Divestco

Management's Discussion & Analysis

For the Three and Nine Months Ended

September 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated November 23, 2011, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes of Divestco Inc. ("Divestco" or the "Company") as at and for the three and nine months ending September 30, 2011 and September 30, 2010. It should also be read in conjunction with the unaudited condensed interim consolidated financial statements and notes as at and for the three months ending March 31, 2011 and March 31, 2010, and with the audited consolidated financial statements and notes for the years ended December 31, 2010 and 2009. All financial information in this section has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is reported in Canadian dollars unless otherwise specified.

ACCOUNTING POLICY CHANGES

On January 1, 2011, Divestco adopted IFRS for purposes of financial reporting, using a transition date of January 1, 2010. Accordingly, these interim consolidated financial statements for the three and nine months ended September 30, 2011 and the comparative information for the three and nine months ended September 30, 2010, have been prepared in accordance with International Financial Reporting Standard 1, "First-time Adoption of International Financial Reporting Standards", and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP").

The adoption of IFRS has not had an impact on the Company's operations or strategic decisions. Further information on the effect of adopting IFRS is outlined in the "New IFRS Pronouncements" section of this MD&A and in the "Explanation of Transition to IFRS" note to the interim consolidated financial statements for the three and nine months ended September 30, 2011 and September 30, 2010.

DIVESTCO'S BUSINESS

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

- Software and Data - provides and is responsible for development, maintenance and support of Divestco's proprietary geological, geophysical and land applications used by oil and gas professionals, including geologists, geophysicists, engineers, land agents and land administrators worldwide. The Company offers customized software and data bundles to clients depending on their needs. It also offers the market over 120 datasets including drilling data and a full suite of exploration and production data (well, land, drilling, log and mapping). In addition the segment provides ancillary document management services such as high-quality technical document digitizing and rasterizing and scanning services for customers' data management needs.

- Services - offers geomatics (geospatial data services, including data integrity validation, mapping, database hosting, and advisory support and consultation) and seismic processing to customers who require data quality assurance, processing and data management services for geophysical and geological information. The segment also offers land management services through Cavalier Land and Canadian Landmasters including surface acquisition, public consultation, telecom acquisition and consultation, regulatory guidance, freehold mineral acquisition, and crown land sale representation.

- Seismic Data - provides the oil and natural gas industry with quick, reliable access to cost-effective, high-resolution seismic data. Divestco commenced rebuilding its seismic data library in

Q4 2010. The segment provides seismic brokerage through the largest division of its kind in Canada with 11 independent brokers as well as data management services.

- Corporate and Other - responsible for setting Divestco's overall strategic plan and providing finance and accounting, sales and marketing, human resources (HR) and information technology (IT) services to the Company's operating segments. The segment is discussed under the "Results of Operations by Segment" section of the MD&A.

BUSINESS STRATEGY

Divestco's vision is to be the leading geo-services company in Canada, providing a focused offering of data, software and services through innovation and technical expertise, to the oil and gas industry worldwide.

Divestco is an exploration services company that provides a comprehensive and integrated portfolio of data, software and services to the oil and gas industry. Through continued commitment to align and bundle products and services to generate value for customers, Divestco is creating an unparalleled set of integrated solutions and unique benefits for the marketplace. Divestco's breadth of software, services, and data solutions 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.

FUTURE OPERATIONS

The interim consolidated financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in the consolidated financial statements.

At September 30, 2011 the Company had a working capital deficit of $0.8 million excluding deferred revenue of $2.6 million. The Company incurred losses of $3.8 million for the nine months ended September 30, 2011. The net loss included occupancy costs related to the Company's existing office space leases and its new office space lease which commenced on May 1, 2010. The double rent obligations ceased in August 2011. In March 2011, the Company entered into an agreement whereby two floors of space in its current office premises were assumed by a new tenant. This amounts to approximately $2 million in annual cost savings starting in 2012. Management is actively looking for additional subleasing opportunities. The Company is focused on re-establishing positive earnings from all of its operating segments and secured additional sources of capital to continue its activities and discharge its commitments as they become due. In May 2011, the Company obtained a $5 million subordinate bridge loan and a $500,000 loan from two Directors in October 2011.

These matters cast doubt on the ability of the Company to continue to achieve profitable operations and meet its obligations. Management believes that the going concern assumption is appropriate for the consolidated financial statements. Adjustments to the carrying amounts of the balance sheet classifications used, assets and liabilities, and revenues and expenses, may be necessary should the going concern assumption be inappropriate.

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 by Canadian securities legislation. Although management of the Company believes that the expectations reflected in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to have been correct because, should one or more of the risks materialize, or should the assumptions underlying forward-looking statements or forward-looking information prove incorrect, actual results may vary materially from those described in this 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*:

- Company's ability to keep debt and liquidity at acceptable levels, improve/maintain its working capital position and maintain profitability in the current economy
- Availability of external and internal funding for future operations
- Relative future competitive position of the Company
- Nature and timing of growth
- Oil and natural gas production levels
- Planned capital expenditure programs
- Supply and demand for oil and natural gas
- Future demand for products/services
- Commodity prices
- Impact of Canadian federal and provincial governmental regulation on the Company
- Expected levels of operating costs, finance costs and other costs and expenses
- Future ability to execute acquisitions and dispositions of assets or businesses
- Expectations regarding the Company's ability to raise capital and to add to seismic data through new seismic shoots and acquisition of existing seismic data
- Treatment under tax laws
- New accounting pronouncements

**These statements are included under the headings of this MD&A: "Overall Performance", "Outlook", and "Results of Operations by Segment", "Liquidity and Capital Resources", and "New Accounting Pronouncements".*

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

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including:

- General economic, market and business conditions
- Volatility in market prices for crude oil and natural gas
- Ability of Divestco's clients to explore for, develop and produce oil and gas
- Availability of financing and capital
- Fluctuations in interest rates
- Demand for the Company's product and services
- Weather and climate conditions
- Competitive actions by other companies
- Availability of skilled labour
- Failure to obtain regulatory approvals in a timely manner

- Adverse conditions in the debt and equity markets
- Government actions including changes in environment and other regulations

These risks and uncertainties are discussed in greater detail in the Business Risks and Environment section of this MD&A and in the Company's Annual Information Form for the year ended December 31, 2010, incorporated here by reference.

NON-GAAP MEASURES

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The Company's interim 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.

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 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 potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

EBITDA AND OPERATING INCOME

Divestco uses EBITDA and operating income as key measures to evaluate the performance of its segments and divisions as well as the Company overall, with the closest IFRS measure being net income. EBITDA and operating income are measures commonly reported and widely used by investors as indicators of the Company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA and operating income assist investors in comparing the 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 and operating income are not calculations based on IFRS and should not be considered alternatives to net income in measuring the Company's performance. As well, EBITDA and operating income should not be used as exclusive measures of cash flow, because they do 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. While EBITDA and operating income have 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 and operating income as reported by Divestco may not be comparable in all instances to EBITDA and operating income as reported by other companies. Investors should also carefully consider the specific items included in Divestco's computation of EBITDA and operating income.

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

	Three months ended Sep 30		Nine months ended Sep 30	
(Thousands)	2011	2010	2011	2010
Net Income (Loss)	**$ 255**	$ (49,685)	**$ (3,842)**	$ (58,457)
Income Tax Expense (Reduction)	**(4)**	(9,611)	**61**	(12,920)
Other Loss (Income) (1)	**(29)**	41,500	**(27)**	41,406
Operating Income (Loss)	**$ 222**	$ (17,796)	**$ (3,808)**	$ (29,971)
Finance and interest charges	**303**	1,233	**507**	2,325
Depreciation and Amortization	**1,167**	7,753	**6,081**	24,847
EBITDA	**$ 1,692**	$ (8,810)	**$ 2,780**	$ (2,799)

(1) Other Loss (income) includes net foreign exchange gains/losses, gains/losses on sales of property and equipment and intangible assets, and equity investment income/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 and investing activities. Funds from operations excludes certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. It is not a calculation based on IFRS 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 IFRS 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:

	Nine months ended Sep 30	
(Thousands)	2011	2010
Cash Flows from Operating Activities	**$ 5,090**	$ 11,625
Changes in non-cash working capital balances related to operating activities	**(2,292)**	(14,759)
Changes in long-term prepaid expense	**-**	(238)
Interest paid	**391**	1,698
Income taxes refunded	**(352)**	(260)
Funds from (used in) Operations	**$ 2,837**	$ (1,934)

BUSINESS RISKS AND ENVIRONMENT

DEMAND FOR PRODUCTS AND SERVICES AND DEPENDENCE ON MAJOR CUSTOMERS

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. Notwithstanding the Company's wide customer base, the most significant customers accounted for 30% of the Company's accounts receivable as at September 30, 2011, and three customers accounted for 21% of the Company's revenue for the nine months ended

September 30, 2011. The Company has historically had a stable relationship with these customers and has no reason to believe there will be any change to this relationship in the future. The Company continuously makes efforts to expand its customer base.

The Company spends a considerable 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. In order to minimize capital risk, the Company routinely pre-sells data licenses in advance of committing to a capital outlay. For larger seismic programs, the Company may rely on third parties to share in the cost and 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 these costs, 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. Unfavourable weather conditions may cause potential cost overruns and delays in the field data acquisition portion of the seismic data survey, delaying revenue recognition.

Divestco 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.

Other segments of the Company, such as Services, normally exhibit 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 performing specific types of contract work appropriate for lower-activity months. The Software and Data segment typically experiences a slowdown 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 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 bundled solutions customized to the customer’s needs.

SKILLED LABOUR

Divestco’s success depends on attracting and retaining highly skilled management, geophysical, geological, software development, sales, and other staff. The Company achieves this by offering an attractive compensation package and training. To protect its competitive advantage and intellectual property, Divestco has internal confidentiality policies and obtains non-compete agreements from certain employees.

GOVERNMENT REGULATIONS AND SAFETY

Divestco’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, the Company 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 could lead oil and gas companies to curtail exploration and development, reducing the demand for seismic surveys, which could also adversely affect the Company's seismic operations.

In addition to the "Business Risks and Environment" section in this MD&A, see the "Risk Factors" section in the Company's Annual Information Form (AIF) for the year ended December 31, 2010. A copy of the Company's AIF and other continuous disclosure documents can be viewed at www.sedar.com or on the Company's website at www.divestco.com.

