the international market, selling additional non-strategic assets and other strategic alternatives. All discussions are preliminary and there is no assurance that any transaction will proceed (see the “Going Concern” section of the MD&A).

Adjusted Working Capital

As at December 31, 2015, Divestco had an adjusted working capital deficiency of $2.1 million (December 31, 2014: $10.7 million deficiency. The decrease in the working capital deficit from the end of 2014 was primarily due to: proceeds from the sale of the Company’s land software assets in Q1 2015 being used to repay a $4.5 million bridge loan and for working capital purposes); a new loan secured in September 2015 used to partially pay down shareholder loans and infuse working capital; and reclassification of the remaining shareholder loans from current to long-term (see “Shareholder Loans” under the “Capital Resources” section to this MD&A).

Funded Debt to Equity

Divestco had a funded debt to equity ratio of 0.66:1 as at December 31, 2015 (December 31, 2014: 0.57:1). The Company’s practice is to utilize an appropriate mix of debt and equity to finance its current capital expenditures and growth initiatives. Consistent with the year ended December 31, 2014, the strategy of the Board of Directors and management is to operate the Company with the lowest possible debt load in reaction to the volatility of the industry. This is to ensure adequate financial flexibility to meet the financial obligations, both current and long-term and as part of the Company’s effort to maintain a healthy statement of financial position. The Company’s strategy is to maintain a funded debt to equity ratio of less than 1:1.

Contractual Obligations

Below is a summary of Divestco’s contractual obligations as at December 31, 2015, including principal and interest:

(Thousands)	Carrying amount	Contractual cash flows	<1 year	1-2 years	2-5 years	Thereafter	Total
Debt Obligations [1]	9,643	11,910	1,604	6,538	3,405	363	**11,910**
Finance Leases	203	218	144	74	-	-	**218**
Operating Leases [2]	N/A	29,108	2,808	2,602	8,836	14,862	**29,108**
Other Liabilties [3]	360	377	326	20	31	-	**377**
Total	**$ 10,206**	**$ 41,613**	**$ 4,882**	**$ 9,234**	**$ 12,272**	**$ 15,225**	**$ 41,613**

(1) Includes bridge loan, shareholder loans and debentures
(2) See “Off Balance Sheet Arrangements” section
(3) Includes sublease loss and grant liability

Selected Cash Flow Items

	Year ended Dec 31	
(Thousands)	**2015**	2014
Operating Activities		
Funds from (used in) Operations [(1)]	**$ 2,648**	$ 13,181
Changes in Non-Cash Working Capital Balances	**4,660**	(1,902)
Changes in Long-Term Prepaid Expense	**(272)**	-
Interest Paid	**(1,044)**	(1,358)
Income Taxes Refunded	**68**	253
Cash From Operating Activities	**6,060**	10,174
Financing Activities		
Bank Indebtedness	**-**	(2,996)
Repayment of Long-Term Debt Obligations	**(5,529)**	(3,106)
Proceeds from Long-Term Debt Obligations	**3,500**	6,600
Deferred Finance Costs	**(205)**	(181)
Cash From (Used in) Financing Activities	**(2,183)**	317
Investing Activities		
Additions to Intangible Assets	**(13,397)**	(8,740)
Participation Surveys in Progress	**9,011**	(4,278)
Additions to Property, Plant and Equipment	**(52)**	(48)
Payments Towards Sublease Loss Provision	**(355)**	(356)
Advances from Equity-Accounted Investees	**(64)**	79
Proceeds on Sale of Property and Equipment	**6,144**	-
Deferred Development Costs	**(833)**	(1,550)
Changes in Non-Cash Working Capital Balances	**(7,858)**	8,329
Cash From (Used in) Investing Activities	**(7,404)**	(6,564)
Change in Cash	**$ (3,527)**	$ 3,927

[(1)] *See the "Non GAAP Measures and Additional GAAP Measure" sections.*

<u>Operating Activities</u>

During the year ended December 31, 2015, funds from operations were $2.6 million ($0.04/share – basic and diluted), compared with $13.2 million ($20/share – basic and diluted) for 2014, a decrease of $10.6 million mainly due to lower seismic data and services revenues partially offset by lower operating costs.

<u>Financing Activities</u>

During the year ended December 31, 2015, Divestco used the proceeds from an asset sale to repay a $4.5 million short-term secured bridge loan and obtained a new $3.2 million secured bridge loan to partially repay its shareholder loans ($0.5 million) and for working capital purposes. Repayment of finance leases totaled $0.2 million.

