2008 FIRST QUARTER REPORT

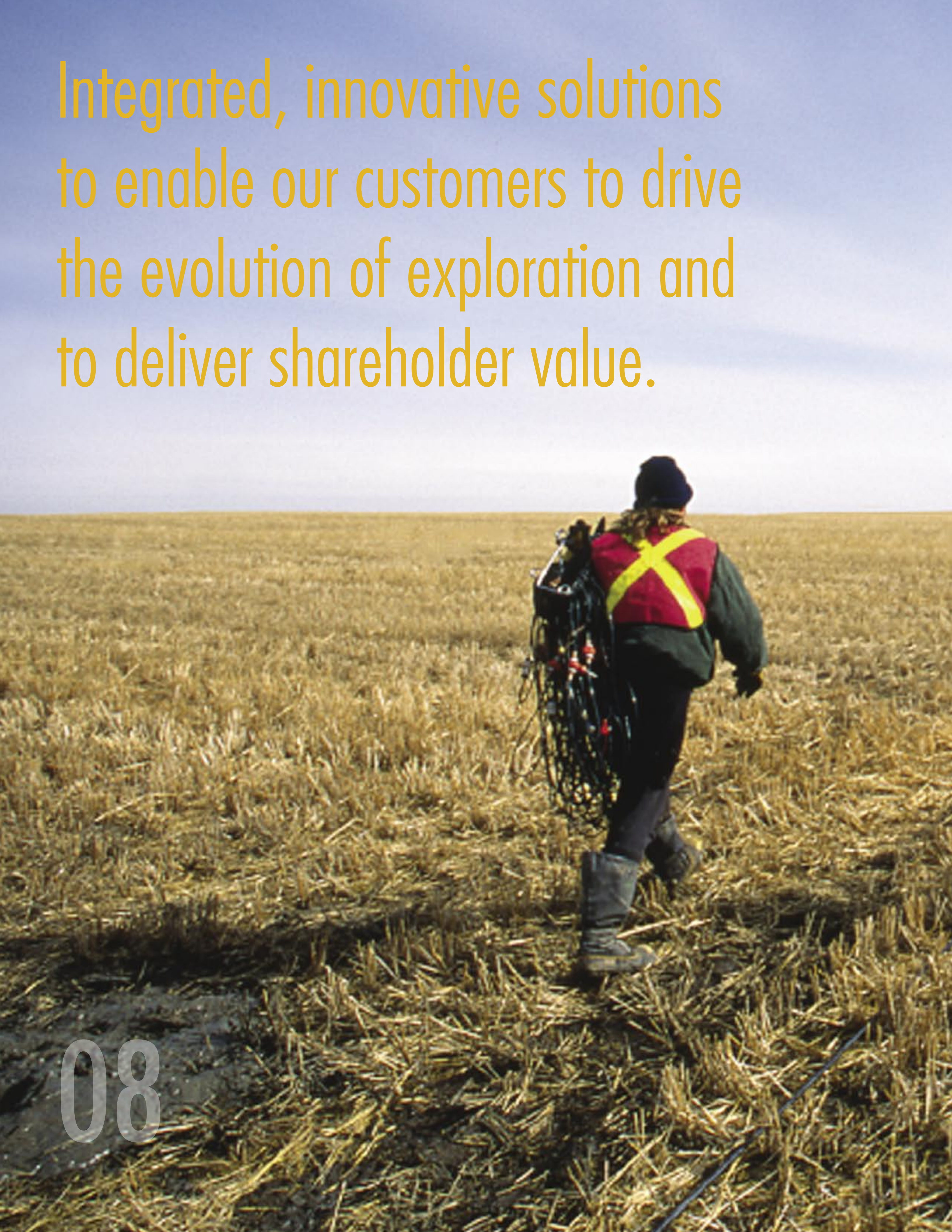
Divestco

The Evolution of Exploration

An Integrated Solution

08

Integrated, innovative solutions to enable our customers to drive the evolution of exploration and to deliver shareholder value.



Divestco is a growth-oriented company that provides a comprehensive and integrated portfolio of software, services, data and consulting to the oil and gas industry.

Our offerings consist of a diverse range of innovative and complementary products and services, with unique value-added bundling and integration options. Divestco has developed its business model based on a plan of strategic acquisition and organic growth.

Based in Calgary, Alberta, Divestco has more than 500 employees worldwide, with additional offices in Denver, Colorado and Houston, Texas.

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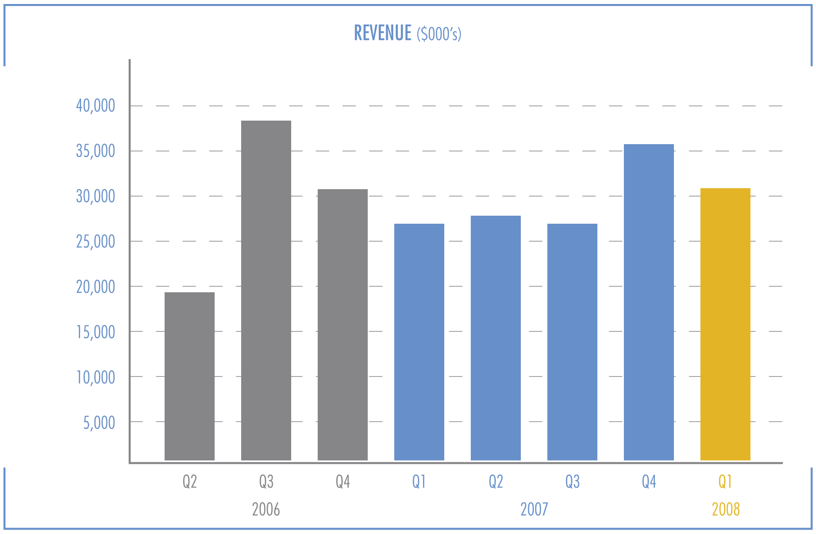
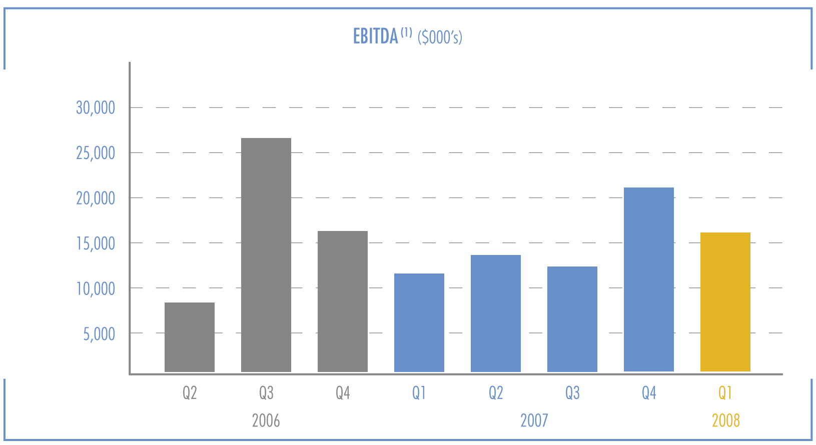
FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS (Thousands, Except Per Share Amounts)	THREE MONTHS ENDED MARCH 31		
	2008	2007	% Change
Revenue	$30,054	$26,793	12%
EBITDA [1]	16,348	12,752	28%
Operating Income [1]	4,807	6,145	-22%
Net Income	3,114	4,071	-24%
Per Share - Basic	0.08	0.11	-27%
Per Share - Diluted	0.07	0.11	-36%
Funds from Operations [1]	14,065	5,662	148%
Per Share - Basic	0.34	0.16	113%
Per Share - Diluted	0.32	0.15	113%
Shares Outstanding	41,766	35,747	17%
Weighted Average Shares Outstanding			
Basic	41,461	35,451	17%
Diluted	43,691	36,568	19%

[1] See the Non-GAAP Measures Section.

FINANCIAL HIGHLIGHTS: QUARTERLY COMPARISON





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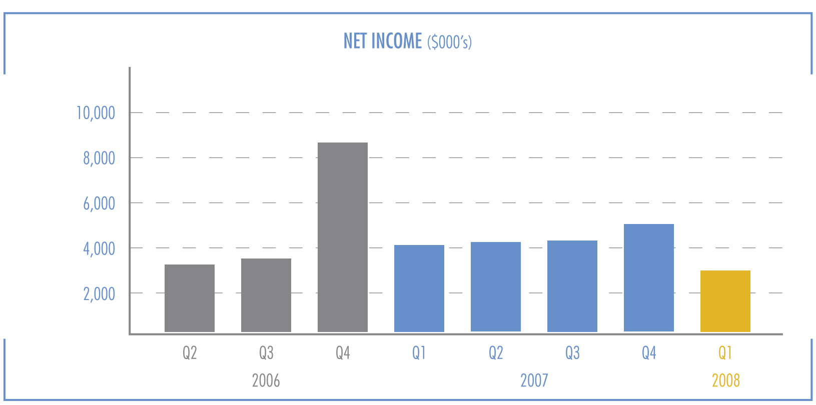