OVERALL PERFORMANCE

Financial Results (Thousands, Except Per Share Amounts)	Three Months Ended September 30				Nine Months Ended September 30			
	2011	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Revenue	**$ 9,565**	$ 8,516	$ 1,049	12%	**$ 29,017**	$ 31,241	$ (2,224)	-7%
Operating Expenses	**7,873**	17,326	(9,453)	-55%	**26,237**	34,040	(7,803)	-23%
EBITDA [1]	**1,692**	(8,810)	10,502	-119%	**2,780**	(2,799)	5,579	-199%
Finance Costs	**303**	1,233	(930)	-75%	**507**	2,325	(1,818)	-78%
Depreciation and Amortization	**1,167**	7,753	(6,586)	-85%	**6,081**	24,847	(18,766)	-76%
Operating Income (Loss) [1]	**222**	(17,796)	18,018	-101%	**(3,808)**	(29,971)	26,163	-87%
Other Loss (Income)	**(29)**	41,500	(41,529)	-100%	**(27)**	41,406	(41,433)	-100%
Income Tax Expense (Benefit)	**(4)**	(9,611)	9,607	-100%	**61**	(12,920)	12,981	-100%
Net Income (Loss)	**$ 255**	$ (49,685)	$ 49,940	-101%	**$ (3,842)**	$ (58,457)	$ 54,615	-93%
Per Share - Basic and Diluted	**-**	(1.18)	1.18	-100%	**(0.06)**	(1.39)	1.33	-96%
Funds from (used in) Operations [1]	**$ 1,639**	$ (6,294)	$ 7,933	-126%	**$ 2,837**	$ (1,934)	$ 4,771	-247%
Per Share - Basic and Diluted [1]	**0.03**	(0.15)	0.18	-120%	**0.05**	(0.05)	0.10	-200%
Shares Outstanding	**59,903**	41,958	17,945	43%	**59,903**	41,958	17,945	43%
Weighted Average Shares Outstanding								
Basic	**59,785**	41,971	17,814	42%	**59,535**	41,962	17,573	42%
Diluted	**59,785**	41,971	17,814	42%	**59,535**	41,962	17,573	42%

Financial Position (Thousands)	Balance as at	
	Sep 30, 2011	Dec 31, 2010
Total Assets	**$ 38,269**	$ 34,984
Working Capital [2]	**(812)**	3,599
Long-Term Debt Obligations	**5,281**	556

[1] *See the Non-GAAP Measures section.*
[2] *Excluding the current portion of deferred revenue of $2.6 million, the Company had a working capital deficit of $0.8 million at September 30, 2011, compared to working capital of $3.6 million at December 31, 2010 (excluding deferred revenue of $2.7 million).*

EARNINGS VARIANCE ANALYSIS

Q3 2011 VERSUS Q3 2010

Divestco had net income for the third quarter of 2011 of $255,000 ($nil per share – basic and diluted) compared to net loss of $49.7 million ($1.18 per share – basic and diluted) for the same period in 2010. Excluding an accounting loss of $40.9 million related to the sale of the Company's seismic data assets in Q3 2010, the difference between the quarters was due to a $9.5 million (55%) decrease in operating expenses. Salaries and wages were down $2 million (33%) due to reduced staffing levels and G&A expenses decreased by $4.9 million (58%) due primarily to a $2.1 million sublease loss recognized in Q3 2010, a reduction in occupancy costs of $1 million and a reduction in bad debt expense of $3.4 million. In addition there was a $6.6 million (85%) decrease in depreciation and amortization related to the sale of the Company's seismic data assets in Q3 2010. Revenues increased by $1 million (12%) as the Company was acquiring a new seismic data survey during the quarter.

Operating highlights included:

- Reduction of operating expenses of $9.5 million (55%)
- Continuation of a seismic participation survey which is expected to cover an area of approximately 200 km^2

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

Divestco realized a net loss for the first nine months of 2011 of $3.8 million ($0.06 per share – basic and diluted) compared to a net loss of $58.5 million ($1.39 per share – basic and diluted) for the same period in 2010. Excluding an accounting loss of $40.9 million related to the sale of the Company's seismic data assets in Q3 2010, the difference between the periods was due to a $7.8 (23%) million decrease in operating expenses. Salaries and wages were down $1.7 million (11%) due to reduced staffing levels and G&A expenses decreased by $3.5 million (23%) due primarily to a $2.1 million sublease loss recognized in Q3 2010 and a reduction in bad debt expense of $3 million. In addition there was an $18.8 million (76%) decrease in depreciation and amortization related to the sale of the Company's seismic data assets in Q3 2010. Revenues decreased by $2.2 million (7%) mainly due to the sale of the Company's seismic data assets in Q3 2010.

Operating highlights included:

- Company secured a $5 million bridge loan
- Completion of the Company's first seismic participation survey since it sold its seismic data library in Q3 2010 covering an area of 71 km^2
- Commencement of a seismic participation survey which is expected to cover an area of approximately 200 km^2
- Company finalized an agreement whereby the lease of two floors of space in its current office premises was assumed by another company. The realization of this economic benefit begins in Q4 2011 and will amount to an annual savings of $2 million.

OUTLOOK AND FUTURE OPERATIONS

Divestco has adopted a new strategy for the rebuild of its seismic data library. The focus will be on oil-rich zones as opposed to natural gas-rich zones due to current commodity prices. In addition, the Company's pre-funding level targets have been set higher on new surveys than they have been in the past.

Industry activity year to date has shown signs of positive recovery with certain areas of the business at capacity. Work in progress coupled with summer and fall activity commitments from clients point to continued but slow recovery to pre-recession levels. In line with the Company's objective to continue to reduce operating expenses, management is actively looking to sublease excess office space.

SELECTED QUARTERLY INFORMATION

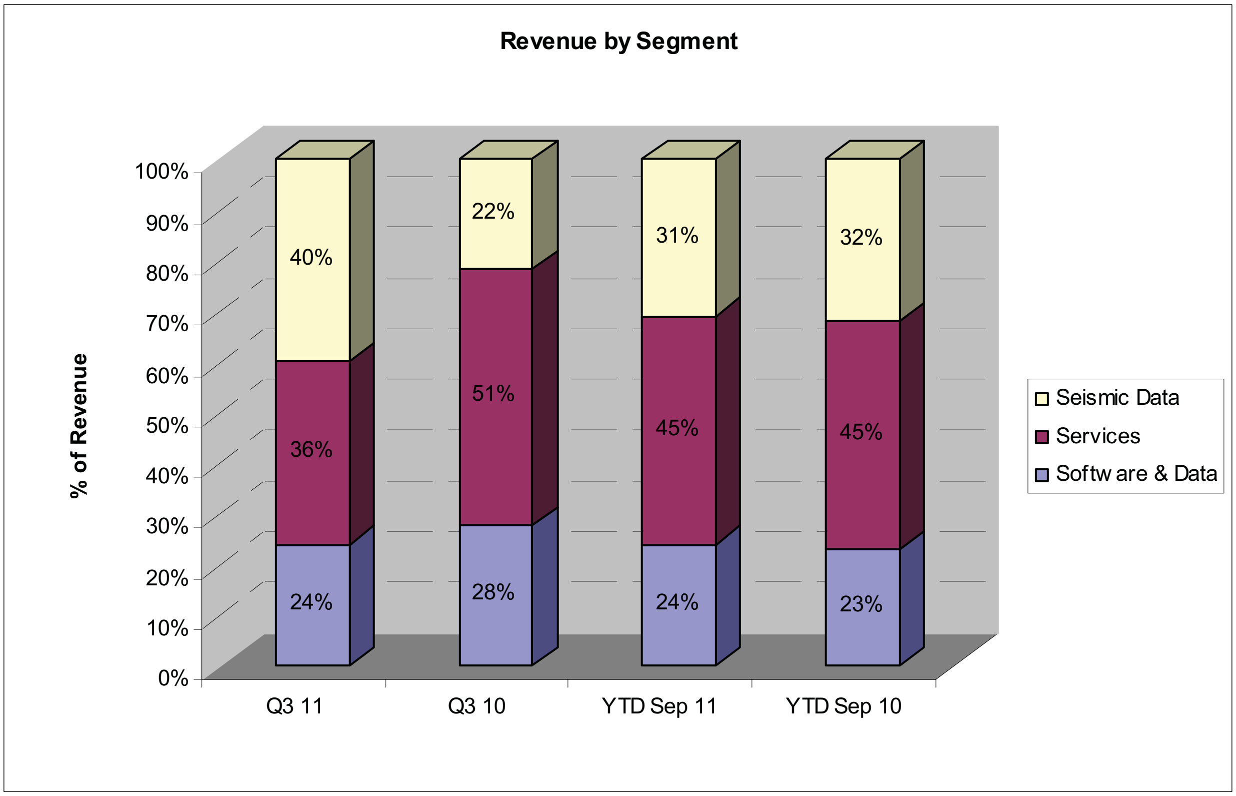
	2011			2010				2009
(Thousands, Except Per Share Amounts)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue (2)	**$ 9,565**	$ 10,637	$ 8,815	$ 8,948	$ 8,516	$ 10,647	$ 12,078	$ 10,268
EBITDA (1) (2)	**1,692**	1,945	(857)	(4,578)	(8,810)	2,406	3,605	122
Operating Income (Loss) (1) (2)	**222**	253	(4,283)	(7,096)	(17,796)	(5,975)	(6,200)	(8,714)
Net Income (Loss) (2)	**255**	235	(4,332)	(7,105)	(49,685)	(4,561)	(4,211)	(7,291)
Per Share - Basic	**0.00**	0.00	(0.06)	(0.15)	(1.18)	(0.11)	(0.10)	(0.17)
Per Share - Diluted	**0.00**	0.00	(0.06)	(0.15)	(1.18)	(0.11)	(0.10)	(0.17)
Funds from Operations (1) (2)	**1,639**	2,067	(869)	(3,389)	(6,294)	2,422	1,938	(47)
Per Share - Basic	**0.03**	0.03	(0.01)	(0.07)	(0.15)	0.06	0.04	0.00
Per Share - Diluted	**0.03**	0.03	(0.01)	(0.07)	(0.15)	0.06	0.04	0.00

(1) *See the Non-GAAP Measures section.*
(2) *Q1, Q2, Q3 and Q4 2010 were restated in accordance with IFRS. Q4 2009 is stated in accordance Canadian GAAP.*

The trend illustrated in the table above is a result of divestments made by Divestco, unanticipated negative regional and global market conditions including a worldwide economic recession in 2009 and for most of 2010, depressed equity and credit markets and low natural gas prices.