<u>Investing Activities</u>

During the year ended December 31, 2015, Divestco sold its land software assets for net proceeds of $6.1 million. In addition, the Company incurred $13.4 million in additions to intangible assets related to the completion of three seismic surveys and $0.7 million in deferred development costs. The $9 million in surveys in progress was related to the three new surveys that commenced in Q4 2014 and were completed in Q1 2015.

CAPITAL RESOURCES

Share capital

Divestco's Class A common shares are listed on the TSX-V and trade under the symbol DVT. The Company is authorized to issue an unlimited number of voting Class A common shares.

The following table summarizes the Company's outstanding equity instruments:

	Balance as at		
(Thousands)	**Apr 26, 2016**	**Dec 31, 2015**	**Dec 31, 2014**
Class A shares			
Outstanding	67,251	**67,208**	67,096
Weighted Average Outstanding			
Basic – YTD [(1)]	N/A	**67,117**	67,081
Diluted – YTD [(1)]	N/A	**67,117**	67,081
Stock Options			
Outstanding	2,850	**2,910**	3,068
Exercise Price Range	\$0.17 to \$0.25	**\$0.17 to \$0.25**	\$0.17 to \$0.68

(1) Basic net loss per share is computed using the weighted-average number of Class A Shares outstanding during the year ended December 31, 2015, being 67,117,000. In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the year ended December 31, 2015 as the stock options were out of the money and there was a net loss for the year. Basic net income per share is computed using the weighted-average number of Class A Shares outstanding during the year ended December 31, 2014 of 67,081,000. In computing diluted net income per share, no shares were added to the weighted average number of Class A Shares outstanding for stock options as they were out of the money.

Bridge Loan

On March 25, 2015, the Company repaid a short-term secured bridge loan for $4.5 million with the proceeds from the sale of its land software assets. The loan was advanced on September 30, 2014, bore interest at 18% per annum and was secured by a general security agreement over all present and after acquired personal property of the Company.

On September 23, 2015, the Company obtained a new secured bridge loan for $3.2 million, repayable on March 31, 2017. The loan bears interest at 17% per annum and is secured by a general security agreement over all present and after acquired personal property of the Company. The loan proceeds were used to repay $0.5 million in shareholder loans and for working capital purposes. The loan has no financial covenants and minimal non-financial covenants. The loan is secured by a general security agreement over all present and after acquired personal property of the Company.

Shareholder Loans

As at December 31, 2015, the Company had $5.5 million in shareholder loans from two members of the Company's board of directors including an additional $0.3 million received in November 2015. The shareholder loans bear interest at rates of 12% per annum and are secured by way of registered security pursuant to the Personal Property Security Act (Alberta). The shareholder loans are subordinated to the Company's senior bridge lender and are repayable in monthly principal payments of $0.1 million commencing on April 1, 2017. $0.5 million of the shareholder loans were repaid in September 2015 (balance prior to repayment was $5.7 million) and the remaining shareholders entered into a new loan agreement with the Company. Previously, certain shareholders had the right to convert a portion of the shareholder loans into an ownership interest in the Company's seismic data library, subject to regulatory approval. There is no conversion feature in the new loan agreement.

Debentures

The Company has $1.0 million in subordinated debentures with a royalty interest. Three directors, who are also shareholders of the Company, hold $0.7 million of the debentures. A former director holds $0.1 million. The debentures bear interest of 8% per annum. Principal payments are calculated at 50% of "net revenues" generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by $1.2 million (debenture proceeds raised) divided by $5 million. The balance of the revenue is retained by the Company. "Net revenues" equal 90% of the "gross revenues" generated by the Seismic Data. The "Seismic Data" is comprised of the seismic surveys acquired by the Corporation prior to July 1, 2012. As at December 31, 2015, there was $0.6 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data up to and including December 31, 2015. Principal payments were postponed until March 2015 due to a requirement under the Company's previous senior debt facilities. The Company issued a payment of $0.2 million in June 2015.

Upon full repayment of the principal amount of the debentures and all accrued interest, the royalty interest becomes effective and will be paid as a royalty indefinitely. Royalty payments are to be calculated at 25% of the "net revenues" generated by the "Seismic Data" multiplied by $1.2 million divided by $5 million. The balance of the revenue is retained by the Company.

The principal amount of the debentures and accrued interest, but not the royalty interest, is secured against the Seismic Data by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's senior debt. This security interest ranks pari passu with the security interest for the shareholder loans.

OFF-BALANCE SHEET ARRANGEMENTS

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately $186,000 per month (including operating costs and property taxes) which increased from $182,000 per month in May 2015. The annual square foot rate increases in 2018, 2020 and 2023. The lease includes a monthly commitment of $30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling $229,000 are expected to be received in 2016. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately $68,000 including operating costs and property taxes from January to April 2016 and $70,000 per month from May to December 2016.