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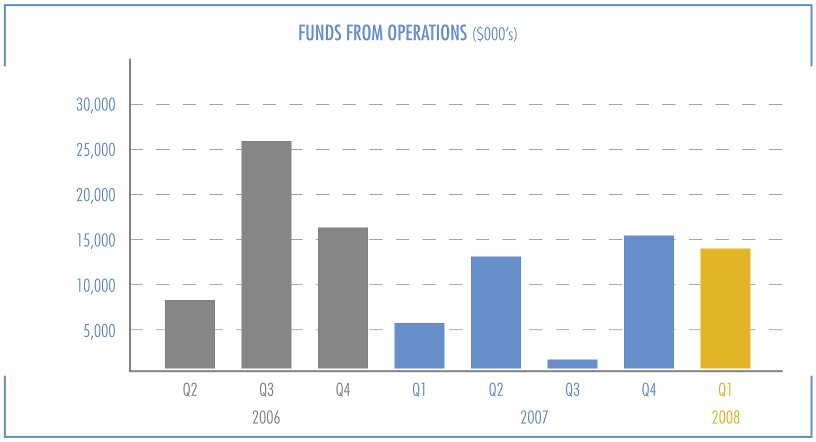

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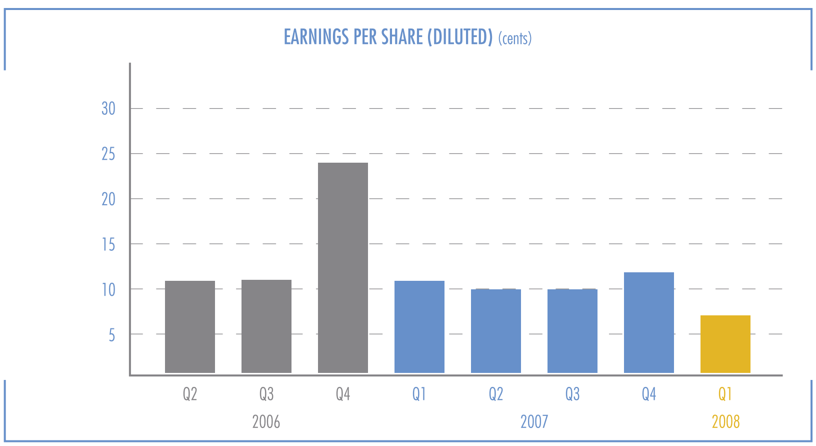

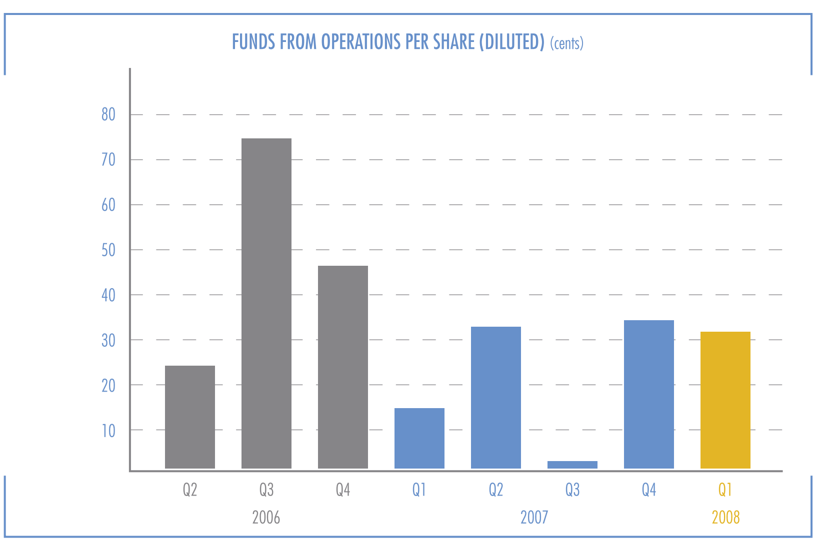

INTRODUCTION

Management's Discussion and Analysis (MD&A) for Divestco Inc. (Divestco or the Company) focuses on key statistics from the financial statements and pertains to known risks and uncertainties relating to the oil and gas exploration and production industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political, and environmental conditions. This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2007 and 2006 and the Interim Consolidated Financial Statements for the period ended March 31, 2003. Unless otherwise disclosed, all financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and is reported in Canadian dollars.

This MD&A is dated May 5, 2008.

FORWARD LOOKING STATEMENTS

This interim MD&A contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The use of forward-looking words such as, "may," "will," "expect," or similar variations generally identify such statements. Although management believes that the expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including the factors discussed in the Business Risks and Environment section of this MD&A.

NON-GAAP MEASURES

This MD&A uses the terms EBITDA (earnings before interest, income taxes, depreciation, and amortization), operating income, funds from operations, and funds from operations per share (basic and diluted); however, these terms are not measures that have any standardized meaning prescribed by Canadian GAAP 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 potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

EBITDA

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

EBITDA is not a calculation based on Canadian GAAP and should not be considered an alternative to operating income or net income in measuring the Company's performance; nor should it be used as an exclusive measure of cash flow, because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the Consolidated Statements of Cash Flows. Investors should carefully consider the specific items included in Divestco's computation of EBITDA. While EBITDA has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors should be cautioned that EBITDA as reported by Divestco may not be comparable in all instances to EBITDA as reported by other companies.

The following is a reconciliation of EBITDA with net income and operating income:

THREE MONTHS ENDED MARCH 31 (Thousands)	2008	2007
Net Income	$3,114	$4,071
Income Tax Expense (Reduction)	1,708	2,054
Other Income (Loss) [1]	15	(20)
Operating Income	$4,807	$6,145
Interest	1,284	289
Depreciation and Amortization	10,257	6,318
EBITDA	$16,348	$12,752

[1] Other income (loss) includes foreign exchange gains or losses, gains or losses on sales of property, plant and equipment/investments, and equity investment income or loss.

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 activities and capital expenditures. Funds from operations excludes certain working capital changes and other sources and uses of cash, which are disclosed in the Consolidated Statements of Cash Flows. Funds from operations is not a calculation based on Canadian GAAP and should not be considered an alternative to the Consolidated Statements of Cash Flows. Funds from operations is a measure that can be used to gauge Divestco's capacity to generate discretionary cash flow. Investors should be cautioned that funds from operations as reported by Divestco may not be comparable in all instances to funds from operations as reported by other companies. While the closest GAAP measure is cash flows from operating activities, funds from operations is considered relevant because it provides an indication of how much cash generated by operations is available before proceeds from divested assets and changes in certain working capital items.

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

THREE MONTHS ENDED MARCH 31 (Thousands)	2008	2007
Cash Flows from Operating Activities	$7,293	$7,564
Changes in Non-Cash Working Capital Balances	6,415	(1,820)
Decrease Non-Current Deferred Revenue	357	58
Decrease in Long-Term Accounts Receivable	-	(140)
Funds from Operations	$14,065	$5,662

BUSINESS RISKS AND ENVIRONMENT

Demand for Products and Services

Divestco's business is tied primarily to the oil and gas exploration and production industry and as a result, the Company is exposed to all of the uncertainties that are associated with that 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 and to a lesser extent, government regulation (including regulation of environmental matters and material changes in taxation policies).

Divestco receives a significant portion of its revenue from the licensing of seismic data. To mitigate its demand risk, the Company spends a significant amount of time determining the optimal location to conduct a seismic survey, which includes using its contacts in the oil and gas exploration and production industry and pre-selling licenses to the data. For larger seismic programs, the Company may rely on third parties to share in the cost, which means these parties are also susceptible to the risks and uncertainties associated with the oil and gas industry.

Although Divestco does what it considers to be a thorough analysis of the factors that may affect the probability of future sales of its seismic surveys and obtains pre-sale commitments for a majority of the estimated costs of its participation seismic surveys, there is no certainty of future demand for these surveys by the oil and gas industry.

Seasonality

Acquisition of seismic data is usually completed in the winter season when the ground is frozen. These conditions are imperative especially in the northern areas of Alberta and British Columbia where seismic acquisition requires the use of heavy equipment. The Company depends on qualified contractors to complete the surveys on time and within budget. To help ensure this, Divestco obtains written cost estimates before a survey begins, and then regularly follows up with the contractor on the progress and costs incurred during the survey.

The Company's Services segment normally exhibits a noticeable reduction in sales from mid-April through to the end of September, and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. Divestco tries to minimize these fluctuations by entering into certain long-term archiving contracts with customers, as well as by performing specific types of contract work appropriate for lower-activity months. The Software segment typically experiences a slow-down during July and August, which is generally a slower period for the oil and gas industry in western Canada.

Competition

The Company operates in a highly competitive, price-sensitive industry. In addition, Divestco competes with some senior companies that generally have access to a larger pool of capital resources and may have a significant international presence. Divestco attempts to distinguish itself from its competitors by selling a wide range of oil and gas exploration products and services on either a stand-alone basis or as customized and bundled solutions.

Skilled Labour

Divestco's success also depends on attracting and retaining highly skilled management, geophysical, geological, software development, sales, consulting, and other staff. The Company achieves this by offering an attractive compensation package and training. To protect its competitive advantage and intellectual property, Divestco obtains confidentiality agreements and non-compete agreements from some of these individuals.

Government Regulations and Safety

The Company's seismic operations are subject to a variety of Canadian federal and provincial laws and regulations, including laws and regulations relating to safety and the protection of the environment. In its operations, Divestco and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements. However, because such laws and regulations are subject to change, it is not feasible for the Company to predict the cost or impact of such laws and regulations on its future operations. As well, the adoption or modification of laws and regulations, which may lead oil and gas companies to curtail exploration and development, could also adversely affect Divestco's seismic operations by reducing the demand for seismic surveys.