RESULTS OF OPERATIONS BY SEGMENT

FINANCIAL SUMMARY BY SEGMENT



For the three months ended September 30, 2011 (Thousands)	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	**$ 2,309**	**$ 3,464**	**$ 3,792**	**$ -**	**$ 9,565**
EBITDA [(1)]	**966**	**122**	**2,942**	**(2,338)**	**1,692**
Finance costs	**-**	**(1)**	**(1)**	**305**	**303**
Depreciation and Amortization	**710**	**241**	**29**	**187**	**1,167**
Operating Income (Loss) [(1)]	**256**	**(118)**	**2,914**	**(2,830)**	**222**

For the three months ended September 30, 2010 (Thousands)	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	$ 2,359	$ 4,319	$ 1,838	$ -	$ 8,516
EBITDA [(1)]	599	290	(2,416)	(7,283)	(8,810)
Finance costs	-	(1)	-	1,234	1,233
Depreciation and Amortization	648	341	6,604	160	7,753
Operating Income (Loss) [(1)]	(49)	(50)	(9,020)	(8,677)	(17,796)

For the nine months ended September 30, 2011 (Thousands)									
		Software & Data		Services		Seismic Data		Corporate & Other	Total
Revenue	$	**6,848**	$	**13,070**	$	**9,099**	$	**-**	$ **29,017**
EBITDA [1]		**2,398**		**2,435**		**6,685**		**(8,738)**	**2,780**
Finance costs		**-**		**(2)**		**(5)**		**514**	**507**
Depreciation and Amortization		**2,747**		**805**		**1,001**		**1,528**	**6,081**
Operating Income (Loss) [1]		**(349)**		**1,632**		**5,689**		**(10,780)**	**(3,808)**

For the nine months ended September 30, 2010 (Thousands)									
		Software & Data		Services		Seismic Data		Corporate & Other	Total
Revenue [2]	$	7,083	$	14,148	$	10,010	$	-	$ 31,241
EBITDA [1]		2,428		2,154		3,897		(11,278)	(2,799)
Finance costs		-		-		-		2,325	2,325
Depreciation and Amortization		2,076		1,244		20,894		633	24,847
Operating Income (Loss) [1], [s]		352		910		(16,997)		(14,236)	(29,971)

[1] *See the Non-GAAP Measures section.*
[2] *Results for the three and nine months ended September 30, 2010 were restated in accordance with IFRS.*

SOFTWARE AND DATA

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	**2010**	**$ Change**	**% Change**	**2011**	**2010**	**$ Change**	**% Change**
Revenue [2]	**$ 2,309**	$ 2,359	$ (50)	-2%	**$ 6,848**	$ 7,083	$ (235)	-3%
EBITDA [1][2]	**966**	599	367	61%	**2,398**	2,428	(30)	-1%
Finance costs	**-**	-	-	N/A	**-**	-	-	N/A
Depreciation and Amortization	**710**	648	62	10%	**2,747**	2,076	671	32%
Operating Income (Loss) [1][2]	**256**	(49)	305	-622%	**(349)**	352	(701)	-199%

[1] *See the Non-GAAP Measures section*
[2] *Results for the three and nine months ended September 30, 2010 were restated in accordance with IFRS.*

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, Software and Data recorded operating income of $256,000, compared with an operating loss of $49,000 in the third quarter of 2010.

The decrease in revenue of $50,000 (2%) was due a decrease in software and support data revenues offset by higher log data revenues. Software development consulting activities (LandRite) were very strong in Q3 which offset weaker recurring revenue across Geophysical and Geological offerings. Support Data experienced cancellations and lower consulting revenue. Log Data continued to see higher digitizing revenue.

The $367,000 (61%) increase in EBITDA was mainly attributable decrease in salaries and benefits of $428,000 (33%) due to lower headcounts offset by higher severance costs. Amortization of deferred development costs increased by $136,000 (35%) due to the completion of projects for which amortization commenced in 2010 while depreciation of property and equipment and intangibles increased by $62,000 (10%).

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, Software and Data recorded an operating loss of $349,000, compared with operating income of $352,000 in the first nine months of 2010.

The decrease in revenue of $235,000 (3%) was due to lower software and support data revenues which were offset by an increase in the log data revenues. Software has seen increased pressure from competitors and has not had the success it had anticipated with the launch of GeoCarta Tools. LandRite continued to improve; expanding its install base and generating significant ongoing consulting revenue. Support Data experienced cancellations and lower consulting revenue. Log Data completed some larger projects and subscriptions increased.

The $30,000 (1%) decrease in EBITDA was mainly attributable to a decrease in revenue and an increase in G&A expenses by $280,000 (55%) due to a royalty adjustment and bad debt expense and an increase in sales and marketing expense of $50,000 (14%). These were offset by a decrease in salaries and benefits of $536,000 (16%) compared to the same period in 2010. Amortization of deferred development costs increased by $906,000 (74%) due to the completion of projects for which amortization commenced in 2010 while depreciation of property and equipment and intangibles increased by $671,000 (32%).

OUTLOOK

In Q3 2011, Divestco began pushing forward with development plans on several key, new projects which are set to introduce new data processing systems, well log viewing and tops picking and modern geophysical products to the market. These efforts represent short, medium and longer term deliverables. The first to enter the market was the new WellViewer module for GeoCarta which was released in October along with the latest upgraded to Divestco's GeoCarta software suite. Also slated for release in Q4 2011, are GeoVista and WinPICS.

Divestco is also pleased with the consistent activity levels seen throughout 2011 in the Log Data division; both in subscription take up, service offerings and opportunities with new customers. The Company hopes to maintain this trend for the remainder of 2011 and into 2012.

SERVICES

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Revenue [2]	**$ 3,464**	$ 4,319	$ (855)	-20%	**$ 13,070**	$ 14,148	$ (1,078)	-8%
EBITDA [1][2]	**122**	290	(168)	-58%	**2,435**	2,154	281	13%
Finance costs	**(1)**	(1)	-	0%	**(2)**	-	(2)	N/A
Depreciation and Amortization	**241**	341	(100)	-29%	**805**	1,244	(439)	-35%
Operating Income (Loss) [1][2]	**(118)**	(50)	(68)	136%	**1,632**	910	722	79%

[1] *See the Non-GAAP Measures section*
[2] *Results for the three and nine months ended September 30, 2010 were restated in accordance with IFRS.*

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, Services recorded an operating loss of $118,000, compared to an operating loss of $50,000 in the third quarter of 2010.

Geomatics revenue in Q3 2011 decreased by $58,000 (6%) compared to Q3 2010 mainly due to continued delays on a project for a large client. Revenue for the processing division decreased by $710,000 (36%) due to a lower volume of work during the summer months and some larger projects in 2010 that did not repeat in 2011. Land management services division revenue was down $56,000 (4%)

due to slower periods in the surface land services area offset by increases in crown, mineral and telecom services revenue related to increase in land sales in Alberta and telecom activity in eastern Canada.

Salaries and benefits decreased by $418,000 (16%) due to reduced headcounts offset by severance costs in Q3 2011. G&A expenses were also lower, decreasing by 233,000 (19%), mainly due to a decrease in occupancy costs and bad debt expense. Amortization and depreciation decreased by $100,000 (29%) due to a reduction in capital spending.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, Services recorded operating income of $1.6 million, compared to operating income of $910,000 in the nine months of 2010.

Geomatics revenue decreased by $252,000 (8%) compared to 2010 as the division continued to be affected by the industry slowdown and delays on a large project. Audit revenues remained comparable to 2010. Processing division revenue decreased by $395,000 (7%) due to a lower volume of work during the summer months, increased competition and some larger projects that did not materialize. Revenue for the land management services division was up $127,000 (8%) due to an increase in crown land services related to a rise in land sales in Alberta over the comparative period offset by a decrease in surface and mineral land services. Due to the sale of the business consulting division in March 2010, revenue in Services decreased by $384,000.

Salaries and benefits decreased by $433,000 (6%) due to lower headcounts offset by severance costs in 2011. G&A expenses were also lower, decreasing by 972,000 (25%) mainly due to a decrease in occupancy costs and the sale of the business consulting division in Q1 2010. Amortization and depreciation decreased by $439,000 (35%) due to a reduction in capital spending.

OUTLOOK

Seismic processing activity levels for Q4 2011 are expected to increase as an earlier trend of previously dormant customers is reversing with these customers becoming active and continuing to bring in new projects. With the division being awarded some large projects, it will require investment in new hardware and software. The new processing software will allow development of new products and services. A large portion of these additional expenditures are expected to be offset by a reduction in overall support costs and higher revenues.

Geomatics expects to see increased activity levels for the Audit group as industry optimism continues to grow. Our new offering of Geomatics Advisory Services (GAS) is beginning to gain traction and we look forward to this being an increasing and sustainable revenue generator. GIS Mapping and Survey Re-Construction/Validation will become a major focus for Geomatics through 2012 and beyond.

For Divestco's Land Management Services division (Cavalier Land), sales volumes are expected to rise due to a few key factors. First, the continued stability of oil prices is expected to lead to increased exploration and production for many clients, and Cavalier is planning to aggressively market and pursue new opportunities in the oil prone areas of the Western Canadian Sedimentary Basin. Second, the hiring of a new Director of Land Services in October 2011 is expected to lead to new clients and revenue opportunities. Third, Cavalier Land continues to focus on growth in the telecommunications and mineral markets. Telecommunications work will continue with a new client acquired in Q1 2011 and is expected to provide the greatest growth for Cavalier Land in late 2011 and early 2012 as there has been an emergence of new providers in the market. Mineral Land Services began work on another large project for a new major oil and gas client in September 2011, which may lead to further revenue opportunities with the company. Mineral Land Services also plans to begin pursuing opportunities in SE Saskatchewan. On the expense side, the division continues to monitor labour and G&A costs very closely. This will continue throughout the year.

SEISMIC DATA

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Revenue (2)	**$ 3,792**	$ 1,838	$ 1,954	106%	**$ 9,099**	$ 10,010	$ (911)	-9%
EBITDA (1)(2)	**2,942**	(2,416)	5,358	-222%	**6,685**	3,897	2,788	72%
Finance costs	**(1)**	-	(1)	N/A	**(5)**	-	(5)	N/A
Depreciation and Amortization	**29**	6,604	(6,575)	-100%	**1,001**	20,894	(19,893)	-95%
Operating Income (Loss) (1)(2)	**2,914**	(9,020)	11,934	-132%	**5,689**	(16,997)	22,686	-133%

(1) *See the Non-GAAP Measures section*
(2) *Results for the three and nine months ended September 30, 2010 were restated in accordance with IFRS*

Seismic Data Library	Balance as at	
	Sep 30, 2011	Dec 31, 2010
2D in Gross KM	**49**	49
2D in Net KM	**49**	49
3D in Gross KM^2	**138**	-
3D in Net KM^2	**138**	-

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, Seismic Data recorded operating income of $2.9 million compared with an operating loss of $9 million in the third quarter of 2010.

Excluding seismic brokerage revenue, seismic data revenue (includes seismic data library sales and participation survey revenue) in Q3 2011 was $3.1 million compared to $1 million in Q3 2010, a $2.1 million increase (208%). Seismic data library revenue decreased by $1 million as a result of the sale of the Company's seismic data library in Q3 2010 and therefore there was no seismic data library in Q3 2011. Participation survey revenue was $3.1 million due to the commencement of a new program in Q2 2011. There was no participation survey revenue in Q3 2010 as no new surveys were being shot. Brokerage revenue was $704,000 in Q3 2011 compared to $836,000 in Q3 2010. The decrease of $132,000 (16%) was due to the loss of data management contracts.

Salaries and benefits decreased by $273,000 (46%) while G&A expenses decreased by $3.1 million (86%) mainly due to a decrease in bad debt expense. Amortization of data libraries decreased by $6.6 million (100%) as compared to Q3 2010 due to the sale of the seismic assets in Q3 2010 which resulted in insignificant amortization in Q3 2011.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, Seismic Data recorded operating income of $5.7 million compared with an operating loss of $17 million during the same period in 2010.