Since 2011, the Company has surrendered six floors of space in its current office premises. This saved $7 million in 2014 and annually going forward until the lease expires in 2025.

Summary of non-cancellable building lease (net of any subleases) commitments until expiry:

	Balance at December 31	
	2015	**2014**
Less than one year	**$ 2,808**	$ 2,828
Between one and five years	**11,438**	11,245
More than five years	**14,862**	17,981
	$ 29,108	$ 32,054

CONTINGENCIES

Notwithstanding management's belief in the merit of the Company's tax filing positions, it is possible that the final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the Company's consolidated tax provision and accruals, which could result in a material effect on the consolidated income tax provision and net income (loss) for the period in which determinations are made. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. In particular, the tax treatment of seismic data is largely based on Canada Revenue Agency's ("CRA") policy which is subject to change at any time. The Company is currently deducting certain seismic data costs over a period of 4 years. This approach is consistent with CRA's administrative policy; however, CRA may change the existing policy. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could result in material adjustments to the Company's income tax calculations, carry-forward balances or consolidated net income (loss) in the period a change is communicated.

RELATED PARTY TRANSACTIONS

Loans from directors and shareholders

As at December 31, 2015, the Company had $5.5 million in secured loans from two directors and $0.7 million of the debentures was subscribed for by three directors who are also shareholders. In September 2015, a director resigned and $0.5 million in shareholder loans were repaid to that director. Prior to the loan repayment, there were $5.7 million in shareholder loans held by three directors. The former director also holds $0.1 million of the debentures (see the "Financial Instruments" section of the MD&A).

Key management personnel and director transactions

Directors and officers of the Company control 36% percent of the voting shares of the Company. A director controls 13% and the CEO (also a director) controls 13%.

A number of key management personnel and Board members, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

		Transaction value for the year ended December 31		Balance due from (to) the related party as at Dec 31	Balance due from (to) the related party as at Dec 31
Entity	**Transaction**	**2015**	**2014**	**2015**	**2014**
Director	Consulting fees and commissions[(1)]	**$ -**	$ 184	**$ (184)**	$ (365)
Affiliate (Company owns 1/3)	Software and data license fees net of expense reimbursements [(2)]	**186**	70	**(332)**	(239)

(1) The Company pays seismic consulting fees to a company controlled by a director for the purposes of acquiring seismic data. The Company also pays this company commissions for providing seismic brokerage services. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

(2) The Company pays the affiliate for access to well data and charges the affiliate for certain corporate support services.

NEW ACCOUNTING PRONOUNCEMENTS

The following are new standards, interpretations, amendments and improvements to existing standards that were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that have not been applied in preparing Divestco's 2015 consolidated financial statements and notes thereto, as their effective dates fall within annual periods beginning subsequent to the current reporting period:

IFRS 15 Revenue from Contracts with Customers was released on May 28, 2014, replacing *IAS 11 Construction Contracts*, *IAS 18 Revenue* and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchasers. Disclosure requirements have also been expanded.

The new standard is currently effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on the consolidated financial statements.

IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets, have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016. The Company has evaluated the impact of adopting these amendments on its consolidated financial statements and has determined there will be no impact.

IFRS 9 Financial Instruments was issued by the IASB in July 2014 to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for years beginning on or after January 1, 2018. The Company has yet to evaluate the impact of adopting this new standard.

IFRS 16 Leases was issued by the IASB on January 2016, to replaces *IAS 17 Leases.* For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying *IFRS 15 Revenue from Contracts with Customers.* The Company has yet to evaluate the impact of adopting this new standard.

USE OF ESTIMATES AND JUDGEMENTS

This MD&A of the Company's financial condition and results of operations is based on the financial statements which are prepared in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the consolidated financial statements as at and for the year ended December 31, 2015.

Additional information is available on the Company's website at www.divestco.com and all other previous public filings are available through SEDAR at www.sedar.com.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Edward L. Molnar [1,2,3,4]
Stephen Popadynetz
Brent Gough [2,3,4]
Wade Brillon [2]

[1] Chairman of the Board
[2] Member of the Audit Committee
[3] Member of the Compensation Committee
[4] Member of the Corporate Governance Committee

OFFICERS
Stephen Popadynetz – Chief Executive Officer and President
Steve Sinclair-Smith – Chief Operating Officer
Danny Chiarastella – Chief Financial Officer
Lonn Hornsby – Senior VP Operations – Divestco Seismic

CORPORATE SECRETARY
Faralee A. Chanin

STOCK EXCHANGE LISTING
TSX-V: DVT

REGISTRAR AND TRANSFER AGENT
CST Trust Company

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