You can view copies of the Company's other continuous disclosure documents at www.sedar.com or on the Company's website at www.divestco.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

FINANCIAL RESULTS (Thousands, Except Per Share Amounts)	THREE MONTHS ENDED MARCH 31		
	2008	2007	% Change
Revenue	$30,054	$26,793	12%
Operating Expenses	13,706	14,041	-2%
EBITDA [1]	16,348	12,752	28%
Interest	1,284	289	344%
Depreciation and Amortization	10,257	6,318	62%
Operating Income [1]	4,807	6,145	-22%
Other Income (Loss)	15	(20)	n/a
Income Tax Expense (Reduction)	1,708	2,054	-17%
Net Income	$3,114	$4,071	-24%
Per Share - Basic	0.08	0.11	-27%
Per Share - Diluted	0.07	0.11	-36%
Funds from Operations [1]	$14,065	$5,662	148%
Per Share - Basic	0.34	0.16	113%
Per Share - Diluted	0.32	0.15	113%
Shares Outstanding	41,766	35,747	17%
Weighted Average Shares Outstanding			
Basic	41,461	35,451	17%
Diluted	43,691	36,568	19%

FINANCIAL POSITION (Thousands)	BALANCE AS AT		
	Mar 31, 2007	Dec 31, 2007	Dec 31, 2006
Total Assets	$251,302	$235,509	$132,942
Working Capital [2]	(35,642)	(32,429)	(10,955)
Long-Term Debt Obligations (Including Current Portion)	45,552	44,289	9,931

[1] See the Non-GAAP Measures Section.

[2] Excluding the current portion of deferred revenue of $9.6 million, the Company's working capital deficiency was $26 million at March 31, 2008 compared to a $28.1 million deficiency at the end of 2007. This related primarily to three 3D surveys completed in the first quarter at a cost of approximately $9.6 million and corporate income taxes of $6.8 million. The Company's main focus in 2008 is to strengthen its Balance Sheet and return to a positive working capital position.

CONSOLIDATED FIRST QUARTER FINANCIAL RESULTS – 2008

Divestco generated 7 cents per share in earnings (diluted) for the first quarter of 2008 compared to 11 cents (diluted) in 2007. Net income was $3.1 million compared to $4.1 million in 2007, a decrease of $1 million (24%). Revenues were $30.1 million, an increase of $3.3 million (12%) from $26.8 million in 2007. Funds from operations increased by $8.4 million (148%) from $5.7 million in 2007 ($0.15 per share – diluted) to $14.1 million ($0.32 per share – diluted) in 2008.

Highlights for the First Quarter of 2008:

- An increase in revenue of $3.6 million (24%) in our Data segment to $18.7 million from $15.1 million for the same period in 2007. Total aggregate library sales for the quarter were $11.9 million up from $7 million in 2007, an increase of $4.9 million (69%). Seismic participation revenue decreased by $1.2 million (15%) to $6.9 million from $8.1 million in 2007.
- We acquired approximately 2,960 kilometres of 2D and 619 net square kilometres of 3D seismic valued at approximately $11.2 million complementing our existing seismic datasets.
- Software increased its revenue by $401,000 (22%), related to a large software consulting project that commenced in the second quarter of 2007, and to the acquisition of i Land Data Ltd. (iLand) in June 2007.

OUTLOOK

Divestco is forecasting overall growth for the remainder of 2008, however consistent with our industry peers we are cautiously optimistic. With the royalty changes announced by the Alberta government this past fall and despite a recent but modest indication of strengthening natural gas prices, Divestco has witnessed a moderate slow-down in portions of its Service segments consistent with the overall reduction in its clients' cash flows. In response to this, the Company is focused on continued austerity measures as well as reductions in employee count in the affected business lines.

In January of 2009, when the new Alberta royalties are expected to take effect, Divestco is forecasting continued erosion of its Alberta customers' capital budgets and as such, a corresponding reduction in demand for some of its services in Alberta. As Divestco maintains a strong data and service presence outside of Alberta, the Company has witnessed an increase in activity in British Columbia and Saskatchewan, which is expected to partially offset the expected decreases in the Alberta related revenue. Divestco has positioned many of its assets in areas where oil and gas investments must be made, thus providing a hedge to potential slowing in general oil and gas business levels.

In the first quarter of 2008, Divestco achieved a 69% increase in aggregate data library sales compared to the same period in 2007. This continues to validate the quality of the library Divestco has been building over the last few years and our focus on a less cyclical area of the Western Canadian Sedimentary Basin (British Columbia) for acquiring new data. We expect this trend of increased demand to continue, especially in light of the new Alberta Royalty plan.

SELECTED QUARTERLY INFORMATION (Thousands, Except Per Share Amounts)	2008	2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$30,054	$35,528	$26,220	$27,529	$26,793	$30,546	$38,257	$18,056
EBITDA [1]	16,348	21,755	13,120	14,053	12,752	16,853	26,572	8,049
Operating Income [1]	4,807	4,937	6,206	6,283	6,145	12,748	5,796	2,673
Net Income	3,114	5,116	4,188	4,166	4,071	8,690	3,783	3,550
Per Share - Basic	0.08	0.12	0.10	0.11	0.11	0.25	0.11	0.11
Per Share - Diluted	0.07	0.12	0.10	0.10	0.11	0.24	0.11	0.11
Funds from Operations [1]	14,065	15,092	1,083	13,776	5,662	16,866	26,440	8,215
Per Share - Basic	0.34	0.36	0.03	0.35	0.16	0.48	0.78	0.26
Per Share - Diluted	0.32	0.34	0.02	0.33	0.15	0.47	0.74	0.24

[1] See the Non-GAAP Measures Section.

The trend illustrated in the table above is a result of Divestco's organic and acquisition growth over the past two years and unanticipated negative market conditions including: low natural gas prices, a high Canadian dollar and the Alberta Royalty Review. Generally, our busiest quarters are the first and fourth, when significant drilling and exploration activities are underway in North America.

SEGMENT REVIEW
SUMMARY

THREE MONTHS ENDED MARCH 31, 2008 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$2,229	$5,624	$18,748	$3,453	$-	$30,054
EBITDA [1]	809	727	16,575	186	(1,949)	16,348
Interest (Net of Interest Revenue)	-	-	-	(6)	1,290	1,284
Depreciation and Amortization	421	594	8,836	356	50	10,257
Operating Income (Loss) [1]	388	133	7,739	(164)	(3,289)	4,807

THREE MONTHS ENDED MARCH 31, 2007 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$1,828	$6,147	$15,130	$3,688	$-	$26,793
EBITDA [1]	593	1,183	13,251	509	(2,784)	12,752
Interest (Net of Interest Revenue)	-	-	45	(8)	252	289
Depreciation and Amortization	385	392	5,184	315	42	6,318
Operating Income (Loss) [1]	208	791	8,022	202	(3,078)	6,145

[1] See the Non-GAAP Measures Section.

SEGMENT REVIEW
SOFTWARE

Our Software segment sells and licences software and is responsible for development, maintenance and support of its products.

First Quarter Financial Results – 2008

In the first quarter of 2008, revenue in Software amounted to $2.2 million compared to $1.8 million for the same quarter in 2007, generating 7% (Q1 2007 - 7%) of the Company's total revenue for the three month period. The increase of $0.4 million (22%) was due to a large custom development project for a major oil and gas producer that started in the second quarter of 2007, organic growth in existing product lines (including LandRite and WinPICS sales) and the acquisition of iLand in June 2007.

EBITDA for the first quarter was $0.8 million compared to $0.6 million in 2007, an increase of $0.2 million (36%). General and administrative expenses (G&A) increased by 6% from 2007 due to a rise in software licenses and contractor costs tied to additional development activities and the purchase of iLand. Deferred development costs remained consistent compared to 2007. Amortization was $421,000 compared to $385,000 in 2007, an increase of $36,000 (9%) related to additional amortization of additional computer equipment purchased and due to leasehold improvements completed at the end of third quarter of 2007. Operating income for Software was $388,000 compared to operating income of $208,000 in 2007, an increase of $180,000 (87%).

Outlook

Beyond general and continued improvement to our traditional product lines, Divestco has been focused on the delivery of a customized version of our successful GeoCarta Tools product for an important customer. This partnership has greatly accelerated the roadmap for several key product lines and we look forward to commercializing these efforts in the near future. Currently we remain focused on delivering a quality product to our customer in the summer time frame.

General consulting activities surrounding some of our product lines (LandRite, GeoCarta Tools, and iLand) began to decrease in the latter half of 2007 and have remained weak through first quarter of 2008. We expect this type of work to pick up as the market strengthens. Regardless, lease and license based revenue remains solid, forming a strong foundation for future growth.

SERVICES

Our Services segment offers data quality assurance and processing as well as data management services for geophysical and geological related information. More specifically, we provide geomatics (survey integrity and spatial data services), archive, seismic brokerage and seismic processing services.