Excluding seismic brokerage revenue, seismic data revenue (includes seismic data library sales and participation survey revenue) for the first nine months of 2011 was $7.2 million compared to $7.8 million in for the same period in 2010, a $0.6 million decrease (8%). Participation survey revenue increased by $6.8 million (2212%) due to the completion of a new program in Q1 2011 and the commencement of a new program in Q2 2011. This was offset by a decrease in seismic data library revenue of $7.4 million (99%) as a result of the sale of the Company's seismic data library in Q3 2010. Therefore there was nominal seismic data library revenue in 2011. There was a small 3D seismic participation survey completed in Q1 2010. Brokerage revenue was $1.9 million during the nine months ended September 30, 2011 compared to $2.2 million for the same period in 2010. The decrease of $0.3 million (13%) was due to large data sales in 2010 that were not repeated in 2011.

Salaries and benefits decreased marginally by 11,000 (2%) while G&A expenses decreased by $284,000 (25%) mainly due to a decrease in seismic data storage costs due to the sale of the seismic database in Q3 2010 of $186,000 (100%) and a decrease in consultant expenses of $157,000 (24%). Amortization of data libraries decreased by $19.9 million (96%) as compared to 2010 due to the sale of the seismic data assets.

OUTLOOK

Divestco commenced the rebuild of its seismic data library in Q4 2010, completing its first survey in Q1 2011 since it disposed of seismic assets in Q3 2010. The Company also commenced a survey of approximately 200km^2 in central Alberta which was completed in Q4 2011. Plans are to commence at least one additional survey in Q4 2011 depending on the level of pre-funding that is secured.

CORPORATE AND OTHER

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Revenue [2]	**$ -**	$ -	$ -	N/A	**$ -**	$ -	$ -	N/A
EBITDA [1][2]	**(2,338)**	(7,283)	4,945	-68%	**(8,738)**	(11,278)	2,540	-23%
Finance costs	**305**	1,234	(929)	-75%	**514**	2,325	(1,811)	-78%
Depreciation and Amortization	**187**	160	27	17%	**1,528**	633	895	141%
Operating Income (Loss) [1][2]	**(2,830)**	(8,677)	5,847	-67%	**(10,780)**	(14,236)	3,456	-24%

(1) *See the Non-GAAP Measures section*
(2) *Results for the three and nine months ended September 30, 2010 were restated in accordance with IFRS.*

Q3 2011 VERSUS Q3 2010

Salaries and benefits decreased by $874,000 (52%) mainly due to reduced headcounts. G&A expenses decreased by $4 million (79%) mainly due to a sublease loss provision of $2.1 million that was recognized in Q3 2010, a reduction in occupancy costs of $1.1 million, $0.4 million decrease in stock based compensation expense and $0.4 million decrease in the general bad debt provision. Interest expense decreased by $929,000 (75%) as the Company repaid a significant portion of its debt in Q3 2010 with its seismic sale proceeds. Amortization increased by $27,000 (17%) due to leasehold improvements.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

Salaries and benefits decreased by $474,000 (13%) mainly due reduced headcounts offset by higher severance costs. G&A expenses decreased by $2.5 million (35%) mainly due to sublease loss provision recognized in Q3 2010 offset by an increase in occupancy costs due to the Company paying rent on multiple leased office premises. The double rent payments ceased in August 2011. Interest expense decreased by $1.8 million (78%) as the Company repaid a significant portion of its debt in Q3 2010 with its seismic sale proceeds. Amortization increased by $896,000 (142%) due to a net impairment recorded on leasehold improvements related to the floors the Company intends to sublease to a third party.

OUTLOOK

Divestco continues to reduce its corporate overhead costs. In March 2011, the Company finalized an agreement whereby the lease of two floors of space in its current office premises were assumed by another company. The economic benefit of this transaction will start to be realized in Q4 2011 and will amount to an annual savings of $2 million. Management is actively looking for additional subleasing opportunities.

DEPRECIATION AND AMORTIZATION

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Depreciation and Amortization	**$ 1,167**	$ 7,753	$ (6,586)	-85%	**$ 6,081**	$ 24,847	$ (18,766)	-76%

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, depreciation and amortization was $1.2 million, compared with $7.8 million in the third quarter of 2010, a decrease of $6.6 million (85%). Amortization of deferred development costs increased by $111,000 (22%) due to certain projects being completed and the amortization commencing on these in 2010. Amortization of data libraries decreased by $6.6 million (98%) due to the sale of the Company's seismic assets in Q3 2010. Amortization of property and equipment (PP&E) and intangibles decreased slightly due to a reduction in capital expenditures and a significant portion of leaseholds being amortized in the prior quarter.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, depreciation and amortization was $6.1 million, compared with $24.8 million during the same period in 2010, a decrease of $18.8 million (76%). Amortization of deferred development costs increased by $868,000 (53%) due to certain projects being completed and the amortization commencing on these in 2010. Amortization of data libraries decreased by $19.9 million (94%) due to the sale of the Company's seismic assets in Q3 2010. Amortization of property and equipment (PP&E) and intangibles increased by $299,000 (14%) after recording a $1.3 million impairment on leasehold improvements (net of tenant inducements) related to office space the Company does not intend to occupy, which was offset by a decrease in computer equipment depreciation.

FINANCE COSTS

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	**2011**	2010	$ Change	% Change	**2011**	2010	$ Change	% Change
Interest on bank indebtedness and long term debt obligations (net of interest received)	**$ 250**	$ 870	$ (620)	-71%	**$ 391**	$ 1,847	$ (1,456)	-79%
Amortizaiton of deferred finance charges	**38**	363	(325)	-90%	**64**	478	(414)	-87%
Accretion of sublease loss	**15**	-	15	N/A	**52**	-	52	N/A
Finance Costs	**$ 303**	$ 1,233	$ (930)	-75%	**$ 507**	$ 2,325	$ (1,818)	-78%

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, finance costs were $303,000, compared with $1.2 million in the third quarter of 2010, a decrease of $930,000 (75%). Interest expense and amortization of deferred finance charges decreased due to lower debt loads being carried by the Company. There was no accretion of sublease loss in Q3 2010.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, finance costs were $507,000, compared with $2.3 million for the same period in 2010, a decrease of $1.8 million (78%). Interest expense and amortization of deferred finance charges decreased due to lower debt loads being carried by the Company. There was no accretion of sublease loss for the same period in 2010.

INCOME TAXES

	Three months ended Sep 30				Nine months ended Sep 30			
(Thousands)	2011	2010	$ Change	% Change	2011	2010	$ Change	% Change
Current (Recovery)	(4)	(33)	29	-88%	61	(112)	173	-154%
Deferred (Reduction)	-	(9,578)	9,578	-100%	-	(12,808)	12,808	-100%
Income Taxes (Benefit)	$ (4)	$ (9,611)	$ 9,607	-100%	$ 61	$ (12,920)	$ 12,981	-100%

Q3 2011 VERSUS Q3 2010

In the third quarter of 2011, Divestco recorded a current tax recovery of $4,000. No deferred tax provision was recorded as the Company has not recognized any benefit associated with its tax pools as it is not probable that the asset will be realized.

NINE MONTHS ENDED SEPTEMBER 30, 2011 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2010

In the first nine months of 2011, Divestco recorded a current tax provision of $61,000. No deferred tax provision was recorded as the Company has not recognized any benefit associated with its tax pools as it is not probable that the asset will be realized.

TAX POOLS

As at September 30, 2011 there were $41 million in Federal and $26 million in Alberta non-capital loss carry-forwards ($2.7 million was assumed through various acquisitions in 2007) which begin to expire in 2027. In addition the Company has $1.6 million in federal scientific research and experimental development investment tax credits to reduce taxes payable in the future which expire in 2029.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Financial Position	Balance as at	
(Thousands, except as otherwise indicated)	Sep 30, 2011	Dec 31, 2010
Current Assets	$ 12,048	$ 15,994
Current Liabilities [(1)]	12,860	12,395
Working Capital (Deficiency)	(812)	3,599
Funded Debt [(2)]	8,381	2,606
Shareholders' Equity	14,462	18,070
Funded Debt to Equity [(3)] - %	58%	14%

[(1)] Excludes deferred revenue
[(2)] Current and long-term portion of debt obligations
[(3)] Funded debt divided by shareholders' equity

WORKING CAPITAL

Divestco had negative working capital of $0.8 million (excluding deferred revenue of $2.6 million) as at September 30, 2011, compared to positive working capital of $3.6 million (excluding deferred revenue of $2.7 million) as at December 31, 2010

The decrease in working capital from the end of 2010 was mainly due to the funds required for the build-out of the Company's new office premises (net of tenant inducements), covering double-rent costs and a portion of the long-term debt obligations becoming current. Accounts receivable were lower due to a decrease in revenue. This was partially offset by a decrease in accounts payable due to a portion of the funds received from the bridge loan being used to pay vendor accounts.

While the Company has focused on the collection of its receivables, especially those that are greater than 90 days old, the Company records an allowance for doubtful accounts of 20% of balances over 120 days old. Where there are indications that legal action may be required to collect an overdue account, settlement could be further delayed.

To mitigate further economic pressure the Company remains committed to limiting capital expenditures unless they are well funded (mainly seismic participation surveys) and implemented further cost-cutting measures to reduce aggregate corporate overhead and labour costs.

Divestco's debt summary at September 30, 2011:

	Balance as at January 1, 2011	Payments (Advances)	Balance as at September 30, 2011	Expected advances (payments)	Forecasted balance as at December 31, 2011
Operating Line [(1)]	2,050	1,050	3,100	-	3,100
Bridge Loan [(2)]	-	5,000	5,000	-	5,000
Capital Leases [(2)]	556	(86)	470	(191)	279
Loan from related parties [(3)]	-	-	-	500	500
	2,606	5,964	8,570	309	8,879

[(1)] Included in bank indebtedness on the consolidated balance sheets
[(2)] Included in long-term debt obligations on the consolidated balance sheets
[(3)] Unsecured loan received from two directors in October 2011

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. Such accruals are based on information known about the matters, the Company's estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. None of the actions against the Company 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 significantly from management's estimate.

As outlined in the Seismic Data Purchase Agreement incorporated by reference in the August 26, 2010 Information Circular and filed on SEDAR, Divestco retained the right to litigate and retain in whole or in part the proceeds of certain past breaches with respect to certain of the disposed seismic assets. Divestco relies on a combination of patent, copyright, trademark and trade secret laws, confidentiality agreements, contractual provisions and other measures to protect its own proprietary information. Despite Divestco's efforts to protect its proprietary rights, unauthorized parties may or have attempted to copy aspects of its technology or to obtain and use information that Divestco regards as proprietary such as its current and past seismic data library. In an effort to protect the Company's seismic data asset both past and present, Divestco has commenced (or is contemplating) legal action(s) against companies for breaches of its license agreement(s), copyright and duty of confidentiality for unauthorized sharing of its proprietary seismic data with third parties and will continue to enforce its proprietary rights using all methods at its disposal. These actions commenced or contemplated could have a material financial impact to the Company. Given the nuances it is difficult to quantify the timing or potential financial impact of any legal action commenced or contemplated.