First Quarter Financial Results – 2008

In the first quarter of 2008, revenue in Services amounted to $5.6 million compared to $6.1 million for the same quarter in 2007, generating 19% (Q1 2007 – 23%) of the Company's total revenue for the three month period. The decrease of $0.5 million (9%) was primarily due to lower activity levels in the Seismic Processing division with slight decreases in activity levels in Archive in the first quarter. This was offset by an increase in geomatics and brokerage revenue primarily due to the addition of the Geomatics business unit of Veritas Energy Services Partnership (Veritas) in May of 2007 and increased seismic brokerage activity levels.

EBITDA for the first quarter was $0.7 million compared to $1.2 million in 2007, a decrease of $0.5 million (39%). Salaries and benefits remained constant and G&A expenses increased by 8% related to the acquisition of Veritas Geomatics, Spectrum Seismic Processing (Spectrum) and the addition of the BlueGrouse's brokerage business unit. Amortization was $594,000, an increase of $202,000 (52%) from $392,000 in 2007, related to the Geomatics business unit purchase and the replacement of old equipment subsequent to the acquisition. Operating income for Services was $0.1 million as compared to $0.8 million in 2007, a decrease of $0.7 million (83%).

Outlook

The Services segment is executing on its fiscal strategic objectives to increase internal efficiencies, expand products and services offered and synchronize sales and marketing initiatives. General activity levels appear to be increasing from the latter part of 2007 giving way to cautious optimism in the Energy Services sector.

Significant progress has been made on a reprocessing project where all of the 100%-owned 2D seismic data from the BlueGrouse acquisition will be re-audited and re-processed. Customers are already benefiting from improved data integrity as line and bulk data sales orders are filled.

Final efforts to integrate the Geomatics business unit acquired from Veritas are nearing completion which is yielding significant improvements in turnaround, efficiencies and the addition of several new products and services. Sales in Geomatics appears to be strong as many customers are making decisions to move towards the Canadian Association of Petroleum Producers (CAPP) recommended authoritative land grid and NAD83 datum as well as utilize the other various standard geomatics products and services. Several companies have initiated summer projects to have them moved over to newer datums by next fall which will serve to offset the traditional lower activity levels in third quarter. Significant increases in geological modeling revenue in first quarter of 2008 compared to first quarter of 2007 are primarily due to Divestco's involvement in a major government CO2 Enhanced Hydrocarbon Recovery contract. As well many other companies are also seeing the benefits of modeling their areas of interest for enhanced exploitation opportunities.

The Archive division has seen somewhat lower extraction activity in the first quarter which is a reflection of the continued decrease in industry activity from the fourth quarter of 2007. Improvements in internal efficiencies are being realized by several new customers in first quarter with Divestco experiencing increased interest from companies interested in managing and protecting their seismic assets.

The Processing division continues to realize increases in international and structural projects as customers become aware of capabilities in this area. Although general activity remains relatively low in traditional product lines, strong oil and strengthening gas prices seem to be instilling more customer confidence. The division continues to make significant investment into research and development and system development which will further enable a diversified product line and response to changing market conditions. Expansion outside the Western Canada Sedimentary Basin continues with targets for revenue in these areas already being exceeded.

DATA

Our Data segment acquires, licenses, and maintains Divestco's proprietary seismic data and a full suite of support data layers (log, well and drilling data as well as ancillary services).

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Seismic Library		
2D in Gross Kilometres	103,790	99,463
2D in Net Kilometres	82,744	79,283
3D in Gross Kilometres	16,414	15,772
3D in Net Kilometres	14,392	13,750

First Quarter Financial Results – 2008

In the first quarter of 2008, revenue in Data amounted to $18.7 million compared to $15.1 million for the same quarter in 2007, generating 62% (Q1 2007 – 56%) of the Company's total revenue for the three month period. The growth was due to a $5.0 million (79%) increase in aggregate data library sales which offset the decrease in seismic participation survey revenue by $1.2 million. Our U.S. division experienced a decline of $177,000 (28%) in revenue from 2007 related primarily to a drop in transactional production data sales.

EBITDA for the first quarter was $16.6 million compared to $13.2 million in 2007, an increase of $3.3 million (25%). Salaries and benefits increased by 22% from 2007 mainly due the acquisition of BlueGrouse in May 2007 and a severance payout in the quarter. G&A expenses remained constant for the same period in 2007 due to the increase in offsite storage fees being offset by the decreased occupancy costs and administration fees in the U.S. Amortization increased by $3.6 million (70%) to $8.8 million in 2008 from $5.2 million in 2007 as a result of the completion of three 3D participation programs which are amortized at a rate of 40% upon delivery to the client(s). Operating income was $7.7 million compared to $8.0 million in 2007.

Outlook

We are currently in the field on a number of seismic participation surveys that are expected to be completed and delivered in the second quarter of 2008. The seismic acquisition pipeline remains relatively strong and Divestco is contemplating a number of seismic participation surveys that may commence in the third and fourth quarters with delivery in 2008. Despite the aforementioned, Divestco is perusing a more conservative acquisition strategy in regards to seismic field acquisition activities as it continues to focus on aggregate data library sales.

Our Support Data division has gained significant momentum through re-structuring and the addition of industry leading personnel charged with executing on the divisions strategic objectives. Building on several key initiatives already underway, completion and refinement of existing datasets, consolidating and streamlining of delivery mechanisms and the anticipated the launch of several new products over the remainder of the year are just a few of the objectives. Recognizing the industry move to GIS ready data, Support Data will use its vast GIS data, software and geomatics expertise to position Divestco's data libraries as an available and preferred choice for exploration and production customers working in North America.

The Logs division will be focused on upgrading its IT infrastructure, specifically its client-facing server (enerGISite) which should improve quality by providing higher resolution rasters while reducing costs. In addition, a project plan is being compiled for offering stand alone offsite log data delivery solution.

CONSULTING

Our Consulting segment offers end-to-end technology solutions including business consulting services, Enterprise Resource Planning (ERP) and Customer Relations Management (CRM) system implementations, custom software development, hardware devices and network infrastructure. We also offer land management services for oil and gas industry through Cavalier Land and Landmasters.

First Quarter Financial Results – 2008

In the first quarter of 2008, revenue in Consulting amounted to $3.5 million compared to $3.7 million for the same quarter in 2007, generating 11% (Q1 2007 – 14%) of the Company's total revenue for the three month period. Revenue in Business Consulting was down by $0.3 million due to the move of the Technical Records division to the Consulting segment from the Services segment. Revenue in Land Management Services was down $0.6 million due to the industry slow-down in Alberta which started in the second half of 2007.

EBITDA for the first quarter was $186,000 compared to $509,000 in 2007, a decrease of $323,000. Salaries and benefits increased $0.2 million due to the acquisition of Landmasters. G&A expenses were down 10% due to lower field costs relating to lower revenues. Amortization was $356,000, an increase of $41,000 (13%) from $315,000 in 2007 due to the purchase of computer equipment in Business Consulting and the Landmasters acquisition. Operating income was a negative $164,000 compared to a positive $202,000 in the same quarter of 2007.

Outlook

The Land Management Services division has expanded geographically and is currently working on projects in Saskatchewan as we are seek to expand our client base in light of current trends in that province. The Company is also exploring opportunities to utilize its current knowledge and expertise and apply it to both the oil sands and utility/wind power type projects. In the next few months we anticipate some improved efficiencies through the enhancements of our internal systems (iLand).

In response to a large document indexing and approval project, Business Consulting is currently refreshing client infrastructure, updating their software, and adding in a SAN (storage attached network). Business Consulting will continue to focus on closing revenue opportunities as well as provide effective project management and attention to expenses. We are also continuing to explore product integration strategies, particularly between the Records Information Management and Business Intelligence divisions. Our Solomon and Technical Services areas will continue to grow as we close many opportunities that are currently on the table.

CORPORATE AND OTHER

Our Corporate segment includes costs from our corporate general and administrative functions associated primarily with setting Divestco's overall strategic plan including: finance, accounting, marketing, human resources (HR), and information technology (IT) functions. Salaries and benefits, audit, legal, travel, investor relations, stock compensation and interest on long-term debt are also included in this segment.

First Quarter Financial Results – 2008

In the first quarter of 2008, salaries and benefits decreased by 45% primarily due to no discretionary management bonuses accrued as was done in the first quarter of 2007. G&A expenses decreased by 30% to $1.2 million in 2008 from $1.5 million in 2007 due to a decrease in stock compensation costs, accounting fees (due to higher fees in 2007 relating to fees for internal control compliance) and promotional costs. Bad debts were also down due to improved collection efforts. Interest expense was $1.3 million in 2008 compared to $0.3 million in the same quarter in 2007. The increase of $1 million (414%) was primarily due to the assumption of convertible debentures form BlueGrouse and an increase in our long-term debt facilities of which $43.9 million was outstanding as at March 31, 2008. Amortization was $50,000 in 2008 compared to $42,000 in 2007, an increase of $8,000 (19%).

Outlook

We have moved into the next phase of our ERP implementation project which is expected to last until the end of 2008. Aside from growth related to acquisitions, the segment does not expect a material increase in expenses in 2008.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization for the first quarter of 2008 was $10.3 million compared to $6.3 million for the same period in 2007. The increase of $4 million (62%) was due to five corporate acquisitions completed in 2007 and $416,000 in computer hardware and software purchases including $293,000 under capital lease.

INCOME TAXES

For the first quarter of 2008, Divestco recorded a current tax expense of $1.6 million and a future tax expense of $0.2 million for a net of $1.7 million on $4.8 million (35.4%) of income before taxes (2007 – 33.5%).

As at March 31, 2008, Divestco's Canadian subsidiaries had a nominal amount of non capital loss carry-forwards in Canada. The Company had $2.9 million in non capital loss carry-forwards as at December 31, 2007 which will be used to reduce taxable income in 2008. Our U.S. subsidiary had approximately $85,000 in net operating losses which begin to expire in 2025. In addition, the Company and its subsidiaries had $5.8 million in undepreciated capital cost pools in Canada.

MAJOR TRANSACTIONS

Seismic Related

During the first quarter of 2008, Divestco completed three 3D seismic surveys covering an approximate area of 395 square kilometres at a cost of $9.7 million (excluding $0.3 million in costs related to services provided by Divestco's survey audit, seismic processing and archive departments which are eliminated on consolidation). We also acquired two existing datasets totalling approximately 2,960 net kilometres of 2D and 225 net square kilometres of 3D seismic for approximately $1.5 million.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Excluding the current portion of deferred revenue of $9.6 million (December 31, 2007 – $4.4 million), Divestco exited the first quarter of 2008 with a $26 million working capital deficiency compared to a positive $28.1 million at the end of 2007 due to three 3D surveys completed in the first quarter at a cost of approximately $9.7 million and corporate income taxes of $6.7 million. Our main focus in 2008 is to strengthen our Balance Sheet and return to a positive working capital balance.

Operating Activities

Funds from operations for the first quarter of 2008 were $14.1 million (32 cents per share – diluted) compared to $5.7 million (15 cents per share – diluted) in 2007, an increase of $8.4 million (148%). Revenue increased by $3.3 million (12%) related to the five corporate acquisitions we completed in 2007. This was offset by a $1 million increase in interest expense related to the new credit facility we secured in 2007.

Financing Activities

The Company's financing activities for the three months ended March 31, 2008 are highlighted as follows:

- $1.0 million increase in long debt obligations related to net draws on our committed revolving facility offset by repayments on our term loans.
- $0.2 million in proceeds received from the exercise of stock options, broker compensation options and share purchase warrants.
- $0.2 million in repayments of capital lease obligations.

Investing Activities

The Company's investing activities for the three months ended March 31, 2008 are highlighted as follows:

- $17.3 million to purchase existing seismic data and acquire new data libraries through multi-client surveys (including surveys in progress at the end of the quarter).
- $0.1 million in purchases of computer hardware and software as well as leasehold improvements excluding $293,000 in computer equipment acquired under lease.

Debt Instruments

Divestco has a $60 million credit facility in place with Wells Fargo Financial Corporation Canada (WFFCC), an affiliate of U.S. based Wells Fargo & Company (Wells Fargo). The WFFCC bank facilities are committed with a 5-year maturity. The facility is available in three tranches: a $25 million committed revolver, a $20 million term loan facility and a $15 million term loan facility.

The committed revolver draws are not required to be repaid until maturity; however, if advances are paid down in advance they can be redrawn at a later date. Each draw on the term loan facilities is amortized over six years from the date of draw down and repaid on a monthly basis. The Company has two pricing options on all the credit facilities: floating Canadian Base Rate plus 2.00%, or Canadian LIBOR (London InterBank Offer Rate) plus 3.25%. The Canadian LIBOR options are available with locked-in interest rate periods of 1, 2, or 3 months. As at March 31, 2008, $43.9 million was drawn on this facility including $22.3 million on the committed revolver, $17.2 million on the first term loan and $4.4 million on the second term loan. The facilities are subject to the Company meeting certain debt covenants including a minimum trailing 12-month EBITDA of $50 million and a fixed charge coverage ratio of at least 1.50:1. As at March 31, 2008, the Company was not in violation of any of its covenants.

The WFFCC bank facilities are secured by a first floating charge on all the Company's assets. Expectations are that the recently acquired WFFCC credit facilities and funds from operations will be sufficient in the short-term and long-term to meet planned growth and to fund future capital expenditures.

OUTSTANDING SHARE DATA

Divestco's common shares trade on the TSX under the symbol DVT. The Company is authorized to issue an unlimited number of voting common shares.

The following table provides details of the Company's equity instruments:

BALANCE AS AT	May 5, 2008	Mar 31, 2008	Dec 31, 2007
Common Shares			
Outstanding	41,825,850	41,766,650	41,579,904
Weighted Average Outstanding			
Basic		41,460,844	39,200,314
Diluted		43,690,903	41,673,015
Stock Options			
Outstanding	2,214,487	2,327,918	2,743,248
Exercise Price Range	$1.00 to $6.10	$1.00 to $6.10	$1.00 to $6.10

Common Shares

On January 24, 2008 the TSX accepted the Company's Notice of Intention to make a Normal Course Issuer Bid (NCIB) to purchase up to 2,092,853 (a maximum of 5%) of its issued and outstanding common shares (41,857,070 common shares as at January 14, 2008) in a twelve-month period. The NCIB commenced January 28, 2008, and will terminate on the earlier of January 27, 2009 and the date on which the maximum number of common shares are purchased pursuant to this NCIB. There were no shares repurchased under the NCIB for period ended March 31, 2008.

Stock Options

As at March 31, 2008, there were 4,041,369 common shares reserved for grants of stock options.

During the period ended March 31, 2008:

- 20,600 stock options were granted with an exercise price of $2.39.
- 186,746 stock options were exercised at exercise prices ranging from $1.20 to $1.25 including 114,089 exercised by officers.
- 249,184 stock options were forfeited with exercise prices ranging from $1.25 to $6.10 including 150,000 options held by a former officer that was also a director.

Subsequent to March 31, 2008:

- 60,000 options were exercised with exercise prices ranging from $1.20 to $1.69
- 53,431 options were forfeited with exercise prices ranging from $1.20 to $6.10

Convertible Debentures

As at March 31, 2008 there was $8,142,000 in convertible debentures assumed through the acquisition of BlueGrouse. Each debenture bears interest at a rate of 10% per annum and is convertible, in whole or in part, into common shares at a conversion price of $4.48 per Common Share (Conversion Price) at any time on or before November 21, 2008 (Maturity Date). On or before the Maturity Date, the holders of the debentures shall have the option of either converting their debentures into common shares at the Conversion Price or receiving the cash value of the principal amount of the debentures, plus any accrued and unpaid interest. As at March 31, 2008, $609,000 (December 31, 2007 – $609,000) represented the equity component of the debentures and is classified in Shareholders' Equity section of the Company's Consolidated Balance Sheets.

RELATED PARTY TRANSACTIONS

Divestco had the following related party transactions:

- During the three months ended March 31, 2008, the Company paid $48,000 (2007 - $49,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at March 31, 2008 was $17,000 (December 31, 2007 - $17,000) related to these commissions.

- During the three months ended March 31, 2008, the Company paid $60,000 (2007 - $91,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at March 31, 2008 was $24,000 (December 31, 2007 - $66,000) related to these legal fees.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

CRITICAL ACCOUNTING ESTIMATES

The costs associated with purchasing or creating the seismic data library are capitalized. Purchases of existing seismic data are capitalized and amortized on a straight-line basis over 10 years. The Company also creates seismic data and capitalizes the costs paid to third parties for the acquisition of data, permitting, surveying, and other related costs. Created seismic may be acquired without pre-sale commitments or with pre-sale commitments that include an exclusive data use period. 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 40% on delivery of the data to the customer with the remaining balance on a straight-line basis over the next six-year period. Some of the created seismic is acquired jointly with others. The Company's financial statements reflect only its proportionate share of the costs of the jointly created seismic data library.

The fair value of share options were estimated using the Black-Scholes option pricing model with the following assumptions: an average expected volatility of 67% (2007 – 69%), an average risk free interest rate of 2.9% (2007 – 3.9%), and an expected life of five years. The value of the stock options is recognized as a compensation expense over the three-year vesting period. In October 2005, the Company changed the vesting period of stock options granted going forward to three years from two years. The value for the broker compensation options is recorded in contributed surplus and is reduced as the broker options are exercised. The value of the warrants has been recorded as a separate line item under equity instruments and is reduced as the warrants are exercised.

NEW ACCOUNTING PRONOUNCEMENTS

Financial Instruments

On January 1, 2008, the Company adopted new accounting standards for financial instruments disclosures and presentation which require the Company to increase disclosure on the nature, extent and risk arising from the financial instruments and how the entity manages those risks.

Capital Disclosures

On January 1, 2008, the Company adopted the new Canadian standard for capital management which specifies the disclosure of an entity's objectives, policies and procedures for managing capital, quantitative data about what it manages as capital, any externally imposed capital requirements, and the consequences of non-compliance.

Future Accounting Pronouncements

Canadian accounting standards for goodwill and intangible assets will be effective on January 1, 2009. These new standards apply to goodwill subsequent to initial recognition and establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard is not expected to have a material impact on the Company's Consolidated Financial Statements.

In January 2006, the Canadian Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises.

SECURITIES REGULATIONS UPDATE

Disclosure Controls and Procedures

Disclosure Controls and Procedures are controls and procedures designed and implemented by, or under the supervision of Divestco's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that material information relating to the Company is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation. In essence, these types of controls are related to the quality and timeliness of financial and non-financial information in securities filings.