SELECTED CASH FLOW ITEMS

Nine Months Ended September 30	2011	2010
(Thousands)		
Operating Activities		
Funds from Operations [1]	$ 2,837	$ (1,934)
Changes in Non-Cash Working Capital Balances	2,292	14,759
Changes in long-term prepaid expense	-	238
Interest Paid	(391)	(1,698)
Income Taxes Refunded	352	260
Cash Flows From Operating Activities	5,090	11,625
Financing Activities		
Bank Indebtedness	1,050	-
Long-Term Debt Obligations	4,679	(30,706)
Issue of Common Shares (net of related costs)	99	728
Other - Net	(153)	(50)
Cash Flows From (Used in) Financing Activities	5,675	(30,028)
Investing Activities		
Acquisition of Data Libraries	(2,465)	(2,196)
Surveys in Progress	(4,610)	2,134
Additions to Property, Plant and Equipment	(5,562)	(699)
Additions to Tenant Inducements	3,424	-
Decrease in Sublease Loss	(488)	-
Acquisitions	(29)	-
Proceeds on sale of data libraries	-	54,436
Proceeds on sale of Property and Equipment	-	93
Deferred Development Costs	(1,883)	(2,040)
Changes in Non-Cash Working Capital Balances	(1,759)	(11,608)
Cash Flows From (Used in) Investing Activities	(13,372)	40,120
Change in Cash	$ (2,607)	$ 21,717

[1] *See the Non-GAAP Measures section.*

OPERATING ACTIVITIES

In Q3 2011, funds from operations were $1.6 million ($0.03/share (basic and diluted)), compared with funds used in operations of $6.3 million ($0.15 /share (basic and diluted) in Q3 2010. The increase was mainly due to an increase in revenue and a reduction of G&A expenses.

For the first nine months of 2011, funds from operations were $2.8 million ($0.05/share (basic and diluted)) compared to funds used in operations $1.9 million ($0.05/share (basic and diluted)) for the same period in 2010. The increase was mainly due to a $3.3 million (14%) decrease in G&A expenses partially offset by a decrease in revenue.

FINANCING ACTIVITIES

In Q3 2011, the Company increased the outstanding balance on its revolving credit facility by $1.1 million from the end of 2010. The facility is subject to the Company meeting certain debt covenants as follows: (a) current ratio cannot fall below 0.90:1 for Q2 2011 to Q3 2011, 1.00:1 for Q4 2011 and 1:25:1 thereafter; and (b) debt service coverage ratio cannot fall below 2.25:1 (applies to Q2 2011 onwards). As at September 30, 2011, the Company was not in violation of its debt covenants.

In May 2011, the Company secured a $5 million subordinate bridge loan with $2 million of the loan proceeds being provided by two directors in accordance with a condition of the financing. Payments are interest only until January 2012, at which time $150,000 monthly principal payments commence. The security for the loan is a $6.25 million demand debenture providing a second floating charge security over all personal and real property assets of the Company and a negative pledge and undertaking to provide fixed charges on the Company's corporate assets at the request of the lender. The loan has a maturity date of April 30, 2013 with a balloon payment of $2 million due at that time. As at September 30, 2011, the loan was fully drawn and was subject to the Company meeting certain debt covenants as follows: current ratio cannot fall below 0.90:1 for Q1, Q2 and Q3 2011, 1.00:1 for Q4 2011 and 1.25:1 thereafter; funded debt to equity ratio cannot exceed 2.00:1; and debt service coverage ratio cannot fall below 2.25:1. As at September 30, 2011, the Company was not in violation of any of its debt covenants.

On November 1, 2011, the loan agreement was amended to postpone $60,000 in monthly principal payments until May 2013. These were the payments related to the $2 million portion of the loan provided by the two directors. As a result, the balloon payment due on April 30, 2013 will be reduced to $1.6 million. Principal payments to the directors of $60,000 per month will commence on May 1, 2013 until December 2013 with a balloon payment of $800,000 due on December 31, 2014.

On January 10, 2011, the Company closed a private placement whereby it sold 454,546 Units at a price of $0.22 per Unit for gross proceeds of $100,000. Each Unit was comprised of one Class A share of Divestco (the "Share") and one non-transferable share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one Share on or before December 31, 2012 at an exercise price of $0.32 per Share. The shares and the warrants, and any shares issued on exercise of the warrants are subject to a hold period under applicable Canadian securities laws and polices of the TSX Venture Exchange.

INVESTING ACTIVITIES

During Q3 2011, Divestco acquired $140,000 of property, plant and equipment mainly related to computer hardware purchases. A further $3.4 million was incurred in acquiring two 3D seismic surveys; one of which commenced in Q2 2011 and covers an area of approximately 200 km^2 and the other commenced in Q3 211 which covering an area of approximately 17 km^2. Both surveys were completed in October 2011.

During the first nine months of 2011, Divestco acquired $5.6 million of property, plant and equipment (excluding $235,000 in equipment acquired under finance leases) mainly related to the build-out costs for the Company's new office space and received $3.4 million in tenant inducements. In addition, the Company completed a 71 km^2 3D seismic survey for $2.3 million, completed field work on a $5.7 million 3D survey that covers an area of approximately 200 km^2 and commenced a 3D survey which covers an area of approximately 17 km^2 at cost of approximately $380,000. The Company also signed an agreement in Q4 2010 whereby in exchange for a license to the seismic survey it completed in Q1 2011, it obtained the ownership rights to an existing 3D survey covering an area of 66 km^2. No revenue or costs were recognized as the net cash paid/received was zero.

OUTSTANDING SHARE DATA

Divestco's Class A common shares are listed on the TSX Venture Exchange (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)		
	Nov 23, 2011	Sep 30, 2011	Dec 31, 2010
Class A shares			
Outstanding	59,916	59,903	58,938
Weighted Average Outstanding			
Basic and diluted - YTD [(1)]		59,535	42,601
Basic and diluted - QTR [(1)]		59,785	44,491
Stock Options			
Outstanding	3,052	3,073	907
Exercise Price Range	\$0.17 to \$3.68	\$0.17 to \$3.68	\$0.68 to \$6.10
Performance Share Units			
Outstanding	900	900	-
Share Purchase Warrants			
Outstanding	16,280	16,280	15,825
Exercise Price	\$0.32	\$0.32	\$0.32

[(1)] In computing diluted net (income) loss per share, no shares were added in Q3 2011 or for the nine months ended September 30, 2011 to the weighted average number of Class A common shares outstanding for the dilution from the stock options and warrants as they were out of money. As there was net loss for the same periods in 2010, the options were anti-dilutive.

PRIVATE PLACEMENT

On January 10, 2011, the Company closed a private placement whereby it sold 454,546 Units at a price of \$0.22 per Unit for gross proceeds of \$100,000. Each Unit was comprised of one Class A share of Divestco (the “Share”) and one non-transferable share purchase warrant (the “Warrant”). Each Warrant entitles the holder to purchase one Share on or before December 31, 2012 at an exercise price of \$0.32 per Share. The shares and the warrants, and any shares issued on exercise of the warrants are subject to a hold period under applicable Canadian securities laws and polices of the TSX Venture Exchange.

LONG SERVICE AWARDS

On May 1, 2011, the Company adopted a plan whereby 5 and 10-year service awards (“Service Awards”) are issued to 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 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 nine months ended September 30, 2011, 269,312 shares were issued. From October 1, 2011 to November 23, 2011, 12,500 shares were issued.

EMPLOYEE STOCK PURCHASE PLAN

The Company’s employee stock ownership plan (“ESOP”) allows each employee to contribute up to 25% of their regular salary towards the purchase of Divestco shares. The Company matches the employee’s contribution through a combination of cash and Class A shares issued from treasury up to 4.5% of their monthly regular salary to a maximum of \$450 per month. All cash contributions are used to purchase Class A common shares through the facilities of the TSX-V and all shares contributions are issued from treasury. The value of the Company’s contribution is included in salaries and benefits in the consolidated statements of loss and comprehensive loss. During the nine months ended September 30, 2011, 131,366 shares were issued. From October 1, 2011 to November 23, 2011, no shares were issued as the contributions were all in cash.

STOCK OPTIONS

As at September 30, 2011, there were 5,939,232 Class A common shares reserved for grants of stock options combined with all other forms of stock-based compensation.

During the nine months ended September 30, 2011:
- 2,585,000 options were granted at an excise price of $0.165 including 1,650,000 to Directors and officers
- 418,738 options were forfeited with exercise prices ranging from $0.68 to $6.10

From October 1, 2011 to November 23, 2011:
- 20,900 options were forfeited with exercise prices ranging from $0.17 to $3.55.

PERFORMANCE SHARE UNITS

On May 19, 2011, the Company's shareholders approved the establishment of a Performance Share Unit ("PSU") Plan (the "PSU Plan"). Each PSU awarded conditionally entitles the eligible unit holder to the delivery of one Class A common share of the Company upon attainment of the PSUs non-market performance vesting conditions approved by Board of Directors. As the Company will settle these obligations with Class A common shares, it has classified these awards as equity in the consolidated statement of financial position. These PSUs vest if the performance conditions for the current fiscal year are met.

The aggregate number of Class A common shares reserved for issuance upon the vesting of all PSUs granted under the PSU plan will not exceed 1,188,000, being 2% of the issued and outstanding Class A common shares of the Corporation as of April 13, 2011, the date of Board approval of the Plan. For any one insider a maximum of 594,000 Class A common shares, being 1% of the issued and outstanding Class A common shares of the Corporation as of the date the plan was approved by the Board. Compensation expense related to the PSUs will be accrued over the term of the performance period based on the expected total compensation to be paid out at the end of the performance period. On July 27, 2011, 900,000 PSUs were granted to directors, officers and employees and $25,000 was recorded as stock based compensation expense for the nine months September 30, 2011. As at September 30, 2011, 900,000 performance share units were outstanding of which none were vested.

RELATED PARTY TRANSACTIONS

Divestco had the following related party transactions for the nine months ended September 30, 2011:

- On May 4, 2011, the Company secured a $5 million subordinate bridge loan with $2 million of the loan proceeds being provided by two directors in accordance with a condition of the financing.

- During the nine months ended September 30, 2011 the Company incurred $143,000 (September 30, 2010 - $221,000) in seismic consulting fees and brokerage commissions from a company controlled by a director. Included in accounts payable as at September 30, 2011 was $132,000 (December 31, 2010 - $147,000) related to these commissions.
- During the nine months ended September 30, 2011, the Company incurred $267,000 (September 30, 2010 - $378,000) in legal fees from the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at September 30, 2011 was $31,000 (December 31, 2010 - $74,000) related to these legal fees.

On October 26, 2011, the Company received $500,000 as an unsecured loan from two of its Directors. The loan bears interest at 10% per annum and repayment is interest only until December 2013. Principal payments commence in January 2013 with the final payment due in December 2016.

All related party transactions are in the normal course of operations and have been measured at the 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

Significant items subject to such estimates and assumptions include the useful life and recoverable amount of the intangibles assets, including data libraries, proprietary software and code, deferred development costs as well as the stage of completion of participation surveys in progress and valuation allowances for accounts receivable and deferred income taxes. Actual results could differ from those estimates.

The cost associated with purchasing or creating the seismic data library is 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.

ACCOUNTING POLICIES

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has prepared the interim consolidated financial statements for the three and nine months ended September 30, 2011, and the comparative information for the three and nine months ended September 30, 2010, in accordance with International Financial Reporting Standard 1, "First-time Adoption of International Financial Reporting Standards", and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the IASB. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian GAAP, or previous GAAP. The adoption of IFRS has not had an impact on the Company's operations and strategic decisions.

The Company's IFRS accounting policies are provided in Note 4 to the condensed interim consolidated financial statements for the three months ended March 31, 2011. In addition, Note 17 to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2011 presents reconciliations between the Company's 2010 previous GAAP results and the 2010 IFRS results. The reconciliations include a consolidated statement of financial position as at September 30, 2010 and consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2010.

Accounting Policy Changes

The Company's MD&A for the three months ended March 31, 2011 includes a detailed explanation of the significant differences between and changes to the Company's previous GAAP accounting policies and those applied by the Company under IFRS. IFRS policies have been consistently and retrospectively applied except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon transition to IFRS for first-time adopters.

NEW IFRS PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended September 30, 2011, and have not been applied in preparing these consolidated financial statements

Joint Arrangements and Off Balance Sheet Activities

In May 2011, the IASB issued the following new and amended standards:

- IFRS 10, "Consolidated Financial Statements" ("IFRS 10") replaces IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27") and Standing Interpretations Committee ("SIC") 12, "Consolidation – Special Purpose Entities". IFRS 10 revises the definition of control and focuses on the need to have power and variable returns for control to be present. IFRS 10 provides guidance on participating and protective rights and also addresses the notion of "de facto" control. It also includes guidance related to an investor with decision making rights to determine if it is acting as a principal or agent.

- IFRS 11, "Joint Arrangements" ("IFRS 11") replaces IAS 31, "Interest in Joint Ventures" ("IAS 31") and SIC 13, "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 defines a joint arrangement as an arrangement where two or more parties have joint control. A joint arrangement is classified as either a "joint operation" or a "joint venture" depending on the facts and circumstances. A joint operation is a joint arrangement where the parties that have joint control have rights to the assets and obligations for the liabilities, related to the arrangement. A joint operator accounts for its share of the assets, liabilities, revenues and expenses of the joint arrangement. A joint venturer has the rights to the net assets of the arrangement and accounts for the arrangement as an investment using the equity method.

- IFRS 12, "Disclosure of Interest in Other Entities" ("IFRS 12") replaces the disclosure requirements previously included in IAS 27, IAS 31, and IAS 28, "Investments in Associates". It sets out the extensive disclosure requirements relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements.

- IAS 28, "Investments in Associates and Joint Ventures" has been amended to conform to the changes made in IFRS 10 and IFRS 11.

The above standards are effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted, providing the five standards are adopted concurrently. The Company is currently evaluating the impact of adopting these standards on its financial statements.

The IASB also issued "Presentation of Items of Other Comprehensive Income", an amendment to IAS 1 "Financial Statement Presentation". The amendment addresses the presentation of other comprehensive income and requires the grouping of items within other comprehensive income that might eventually be reclassified to the profit and loss section of the income statement. The change becomes effective for financial years after July 1, 2012 with earlier adoption permitted.

The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13") which provides a consistent and less complex definition of fair value, establishes a single source for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and applies prospectively from the beginning of the annual period in which the standard is adopted. Early adoption is permitted. The Company is currently evaluating the impact of adopting IFRS 13 on its financial statements.

Financial Instruments

IFRS 9, “Financial instruments” (“IFRS 9”) was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. There is currently an exposure draft that proposes the effective date of IFRS 9 to annual periods beginning on after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

Revenue Recognition

The International Accounting Standards Board (IASB) has issued an exposure draft for a new standard on revenue from customers that would replace IAS 11 “Construction Contracts” and IAS 18 “Revenue and Related Interpretations”. A final standard was expected in the second quarter of 2011; however, given the importance of revenue numbers, in the third quarter of 2011 the IASB decided to re-expose the proposals for a comment period of 120 days.

The new guidance may represent a substantial change from existing IFRS. The original exposure draft proposed a single revenue recognition model in which revenue is recognized when an entity satisfies a performance obligation by transferring a promised good or service to a customer. The proposals also include the withdrawal of the percentage-of-completion method currently used by Divestco to account for its participation survey revenue.

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). These controls and procedures ensure that material information relating to the Company is communicated to them by others in the organization as it becomes known, and that the information 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, 2010, 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’ National 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.

The CEO and CFO have concluded, based on their evaluation as of the end of the period covered by the interim filing, that Divestco’s disclosure controls and procedures during Q3 2011 are effective to provide reasonable assurance that material information related to Divestco, including its subsidiaries, is made known to them by others within those entities.

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. The Company used the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) framework to evaluate the effectiveness of its internal control over financial reporting. Divestco evaluated the effectiveness of its controls and procedures over financial reporting (as defined under National Instrument 52-109) for the year ended December 31, 2010. This evaluation was performed under the supervision of the CEO and the CFO, with the assistance of other Divestco employees. Based on this evaluation, the CEO and the CFO concluded that the effectiveness of these internal controls and procedures provided reasonable assurance regarding the reliability of financial reporting and that there are no material weaknesses in Divestco’s internal control over financial reporting that have been identified by management for the year ended December 31, 2010.

There were no changes in Divestco’s internal control over financial reporting that occurred during the nine months ended September 30, 2011, that have materially affected, or are reasonably likely to materially affect, Divestco’s internal control over financial reporting.

CORPORATE INFORMATION

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

[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
Lonn Hornsby – Senior VP Operations – Divestco Seismic
Danny Chiarastella – VP Finance
Mathew Hepton – VP Software Development

CORPORATE SECRETARY
Faralee A. Chanin

STOCK EXCHANGE LISTING
TSX-V: DVT

REGISTRAR AND TRANSFER AGENT
Canadian Stock Transfer Company Inc.

AUDITORS
KPMG LLP

LEGAL COUNSEL
Field LLP

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Divestco Inc.
Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2011
(Unaudited)

Contents

Financial Statements

Divestco Inc.
Condensed Consolidated Interim Statement of Financial Position

As at	September 30, 2011	December 31, 2010
(Thousands - Unaudited)		
Assets		
Current Assets		
Cash	$ 1,089	$ 3,696
Funds held in trust	16	15
Accounts receivable	10,744	11,759
Prepaid expenses, supplies and deposits	149	237
Income taxes receivable	50	287
	12,048	15,994
Investment in affiliated company	150	100
Participation surveys in progress	5,863	1,253
Property and equipment (Note 6)	5,619	3,026
Intangible assets (Note 7)	14,589	14,611
	$ 38,269	$ 34,984
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness (Note 8)	$ 3,100	$ 2,050
Accounts payable and accrued liabilities	7,193	8,248
Deferred revenue	2,628	2,710
Current loss on sublease loss provision (Note 13)	972	1,729
Current portion of long-term debt obligations (Note 9)	1,446	368
Current portion of tenant inducement (Note 13)	149	-
	15,488	15,105
Deferred rent obligations (Note 13)	1,205	-
Long-term debt obligations (Note 9)	3,835	188
Sublease loss provision (Note 13)	1,334	1,621
Tenant Inducements (Note13)	1,845	-
Other long-term liabilities (Note 9(b))	100	-
	23,807	16,914
Shareholders' Equity		
Equity instruments	75,433	75,253
Contributed surplus	5,644	5,590
Deficit	(66,615)	(62,773)
	14,462	18,070
Future operations (Note 2)		
Contingencies (Note 16)		
Subsequent event (Note 18)		
	$ 38,269	$ 34,984

See notes to condensed interim consolidated financial statements.

Divestco Inc.
Condensed Consolidated Interim Statement of Income (Loss) and Comprehensive Income (Loss)

	Three months ended September		Nine months ended September	
(Thousands, Except Per Share Amounts - Unaudited)	**2011**	2010	**2011**	2010
Revenue	**$ 9,565**	$ 8,516	**$ 29,017**	$ 31,241
Operating expenses				
Salaries and benefits	**4,231**	6,276	**14,497**	16,224
General and administrative	**3,588**	8,513	**11,686**	15,159
Sublease loss (Note 16)	**-**	2,107	**-**	2,107
Share based payments	**54**	430	**54**	550
	7,873	17,326	**26,237**	34,040
Finance costs	**303**	1,233	**507**	2,325
Depreciation and amortization	**1,167**	7,753	**6,081**	24,847
Other loss (income)	**(29)**	41,500	**(27)**	41,406
Income (loss) before income taxes	**251**	(59,296)	**(3,781)**	(71,377)
Income taxes				
Current (recovery)	**(4)**	(33)	**61**	(112)
Deferred (benefit)	**-**	(9,578)	**-**	(12,808)
	(4)	(9,611)	**61**	(12,920)
Net income (loss) and comprehensive income (loss) for the period	**$ 255**	$ (49,685)	**$ (3,842)**	$ (58,457)
Net income (loss) per share (Note 10(d))				
Basic and Diluted	**$ -**	$ (1.18)	**$ (0.06)**	$ (1.39)

See notes to condensed interim consolidated financial statements.

Divestco Inc.
Condensed Consolidated Interim Statement of Changes in Equity

(Thousands - Unaudited)	Number of Shares Issued	Share Capital	Number of Warrants Issued	Warrants	Equity Instruments	Contributed Surplus	Equity portion of convertible debentures	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2010	41,958	$ 70,518	-	$ -	$ 70,518	$ 5,562	$ 56	$ 31,411	$ 107,547
Net loss and comprehensive loss for the period								(58,457)	(58,457)
Distribution of Pulse shares to Divestco shareholders								(19,999)	(19,999)
Transactions with owners, recorded in equity contributions by and distributions to owners:									
Issue of Class A common shares	1,155	728			728				728
Reclassification on exercise of stock options		555			555	(555)			-
Reclassification on repayment of convertible debentures						56	(56)		-
Share-based payment transactions						550			550
Balance at September 30, 2010	43,113	$ 71,801	-	$ -	$ 71,801	$ 5,613	$ -	$ (47,045)	$ 30,369
Balance at January 1, 2011	58,938	$ 73,445	15,825	$ 1,808	$ 75,253	$ 5,590	$ -	$ (62,773)	$ 18,070
Net loss and comprehensive loss for the period								(3,842)	(3,842)
Transactions with owners, recorded in equity contributions by and distributions to owners:									
Issue of Class A common shares	965	129	455	52	181				181
Share-based payment transactions						54			54
Share issue costs		(1)			(1)				(1)
Balance at September 30, 2011	**59,903**	**$ 73,573**	**16,280**	**$ 1,860**	**$ 75,433**	**$ 5,644**	**$ -**	**$ (66,615)**	**$ 14,462**

See notes to condensed interim consolidated financial statements.