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted as at December 31, 2007, by and under the supervision of Divestco's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures, as defined in the Canadian Securities Administrators' Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", are effective to ensure that information required to be disclosed in reports that the Company files or submits under Canadian securities legislation is recorded, processed, summarized, and reported within the time periods specified in those rules and forms.

There were no changes in Divestco's disclosure controls and procedures that occurred during the period ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

Internal Control Over Financial Reporting

Divestco maintains a set of internal controls and procedures over financial reporting which have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. Divestco evaluated the design of its controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended December 31, 2007. This evaluation was performed under the supervision of the CEO and the CFO with the assistance of other Divestco employees and independent consultants to the extent necessary and appropriate. Based on this evaluation, the CEO and the CFO concluded that the design of these internal controls and procedures provided reasonable assurance regarding the reliability of financial reporting for the year ended December 31, 2007.

There were no changes in Divestco's internal control over financial reporting that occurred during the period ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

CONSOLIDATED BALANCE SHEETS

AS AT (Thousands)	Mar 31, 2008 (Unaudited)	Dec 31, 2007
Assets		
Current Assets		
Cash and Cash Equivalents	$2,689	$2,466
Funds Held in Trust	489	678
Accounts Receivable	34,825	27,083
Prepaid Expenses, Supplies and Deposits	1,921	1,794
	39,924	32,021
Investment in Affiliated Company	74	72
Data Libraries (Note 3)	163,778	161,354
Participation Surveys in Progress	7,394	1,047
Property and Equipment (Note 4)	5,966	5,981
Deferred Development Costs (Note 5)	4,912	4,736
Intangible Assets (Note 6)	19,164	20,208
Goodwill	10,090	10,090
	$251,302	$235,509
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$45,555	$39,391
Income Taxes Payable	6,781	7,286
Current Portion of Deferred Revenue	9,633	4,351
Current Portion of Long-Term Debt Obligations (Note 7)	5,898	5,889
Convertible Debentures (Note 8)	7,699	7,533
	75,566	64,450
Deferred Revenue	173	530
Long-Term Debt Obligations (Note 7)	39,654	38,400
Future Income Taxes	13,564	13,406
	128,957	116,786
Shareholders' Equity		
Equity Instruments (Note 9(b))	69,021	68,690
Contributed Surplus (Note 9(f))	3,838	3,661
Equity Portion of Convertible Debentures (Note 8)	609	609
Retained Earnings	48,877	45,763
	122,345	118,723
	$251,302	$235,509

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME & RETAINED EARNINGS

THREE MONTHS ENDED MARCH 31 (Thousands, Except Per Share Amounts - Unaudited)	2008	2007
Revenue	$30,054	$26,793
Operating Expenses		
Salaries and Benefits	9,320	9,572
General and Administrative	4,128	4,092
Stock Compensation Expense (Note 9(f))	258	377
	13,706	14,041
Interest Expense	1,284	289
Depreciation and Amortization	10,257	6,318
Other Income (Loss)	15	(20)
Income Before Income Taxes	4,822	6,125
Income Taxes		
Current	1,550	7,195
Future (Reduction)	158	(5,141)
	1,708	2,054
Net Income and Comprehensive Income for the Period	3,114	4,071
Retained Earnings, Beginning of Period	45,763	28,375
Retained Earnings, End of Period	$48,877	$32,446
Earnings Per Share		
Basic	$0.08	$0.11
Diluted	$0.07	$0.11
Weighted Average Number of Shares		
Basic	41,461	35,451
Diluted	43,691	36,568

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31 (Thousands - Unaudited)	2008	2007
Cash Flows from Operating Activities		
Net Income for the Period	$3,114	$4,071
Items Not Affecting Cash:		
Equity Investment Loss (Gain)	(2)	4
Depreciation and Amortization of Data Libraries, Property and Equipment and Intangible Assets	10,012	6,094
Amortization of Deferred Development Costs	245	224
Amortization of Deferred Finance Costs	97	22
Accretion of Liability Portion of Convertible Debentures	166	-
Future Income Taxes (Reduction)	158	(5,141)
Unrealized Foreign Exchange Loss	-	11
Non-Cash Retention Bonus	17	-
Stock Compensation Expense (Note 9(f))	258	377
	14,065	5,662
Changes in Non-Cash Working Capital Balances (Note 11)	(6,415)	1,820
Decrease in Non-Current Deferred Revenue	(357)	(58)
Decrease in Long-Term Accounts Receivable	-	140
	7,293	7,564
Cash Flows from Financing Activities		
Bank Indebtedness	-	2,943
Advances to Affiliated Company	-	(7)
Issue of Common Shares, Net of Related Expenses (Note 9(b))	233	618
Repayment of Long-Term Debt Obligations	(1,198)	(683)
Proceeds Received from Long-Term Debt Obligations	2,071	-
	1,106	2,871
Cash Flows from Investing Activities		
Purchase of Data Libraries	(10,966)	(10,154)
Increase in Participation Surveys in Progress	(6,347)	(4,832)
Purchase of Property and Equipment	(123)	(356)
Proceeds on Sale of Property and Equipment	5	-
Deferred Development Costs	(421)	(623)
Changes in Non-Cash Working Capital Balances (Note 11)	9,676	5,136
	(8,176)	(10,829)
Foreign Exchange Loss on Cash Held in a Foreign Currency	-	(11)
Increase in Cash and Cash Equivalents	233	(405)
Cash and Cash Equivalents, Beginning of Period	2,466	1,437
Cash and Cash Equivalents, End of Period	$2,689	$1,032

See Notes to Consolidated Financial Statements.

Divestco Inc. (the Company), is incorporated under the Business Corporations Act of Alberta and is a publicly traded company on the TSX under the symbol DVT.

01. BASIS OF PRESENTATION

These interim consolidated financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles (GAAP) in Canada. The preparation of financial statements in conformity with GAAP in Canada requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. These interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality.

These interim consolidated financial statements do not include the entire note disclosures required for the annual consolidated financial statements, and therefore, should be read in conjunction with audited consolidated financial statements as at and for the year ended December 31, 2007. These interim consolidated financial statements have been prepared following the same significant accounting policies as the most recently issued annual consolidated financial statements except as disclosed in Note 2.

The results of operations for the three months ended March 31, 2008 are not necessarily indicative of results to be expected for the entire year ending December 31, 2008. The Company records seismic data revenue related to its shot seismic programs, which are carried out primarily during the winter months. Revenue is recognized upon completion of a program after the related data has been delivered. Therefore, a significant portion of the Company's revenue for its shot seismic data is recognized in the winter and spring seasons.

02. CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

On January 1, 2008, the Company adopted new accounting standards for financial instruments disclosures and presentation which require the Company to increase disclosure on the nature, extent and risk arising from the financial instruments and how the entity manages those risks (Note 13).

On January 1, 2008, the Company adopted the new Canadian standard for capital management which specifies the disclosure of an entity's objectives, policies and procedures for managing capital, quantitative data about what it manages as capital, any externally imposed capital requirements and the consequences of non-compliance (Note 10).

Canadian accounting standards for goodwill and intangible assets will be effective on January 1, 2009. These new standards apply to goodwill subsequent to initial recognition and establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard is not expected to have a material impact on the Company's consolidated financial statements.

In January 2006, the Canadian Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

03. DATA LIBRARIES

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Seismic Data Library	$226,111	$72,911	$215,145	$64,546
Datasets	632	417	632	401
Log and Drilling Library	12,123	2,079	12,122	1,929
Reference Library	445	305	445	297
Map Library	239	60	239	56
	$239,550	$75,772	$228,583	$67,229
Net Book Value		$163,778		$161,354

04. PROPERTY AND EQUIPMENT

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Hardware and Software	$7,811	$4,462	$7,757	$4,199
Office Furniture and Equipment	1,267	657	1,260	629
Leasehold Improvements	1,239	505	1,179	454
Assets Under Capital Lease	2,676	1,433	2,383	1,346
Land	30	-	30	-
	$13,023	$7,057	$12,609	$6,628
Net Book Value		$5,966		$5,981

05. DEFERRED DEVELOPMENT COSTS

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Balance, Beginning of Period	$4,736	$2,877
Salaries and Benefits (Net of Investment Tax Credits)	298	2,160
General and Administrative	123	437
Total Additions	421	2,597
Amortization (1)	(245)	(738)
Balance, End of Period	$4,912	$4,736

(1) Included in depreciation and amortization on the Consolidated Statements of Income.

06. INTANGIBLE ASSETS

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Non-Competition Agreements	$ 3,938	$1,147	$ 3,938	$943
Customer Related Intangibles	12,070	3,736	12,070	3,233
Proprietary Software and Code	8,263	2,412	8,263	2,206
Office Leases Below Market Value	2,700	787	2,700	675
Well Logs Licence Agreement	750	475	750	456
	$27,721	$8,557	$27,721	$7,513
Net Book Value		$19,164		$20,208

07. LONG-TERM DEBT OBLIGATIONS

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Term Loan and Committed Revolver (a)	$43,878	$42,848
Promissory Notes (b)	1,800	1,800
Capital Lease Obligations (c)	836	700
	46,514	45,348
Current Portion	(5,898)	(5,889)
Less: Deferred Finance Charges (d)	(962)	(1,059)
Long-Term Portion	$39,654	$38,400

(a) **Term Loan and Committed Revolver:** The terms remain substantially unchanged from those reported in the December 31, 2007 consolidated financial statements.