Divestco Inc.
Condensed Consolidated Interim Statement of Cash Flows

For the nine months ended September 30	2011	2010
(Thousands - Unaudited))		
Cash flows from operating activities		
Net loss for the period	$ (3,842)	$ (58,457)
Items not affecting cash:		
Equity investment gain	(21)	(15)
Depreciation and amortization	6,081	24,847
Sublease loss (Note 13)	(607)	2,107
Amortization of tenant inducements	(113)	-
Deferred rent obligations	638	-
Income taxes	61	(12,920)
Data exchanges	-	(1,775)
Loss on sale of data libraries	-	41,496
Gain on sale of property and equipment	-	(90)
Unrealized foreign exchange loss	(2)	(3)
Non-cash employment benefits (Note 11(c))	81	-
Share based payments	54	551
Finance costs	507	2,325
	2,837	(1,934)
Changes in non-cash working capital balances (Note 12)	2,292	14,759
Changes in long-term prepaid expense	-	238
Interest paid	(391)	(1,698)
Income taxes refunded	352	260
	5,090	11,625
Cash flows from (used in) financing activities		
Bank indebtedness	1,050	-
Issue of common shares (net of related costs)	99	728
Repayment of long-term debt obligations	(321)	(28,691)
Repayment of debentures	-	(3,750)
Deferred financing costs	(153)	(50)
Proceeds received from long-term debt obligations (net of committed revolver repayments)	5,000	1,735
	5,675	(30,028)
Cash flows from (used in) investing activities		
Additions to intangible assets	(2,465)	(2,196)
Decrease (increase) in participation surveys in progress	(4,610)	2,134
Purchase of property and equipment	(5,562)	(699)
Additions to tenant inducements	3,424	-
Payment made on sublease loss provision	(488)	-
Investment in affiliates	(29)	-
Proceeds on sale of data libraries	-	54,436
Proceeds on sale of property and equipment	-	93
Deferred development costs	(1,883)	(2,040)
Changes in non-cash working capital balances (Note 12)	(1,759)	(11,608)
	(13,372)	40,120
Increase (decrease) in cash	(2,607)	21,717
Cash, beginning of period	3,696	768
Cash, end of period	$ 1,089	$ 22,485

See notes to condensed interim consolidated financial statements.

1. Reporting Entity

Divestco Inc. ("Divestco" or the "Company") is incorporated under the Business Corporations Act of Alberta and is a publicly traded company on the TSX Venture Exchange (TSX-V) under the symbol DVT. The Company 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 three operating segments which include: Software and Data, Services and Seismic Data. The Corporate and Other segment provides support services to the operating segments.

2. Future Operations

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

The Company had negative working capital of $0.8 million excluding deferred revenue of $2.6 million at September 30, 2011. For the nine months ended September 30, 2011, the Company incurred a net loss of $3.8 million and had cash flows from operating activities of $5.1 million. The net loss included occupancy costs related to the Company's existing office space leases and its new office space lease which commenced on May 1, 2010. The double rent obligations ceased in August 2011. In March 2011, the Company entered into an agreement whereby two floors of space in its current office premises were assumed by a new tenant. This amounts to approximately $2 million in annual cost savings starting in 2012. Management is actively looking for additional subleasing opportunities.

To fund capital expenditures, management secured a new $5 million subordinated demand bridge loan in May 2011 which matures on April 30, 2013 (Note 9). The loan was fully drawn as at September 30, 2011. For working capital purposes, the Company has a $5 million operating line which had $1.9 million of availability as at September 30, 2011. In October 2011, the Company received $500,000 as an unsecured loan from two of its Directors (Note 18) to fund capital purchases.

There is substantial doubt as to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the continued support of the Company's lenders as well as the Company's ability to obtain other financing to fund its operations until the Company is in a position where it is generating positive net future cash flows and profitability. The Company believes that it will be able to meet its cash flow requirements in the near term, however, the outcome of the actions and events described above cannot be predicted at this time.

These condensed interim 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. Therefore the Company may be required to realize its assets and discharge its liabilities in other than the normal course of business at amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

3. Basis of Presentation

(a) Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared by management in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. The Company's significant accounting policies under IFRS are presented in Note 4 of the Company's condensed interim consolidated financial statements as at and for the three months ended March 31, 2011. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1. An explanation of how the transition to IFRS has affected the reported financial position of the Company is provided in Note 17.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Audit Committee on November 23, 2011.

(a) Basis of measurement

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

(b) Presentation currency

These consolidated financial statements are presented in Canadian dollars.

(c) Use of estimates and judgments

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 and contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed annually at a minimum as required by IFRS. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the useful life and recoverable amount of the intangibles assets, including data libraries, proprietary software and code, deferred development costs as well as the stage of completion of participation surveys in progress and valuation allowances for accounts receivable and deferred income taxes. Actual results could differ from those estimates.

4. Seasonality of Operations

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. Unfavourable weather conditions may cause potential cost overruns and delays in the field data acquisition portion of the seismic data survey which could delay revenue recognition. Revenue is recognized on a percentage of completion basis.

Other segments of the Company, such as Services, normally exhibit 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. The Company tries to minimize these fluctuations by performing specific types of contract work appropriate for lower-activity months. The Software and Data segment typically experiences a slowdown during July and August, which is generally a slower period for the oil and gas industry in western Canada. As a result, the operating results of the Company will vary on a quarterly basis.

5. Operating Segments

Divestco is an oil and gas services company offering products and services to customers in the oil and gas exploration and production industry. The Company operates in three segments: Software and Data, Services and Seismic Data. In addition, the Company reports its overhead activities through its Corporate and Other segment. The Company operates in Canada and has its headquarters in Calgary, Alberta.

The Software and Data segment sell, maintain and support licensed software exploration products and provide a full suite of support data layers. The Services segment provides geomatics, processing and land management services. The Seismic Data segment provides seismic brokerage services in addition to developing and maintaining the Company's seismic data assets. The Corporate and Other segment includes costs for 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 of the Company's condensed interim consolidated financial statements as at and for the three months ended March 31, 2011. Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation.

Performance is evaluated and resources are allocated based on specific segment requirements and measurable factors. Segment assets are those assets that are specifically identified with the operations in each operational segment. Corporate assets primarily include property and equipment. Corporate expense includes salaries and benefits and general and administrative expenses for the Company's support divisions in addition to finance costs as well as deprecation and amortization.

Performance is measured based on operating income, as included in the Company's internal management reports that are reviewed by the CEO. Operating income is used to measure performance as management believes this information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

As at and for the three months ended September 30, 2011	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	$ 2,309	$ 3,464	$ 3,792	$ -	$ 9,565
Inter-segment revenue	-	-	-	-	-
Operating income (loss) [1]	256	(118)	2,914	(2,830)	222
Finance costs	-	(1)	(1)	305	303
Depreciation and amortization	710	241	29	187	1,167
Total assets	14,679	8,934	12,534	2,122	38,269
Capital expenditures [2]	22	103	3,010	32	3,167
Deferred development costs	588	-	-	-	588

As at and for the three months ended September 30, 2010	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	$ 2,359	$ 4,319	$ 1,838	$ -	$ 8,516
Inter-segment revenue	-	54	-	-	54
Operating income (loss) [1]	(49)	(50)	(9,020)	(8,677)	(17,796)
Finance costs	-	(1)	-	1,234	1,233
Depreciation and amortization	648	341	6,604	160	7,753
Total assets	21,289	18,022	5,644	9,143	54,098
Capital expenditures [2]	40	81	(525)	57	(347)
Deferred development costs	545	70	-	-	615

As at and for the nine months ended September 30, 2011	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 6,848	$ 13,070	$ 9,099	$ -	$ 29,017
Inter-segment revenue	-	90	-	-	90
Operating income (loss) [1]	(349)	1,632	5,689	(10,780)	(3,808)
Finance costs	-	(2)	(5)	514	507
Depreciation and amortization	2,747	805	1,001	1,528	6,081
Total assets	14,679	8,934	12,534	2,122	38,269
Capital expenditures [2]	873	1,959	8,582	1,223	12,637
Deferred development costs	1,883	-	-	-	1,883

As at and for the nine months ended September 30, 2010	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 7,083	$ 14,148	$ 10,010	$ -	$ 31,241
Inter-segment revenue	-	314	-	-	314
Operating income (loss) [1]	352	910	(16,997)	(14,236)	(29,971)
Finance costs	-	-	-	2,325	2,325
Depreciation and amortization	2,076	1,244	20,894	633	24,847
Total assets	21,289	18,022	5,644	9,143	54,098
Capital expenditures [2]	110	219	278	154	761
Deferred development costs	1,758	233	49	-	2,040

[1] Operating income (loss) is revenue less operating expenses, finance costs, depreciation and amortization and impairment of goodwill and intangibles
[2] Capital expenditures include the additions of intangible assets (net of changes in participation surveys in progress) and property and equipment.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

6. Property and Equipment

	Computer Hardware and Software	Office Furniture and Equipment	Leasehold Improvements	Assets under Finance Leases	Land	Total
Cost:						
At January 1, 2010	$ 6,919	$ 1,739	$ 1,492	$ 3,522	$ 30	$ 13,702
Additions	56	-	643	317	-	1,016
Disposals	(22)	(4)	-	-	-	(26)
Write-off fully amortized asset	(18)	-	-	-	-	(18)
Reclassification	449	(449)	-	-	-	-
At September 30, 2010	7,384	1,286	2,135	3,839	30	14,674
Additions	-	-	1,058	54	-	1,112
Write-off fully amortized asset	-	-	-	-	-	-
At December 31, 2010	7,384	1,286	3,193	3,893	30	15,786
Additions	425	7	5,132	235	-	5,799
Impairment	-	-	-	-	-	-
At September 30, 2011	**$ 7,809**	**$ 1,293**	**$ 8,325**	**$ 4,128**	**$ 30**	**$ 21,585**
Accumulated depreciation:						
At January 1, 2010	$ 5,555	$ 1,456	$ 1,032	$ 2,912	$ -	$ 10,955
Depreciation	647	118	196	597	-	1,558
Disposals	(12)	(7)	(1)	(3)	-	(23)
Write-off fully amortized asset	(18)	-	-	-	-	(18)
Reclassification	449	(449)	-	-	-	-
At September 30, 2010	6,621	1,118	1,227	3,506	-	12,472
Depreciation	167	66	-	55	-	288
Write-off fully amortized asset	-	-	-	-	-	-
At December 31, 2010	6,788	1,184	1,227	3,561	-	12,760
Depreciation	420	78	2,556	152	-	3,206
At September 30, 2011	**$ 7,208**	**$ 1,262**	**$ 3,783**	**$ 3,713**	**$ -**	**$ 15,966**
Carrying amounts:						
At January 1, 2010	$ 1,364	$ 283	$ 460	$ 610	$ 30	$ 2,747
At September 30, 2010	763	168	908	333	30	2,202
At December 31, 2010	596	102	1,966	332	30	3,026
At September 30, 2011	**601**	**31**	**4,542**	**415**	**30**	**5,619**

During the nine months ended September 30, 2011, the Company recorded additional amortization of $1 million on leasehold improvements (net of $1.3 million in additional amortization of tenant inducements) related to floors in its new office space it does not intend to occupy (Note 13).