As at March 31, 2008, $22.3 million was drawn on the committed revolver, $17.2 million was drawn on the first committed term loan, and $4.4 million was drawn on the second committed term loan.

Principal payments are as follows:

2009	$4,249
2010	4,249
2011	4,249
2012	4,249
2013	4,249
2014	22,633
	$43,878

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

(b) Promissory Notes:

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Unsecured Promissory Notes issued on the acquisition of Cavalier Land Ltd., non-interest bearing, repayable in two installments of $625,000 on July 18, 2007 and July 18, 2008.	$625	$625
Unsecured Promissory Notes issued on the acquisition of i Land Data Ltd., bearing interest of 7%, repayable on June 19, 2008.	75	75
Unsecured Promissory Notes issued on the acquisition of Spectrum Seismic Processing, bearing interest of 6%, repayable in two installments of $550,000 on June 19, 2008 and $350,000 on June 19, 2009.	900	900
Unsecured Promissory Notes issued on the acquisition of Canadian Landmasters Resource Services Ltd., bearing interest at 2% above the Company's prime lending rate, repayable in three equal installments of $66,667 on each of December 31, 2008, 2009, and 2010.	200	200
	1,800	1,800
Current Portion	(1,316)	(1,316)
Long-Term Portion	$484	$484

Principal payments are as follows:

2009	$1,316
2010	417
2011	67
	$1,800

(c) Capital Lease Obligations: The Company has capital lease obligations, which have terms of two to four years and bear interest at 2% to 7% per annum. Minimum annual lease payments are as follows:

2009	$333
2010	281
2011	163
2012	59
	$836

(d) Deferred Finance Charges:

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Balance, Beginning of Period	$1,059	$323
Additions	-	1,340
Amortization [1]	(97)	(604)
Balance, End of Period	$962	$1,059

[1] Included in interest expense on the Consolidated Statements of Income.

08. CONVERTIBLE DEBENTURES

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Balance, Beginning of Period	$7,533	$-
Additions	-	8,142
Equity Component	-	(609)
Accretion of Liability Portion to Face Value	166	-
Balance, End of Period	$7,699	$7,533

The Company assumed convertible debentures through the acquisition of BlueGrouse Seismic Solutions Ltd. Each debenture bears interest at a rate of 10% per annum and is convertible, in whole or in part, into common shares at a conversion price of $4.48 per common share (Conversion Price) at any time on or before November 21, 2008 (Maturity Date). On or before the Maturity Date, the holders of the debentures shall have the option of either converting their debentures into common shares at the Conversion Price or receiving the cash value of the principal amount of the debentures, plus any accrued and unpaid interest. The debentures were classified as a current liability as the holders can require the Company to settle the instrument for cash or shares within the next 12 months.

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

09. EQUITY INSTRUMENTS

(a) **Authorized:** An unlimited number of voting common shares.

(b) **Issued:**

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
Common Shares	Number of Shares	Amount	Number of Shares	Amount
Balance, Beginning of Period	41,579	$69,180	35,399	$47,752
Issued on Public Offering	-	-	-	-
Issued on Acquisitions	-	-	5,160	18,477
Cancellation of Shares Issued as Retention Bonuses	-	-	(27)	(125)
Reclassification to Common Shares on Share Purchase Loan Forgiveness	-	-	-	201
Exercise of Share Purchase Warrants – Cash Consideration	-	-	538	1,346
Exercise of Share Purchase Warrants – Reclassification from Fair Value	-	-	-	337
Exercise of Broker Compensation Options – Cash Consideration	-	-	220	441
Exercise of Broker Compensation Options – Reclassification from Contributed Surplus	-	-	-	173
Exercise of Stock Options – Cash Consideration	187	233	566	819
Exercise of Stock Options – Reclassification of Contributed Surplus	-	81	-	215
Repurchase for Cancellation	-	-	(277)	(456)
	41,766	69,494	41,579	69,180
Less Share Purchase Loans	-	(473)	-	(490)
Balance, End of Period	41,766	$69,021	41,579	$68,690
Share Purchase Warrants	Number of Warrants	Amount	Number of Warrants	Amount
Balance, Beginning of Period	-	$-	538	$337
Exercised	-	-	(538)	(337)
Balance, End of Period	-	$-	-	$-
Total Equity Instruments		$69,021		$68,690

(c) **Share Purchase Loans:** As at March 31, 2008, outstanding share purchase loans were as follows:

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Balance, Beginning of Period	$490	$1,235
Issued on Acquisitions	-	-
Forfeited	(17)	(200)
Forgiven	-	(545)
Balance, End of Period	$473	$490

(d) **Broker Compensation Options:** As at March 31, 2008, outstanding broker compensation options to purchase common shares were as follows:

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
	Number of Shares	Amount	Number of Shares	Amount
Balance, Beginning of Period	-	$-	220	$173
Exercised	-	-	(220)	(173)
Balance, End of Period	-	$-	-	$-

(e) **Normal Course Issuer Bid:** On January 24, 2008 the Toronto Stock Exchange accepted the Company's Notice of Intention to make a Normal Course Issuer Bid (NCIB) to purchase up to 2,092,853 (a maximum of 5%) of its issued and outstanding common shares (41,857,070 common shares as at January 14, 2008) in a twelve-month period. The NCIB commenced January 28, 2008, and will terminate on the earlier of January 27, 2009 and the date on which the maximum number of common shares are purchased pursuant to this NCIB. There were no shares repurchased under the NCIB for period ended March 31, 2008.

(f) **Contributed Surplus:**

BALANCE AS AT	Mar 31, 2008	Dec 31, 2007
Balance, Beginning of Period	$3,661	$2,008
Stock Compensation Expense	258	1,531
Fair Value of Stock Options Exchanged on Acquisition of BlueGrouse	-	711
Reclassification to Common Shares on Exercise of Options	(81)	(215)
Reclassification to Common Shares on Exercise of Broker Compensation Options	-	(173)
Reclassification to Common Shares on Share Purchase Loan Forgiveness	-	(201)
Balance, End of Period	$3,838	$3,661

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

(g) **Stock Options:** The Company has established a stock option plan (the Plan) whereby the Company may grant options to purchase common shares to directors, officers, employees and consultants. The options have a five-year term and are exercisable pursuant to a vesting schedule of one-third following the first anniversary of the grant date, one-third following the second anniversary of the grant date, and the remaining one-third following the third anniversary of the grant date. 4,041,369 common shares of the Company have been reserved under the Plan.

The following is a continuity of stock options outstanding for which shares have been reserved:

STOCK OPTIONS OUTSTANDING

	Number of Options	Option Price	Weighted Average Price
Options Outstanding, December 31, 2006	2,766	$0.83 - 6.10	$2.87
Options Granted	959	$2.40 - 8.58	$4.04
Exercised	(566)	$1.00 - 3.00	$1.45
Forfeited	(416)	$1.00 - 8.58	$5.39
Options Outstanding, December 31, 2007	2,743	$1.00 - 6.10	$3.19
Options Granted	21	$2.39	$2.39
Exercised [1]	(187)	$1.20 - 1.25	$1.25
Forfeited	(249)	$1.25 - 6.10	$3.83
Options Outstanding, March 31, 2008	2,328	$1.00 - 6.10	$3.27

[1] Includes 114,089 options held by officers and directors.

Stock options which were outstanding and vested as at March 31, 2008, are summarized as follows:

STOCK OPTIONS OUTSTANDING AND VESTED

Options Outstanding	Option Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
797	$1.00 - 2.39	$1.34	1.81	776	$1.32
831	$2.40 - 4.29	$3.26	3.44	325	$3.18
700	$4.30 - 6.10	$5.48	3.21	243	$5.47
2,328	$1.00 - 6.10	$3.27	2.81	1,344	$2.52

The per share weighted average fair value of the stock options granted for the three months ended March 31, 2008, was $1.38 (2007 – $2.23). This was estimated using the Black-Scholes option pricing model with the following assumptions: an average expected volatility of 67% (2007 – 71%), an average risk free interest rate of 2.9% (2007 – 3.9%), no dividend rate and an expected life of five years. The compensation expense is recognized evenly over the three-year vesting period of the stock options.

(h) **Earnings Per Share:** The following table summarizes the computation of earnings per share:

THREE MONTHS ENDED MARCH 31	2008	2007
Numerator		
Net Income	$3,114	$4,071
Interest on Convertible Dentures (After-Tax)	138	-
Net Income for Diluted Earnings Per Share	$3,252	$4,071
Denominator		
Weighted Average Number of Shares Outstanding for Basic Earnings Per Share	41,461	35,451
Dilutive Instruments [1]		
Stock Options	351	879
Share Purchase Warrants	-	79
Retention Bonus Shares	62	160
Convertible Debentures	1,817	-
Weighted Average Number of Shares Outstanding for Diluted Earnings Per Share	43,691	36,569
Basic Earnings Per Share	$0.08	$0.11
Diluted Earnings Per Share	$0.07	$0.11

[1] For diluted earnings per share, conversion or exercise is assumed only if the effect is dilutive. For the period ending March 31, 2008, options to purchase 1,977,000 (2007 – 1,938,000) common shares have been excluded from the calculations of diluted earnings per share due to their anti-dilutive effect.

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk and manage capital in a manner which balances the interests of equity and debt holders.

In the management of capital, the Company includes the following in the definition of capital:

- shareholders' equity
- long-term debt obligations, including the current portion
- convertible debentures

The Company manages its capital structure and makes adjustments to it 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 new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics.

Managing its capital, the Company monitors its funded debt to equity ratio. Funded debt to equity is a non-GAAP measure and therefore is unlikely to be comparable to similar measures of other companies. The ratio is calculated by taking the sum of interest-bearing long-term debt obligations and long-term debt obligations maturing within one year divided by Shareholders' Equity as presented on the Company's Consolidated Balance Sheet.

During the period ended March 31, 2008, the Company's strategy, which was unchanged from 2007, was to maintain the targets set out in the following table. The Company believes that these ratios are currently in the optimal range and provide access to capital at a reasonable cost.

BALANCE AS AT		Mar 31, 2008	Dec 31, 2007
Components of Funded Debt to Equity Ratio			
Current Portion of Long-Term Funded Debt Obligations		$5,898	$5,889
Convertible Debentures		7,699	7,533
Long-Term Funded Debt Obligations		39,654	38,400
Total Funded Debt		53,251	51,822
Shareholders' Equity		122,347	118,723
	Company Target		
Total Funded Debt to Equity	35% to 55%	44%	44%

Total funded debt to equity ratio for the period ended March 31, 2008 is within the Company's target. The Company is not subject to externally imposed capital requirements.

11. STATEMENT OF CASH FLOWS

THREE MONTHS ENDED MARCH 31	2008	2007
Interest and Income Taxes Paid		
Income Taxes Paid (Net of Refunds)	$1,500	$315
Interest Paid (Net of Interest Revenue)	$1,156	$260
Changes in Non-Cash Working Capital Balances		
Funds Held in Trust	$189	$-
Accounts Receivable	(7,742)	(1,381)
Investment Tax Credits Recoverable	-	651
Prepaid Expenses, Supplies and Deposits	(127)	(257)
Accounts Payable and Accrued Liabilities	6,164	6,338
Income Taxes Payable	(505)	6,017
Deferred Revenue	5,282	(4,412)
	$3,261	$6,956
Changes in Non-Cash Working Capital Balances Related to Operating Activities	$(6,415)	$1,820
Changes in Non-Cash Working Capital Balances Related to Investing Activities	9,676	5,136
	$3,261	$6,956

At March 31, 2008, the Company held $130,000 (2007 – $50,000) of cash and cash equivalents which were denominated in a foreign currency.

12. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, the Company had the following related party transactions:

(a) During the three months ended March 31, 2008, the Company paid $48,000 (2007 - $49,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at March 31, 2008 was $17,000 (December 31, 2007 – $17,000) related to these commissions.

(b) During the three months ended March 31, 2008, the Company paid $60,000 (2007 - $91,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at March 31, 2008 was $24,000 (December 31, 2007 – $66,000) related to these legal fees.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

March 31, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

13. FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to industry credit, interest rate, and foreign currency risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The carrying amounts of the Company's monetary assets and liabilities approximate their fair values. The Company's risk exposures and the impact on the financial instruments are as follows:

(a) **Credit Risk Management:** Credit risk is the risk that the counterparty to a financial asset will default resulting in the Company incurring a financial loss. To mitigate this risk, the Company routinely follows up on overdue accounts. A significant portion of the Company's trade accounts receivable are from companies in the oil and gas industry and are exposed to normal industry credit risks.

During the period ended March 31, 2008, 33% of the Company's revenue was derived from five customers with a majority related to sales contacts for seismic data. As at March 31, 2008, these same customers accounted for 26% of the Company's total accounts receivable.

The Company establishes an allowance for doubtful accounts therefore the carrying amount of accounts receivables generally represents the maximum credit exposure. There were no receivables written off during the quarter ended March 31, 2008.

The aging of trade receivables is illustrated below:

BALANCE AS AT	Mar 31, 2008		Dec 31, 2007	
	Gross	Allowance	Gross	Allowance
Not Past Due	$16,458	$-	$14,830	$-
Past Due 0 - 30 Days	4,352	-	3,660	-
Past Due 31 - 120 Days	8,595	-	4,835	-
More Than 121 Days	4,286	292	2,338	439
Total Trade Receivables	$33,691	$292	$25,663	$439
Accrued Receivables	1,426	-	1,859	-
Allowance for Doubtful Accounts	(292)	-	(439)	-
Total Accounts Receivable	$34,825	$292	$27,083	$439

(b) **Interest Rate Risk:** The Company's short-term borrowings are based on floating rates and subject to interest rate cash flow risk as the required cash flows to service the debt will fluctuate as a result of changes in market rates. Interest on fixed rate debt ranges from 4.9% to 6.8%. If these transactions were entered into today, the interest expense would not be materially different.

The sensitivity analysis includes items bearing interest at variable rates and indicates that a 100 basis points fluctuation in interest rates would have an approximately $100,000 impact on net earnings in the quarter (on a pre-tax basis). The Company does not use derivative financial instruments to reduce its interest risk exposure. The carrying amounts of the Company's term debt approximate their fair values.

(c) **Foreign Currency Rate Risk:** The Company's functional currency is the Canadian dollar and major transactions are done in Canadian funds. A portion of the Company's sales are made to customers in the United States. Accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates and can have an effect on the Company's reported results. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and trade accounts receivable to offset foreign currency payables. Management believes that the foreign exchange fluctuations risk is negligible and therefore does not hedge its foreign exchange risk.

(d) **Liquidity Risk:** Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. As at March 31, 2008 the Company had a cash balance of $3.2 million and $34.2 million in accounts receivable to settle current liabilities of $65.3 million. In addition, the Company had $12.7 million available to draw on its credit facility. The Company establishes budget and cash estimate to ensure it has necessary funds to fulfill its obligations. Management believes that the liquidity risk is acceptable.

The following table summarizes the maturities of financial liabilities and associated interest payments as at March 31, 2008.

	< 1 YEAR	1-2 YEARS	2-5 YEARS	THEREAFTER
Accounts Payable and Accrued Liabilities	$51,676	$-	$-	$-
Convertible Debentures	8,142	-	-	-
Long-Term Debt Obligations (Including Current Portion)	5,904	9,426	31,190	-
Total	$65,722	$9,426	$31,190	$-

14. SEGMENTED INFORMATION

The Company is an oil and gas services company offering products and services to customers in the oil and gas exploration and production industry. The Company's products and services are offered through four segments: Software, Services, Data, and Consulting. In addition, the Company reports its overhead activities through its Corporate and Other segment. The Company operates in two geographic locations – Canada and the United States.

Software sells, maintains, and supports licensed software exploration products. Services provides seismic survey audit, processing and brokerage services as well as mapping, archiving and geophysical/geological services. Data provides a full suite of support data layers as well as develops and maintains the Company's seismic data libraries. Consulting offers business solutions ranging from business consulting services, ERP systems implementations and CRM systems implementations, to custom software development, hardware devices, network infrastructure and land management services. Corporate and Other includes finance, accounting, marketing, human resources, investor relations, and information technology.

The accounting policies of the segments are the same as those described in significant accounting policies in the Company's audited Consolidated Financial Statements as at and for the year ended December 31, 2007. Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation. Operating income (loss) is measured as revenue less operating expenses, interest and depreciation and amortization. Other income (loss) items and income taxes reported on the Company's Consolidated Statements of Income are not allocated to the reportable segments.

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2008

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue from External Customers	$2,229	$5,624	$18,748	$3,453	$-	$30,054
Inter-Segment Revenue	-	-	582	-	-	582
Operating Income (Loss) [1]	388	133	7,739	(164)	(3,289)	4,807
Interest Expense (Net of Interest Revenue)	-	-	-	(6)	1,290	1,284
Depreciation and Amortization	421	594	8,836	356	50	10,257
Total Assets	11,538	24,942	200,005	13,085	1,732	251,302
Goodwill	1,266	4,652	-	4,172	-	10,090
Capital Expenditures [2]	19	39	17,351	-	27	17,436
Deferred Development Costs	162	254	5	-	-	421

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2007

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue from External Customers	$1,828	$6,147	$15,130	$3,688	$-	$26,793
Inter-Segment Revenue	-	1,327	-	-	-	1,327
Operating Income (Loss) [1]	208	791	8,022	202	(3,078)	6,145
Interest Expense (Net of Interest Revenue)	-	-	48	(8)	249	289
Depreciation and Amortization	385	392	5,184	315	42	6,318
Total Assets	9,022	20,747	99,365	12,008	1,570	142,712
Goodwill	1,266	3,081	-	4,171	-	8,518
Capital Expenditures [2]	56	111	15,097	-	78	15,342
Deferred Development Costs	381	242	-	-	-	623

[1] Operating income is revenue less operating expenses, interest expense, and depreciation and amortization.
[2] Excludes acquisitions.

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2008

	Canada	U.S.	Total
Revenue	$29,602	$452	$30,054
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	201,581	4,811	206,392

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2007

	Canada	U.S.	Total
Revenue	$26,163	$630	$26,793
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	107,927	5,550	113,477

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[2] Member of the Audit Committee
[3] Member of the Compensation Committee
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