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

7. Intangible Assets

	Seismic Data	Datasets	Log and Drilling Library	Reference Library	Map Library	Total Data Libraries	Proprietary Software and Code	Deferred Development Costs	Total
Cost									
At January 1, 2010	$ 253,040	$ 632	$ 7,209	$ 445	$ 239	$ 261,565	$ 8,256	$ 8,179	$ 278,000
Additions	4,483	-	-	-	-	4,483	-	2,634	7,117
Disposals	(257,461)	-	-	-	-	(257,461)	-	-	(257,461)
At September 30, 2010	62	632	7,209	445	239	8,587	8,256	10,813	27,656
Additions	-	-	-	-	-	-	-	268	268
At December 31, 2010	62	632	7,209	445	239	8,587	8,256	11,081	27,924
Additions	2,248	-	-	-	-	2,248	216	1,708	4,172
At September 30, 2011	**$ 2,310**	**$ 632**	**$ 7,209**	**$ 445**	**$ 239**	**$ 10,835**	**$ 8,472**	**$ 12,789**	**$ 32,096**
Accumulated depreciation									
At January 1, 2010	$ 119,765	$ 486	$ 2,098	$ 416	$ 88	$ 122,853	$ 4,762	$ 1,480	$ 129,095
Amortization	14,233	25	270	29	12	14,569	509	1,634	16,712
Disposals	(133,998)	-	-	-	-	(133,998)	-	-	(133,998)
At September 30, 2010	-	511	2,368	445	100	3,424	5,271	3,114	11,809
Amortization	2	9	90	-	4	105	169	1,230	1,504
Disposals	-	-	-	-	-	-	-	-	-
At December 31, 2010	2	520	2,458	445	104	3,529	5,440	4,344	13,313
Amortization	907	26	270	-	12	1,215	478	2,501	4,194
At September 30, 2011	**$ 909**	**$ 546**	**$ 2,728**	**$ 445**	**$ 116**	**$ 4,744**	**$ 5,918**	**$ 6,845**	**$ 17,507**
Carrying amount									
At Jan 1, 2010	$ 133,275	$ 146	$ 5,111	$ 29	$ 151	$ 138,712	$ 3,494	$ 6,699	$ 148,905
At September 30, 2010	62	121	4,841	-	139	5,163	2,985	7,699	15,847
At December 31, 2010	60	112	4,751	-	135	5,058	2,816	6,737	14,611
At September 30, 2011	**1,401**	**86**	**4,481**	**-**	**123**	**6,091**	**2,554**	**5,944**	**14,589**

8. Bank Indebtedness

The Company has a $5 million revolving operating loan facility with advances being limited to the lesser of the maximum principal of the facility and the aggregate of 75% of accounts receivable of the Company excluding certain accounts that are outstanding for more than 90 days. The facility consists of a prime-based loan, letters of credit (to an aggregate maximum of $500,000) and corporate MasterCard (to a maximum of $150,000). The lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company. The interest rate on this facility is Prime + 2.50% per annum with a non-refundable facility fee of 0.75% per annum being charged on the unused portion of the facility. As at September 30, 2011, $3.1 million (December 31, 2010: $2.1 million) was drawn on the facility.

The facility is subject to the Company meeting certain debt covenants as follows: current ratio cannot fall below 0.90:1 for Q2 and Q3 2011, 1.00:1 for Q4 2011 and 1.25:1 thereafter; and debt service coverage ratio cannot fall below 2.25:1. As at September 30, 2011, the Company was not in violation of any of its debt covenants.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

9. Long-Term Debt Obligations

	Balance as at	
	September 30, 2011	December 31, 2010
Bridge loan (a)	**$ 5,000**	$ -
Finance lease obligations	**470**	556
	5,470	556
Deferred finance charges (b)	**(189)**	-
Current portion [(1)]	**(1,446)**	(368)
Long-term portion	**$ 3,835**	$ 188

[(1)] Includes the current portion of deferred finance charges of $135,000

(a) Bridge loan

On May 4, 2011, the Company secured a $5 million subordinate bridge loan with $2 million of the loan proceeds being provided by two directors in accordance with a condition of the financing. The interest rate on this facility is 12% per annum with a commitment fee of $200,000 ($100,000 is deferred until March 31, 2013) and work fee of $40,000. Payments are interest only until January 2012, at which time $150,000 monthly principal payments commence. The loan has a maturity date of April 30, 2013 with a balloon payment of $2.6 million due at that time. As at September 30, 2011, the balance on the loan was $5 million. The security for the loan is a $6.25 million demand debenture providing a second floating charge security over all personal and real property assets of the Company and a negative pledge and undertaking to provide fixed charges on the Company's corporate assets at the request of the lender.

The loan is subject to the Company meeting certain debt covenants as follows: current ratio cannot fall below 0.90:1 for Q2 and Q3 2011, 1.00:1 for Q4 2011 and 1.25:1 thereafter; and debt service coverage ratio cannot fall below 2.25:1. As at September 30, 2011, the Company was not in violation of any of its debt covenants.

(b) Deferred finance charges

	Balance as at	
	September 30, 2011	December 31, 2010
Balance, beginning of year	$ -	$ 428
Additions [(1)]	253	50
Amortization [(2)]	(64)	(478)
Balance, end of year	$ 189	$ -

[(1)] Includes $100,000 that is not due to be paid until March 31, 2013
[(2)] Included in finance costs in the consolidated statement of income (loss) and comprehensive income (loss)

10. Equity Instruments

(a) Authorized

An unlimited number of voting Class A common shares.

(b) Par value

The Class A common shares do not have a par value.

(c) Rights, preference and restrictions

There are no restrictions on the distributions of dividends except for the Business Corporations Act (Alberta) solvency test. There are no restrictions with respect to the repayment of capital, subject to the process set out in the Business Corporations Act being followed and a solvency test being met.

(d) Issuance

In December 2010, the Company closed a private placement. A second close was done on January 10, 2011 and an additional 454,546 units were sold at a price of $0.22 per unit for total gross proceeds of $100,000. Each unit is comprised of one Class A common share and one non-transferable share purchase warrant.

During the nine months ended September 30, 2011, 269,312 Class A shares were issued as long service awards, 131,366 were issued for Company's contribution to the ESOP plan and 110,276 were issued as shares for services.

(e) Net income (loss) per share

Basic net income (loss) per share is computed using the weighted-average number of Class A common shares outstanding during the period, being 59,785,000 for Q3 2011 (Q3 2010 – 41,973,000) and 59,535,000 for the nine months ended September 30, 2011 (September 30, 2010 – 41,964,000). In computing diluted net (income) loss per share, no shares were added in Q3 2011 or for the nine months ended September 30, 2011 to the weighted average number of Class A common shares outstanding for the dilution from the stock options and warrants as they were out of money. As there was net loss for the same periods in 2010, the options were anti-dilutive.

11. Share Based Payments

As at September 30, 2011, the Company had the following share based payment arrangements:

(a) Stock options

The Company has a stock option plan (the "Option Plan") whereby options may be granted to directors, officers, employees and consultants. The Option Plan allows for the granting of options to purchase Class A common shares to a maximum number equal to 10% of the then issued and outstanding Class A common shares of the Company combined with the Company's other share based compensation arrangements. The 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 have a five-year term and vest equally over a three-year period commencing on the first anniversary of the date of grant. 2,585,000 options were granted during the nine months ended September 30, 2011 at an exercise price of $0.17.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

A summary of the status of the Company's stock option plan as at September 30, 2011 and December 31, 2010 and changes during the periods then ended is presented below:

	Number of Options	Option Price	Weighted Average Price
Options outstanding, January 1, 2010	2,137	$0.60-$6.10	$1.99
Granted	615	$0.68-$0.78	$0.69
Exercised (1)	(1,155)	$0.60-$0.78	$0.63
Forfeited (2)	(690)	$0.60-$6.10	$1.91
Options outstanding, December 31, 2010	907	$0.68-$6.10	$2.89
Granted (3)	2,585	$0.17	$0.17
Forfeited	(419)	$0.68-$6.10	$4.49
Options outstanding, September 30, 2011	**3,073**	**$0.17-$3.68**	**$0.38**

(1) 850,000 options were exercised by Directors, officers and former officers
(2) 187,500 options were forfeited by former Directors, an officer and former officers
(3) 1,650,000 were granted to Directors and officers

Stocks options which were outstanding and vested as at September 30, 2011, are summarized as follows:

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
2,717	$0.17-$1.00	$0.19	4.69	132	$0.68
263	$1.01-$2.00	$1.30	1.93	263	$1.30
19	$2.01-$3.00	$2.50	1.20	19	$2.50
74	$3.01-$3.68	$3.56	0.46	74	$3.56
3,073	**$0.17-$3.68**	**$0.38**	**4.33**	**488**	**$1.52**

(b) Performance share units

On May 19, 2011, the Company's shareholders approved the establishment of a Performance Share Unit ("PSU") Plan (the "PSU Plan"). Each PSU awarded conditionally entitles the eligible unit holder to the delivery of one Class A common share of the Company upon attainment of the PSUs non-market performance vesting conditions approved by Board of Directors. As the Company will settle these obligations with Class A common shares, it has classified these awards as equity in the consolidated statement of financial position. These PSUs vest if the performance conditions for the current fiscal year are met.

The aggregate number of Class A common shares reserved for issuance upon the vesting of all PSUs granted under the PSU plan will not exceed 1,188,000, being 2% of the issued and outstanding Class A common shares of the Corporation as of April 13, 2011, the date of Board approval of the Plan. For any one insider a maximum of 594,000 Class A common shares, being

1% of the issued and outstanding Class A common shares of the Corporation as of the date the plan was approved by the Board. Compensation expense related to the PSUs will be accrued over the term of the performance period based on the expected total compensation to be paid out at the end of the performance period. On July 27, 2011, 900,000 PSUs were granted to directors, officers and employees and $25,000 was recorded as stock based compensation expense for the nine months September 30, 2011. As at September 30, 2011, 900,000 performance share units were outstanding of which none were vested.

(c) Employee stock ownership plan

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 common shares. The Company matches the employee's contribution through a combination of cash and Class A common shares issued from treasury up to 4.5% of their monthly regular salary to a maximum of $450 per month. All cash contributions are used to purchase Class A common shares through the facilities of the TSXV and all share contributions are issued from treasury. During the nine months ended September 30, 2011, $40,921 (September 30, 2010: $nil as matching was suspended) was included in salaries and benefits in the consolidated statements of income (loss) and comprehensive income (loss) for the value of the Company's contribution.

(d) Long-term Service Awards

On May 1, 2011, the Company adopted a plan whereby 5 and 10 year service awards ("Service Awards") are issued to employees in the form of Class A common 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 common 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 nine months ended September 30, 2011, $42,000 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.

(e) Warrants

In connection with the private placements the Company closed in December 2010 and January 2011, the Company issued 16,280,000 warrants. The warrants were valued upon grant using the Black-Scholes method with the following assumptions: risk free interest rate of 1.7%, expected life of 2 years, expected dividends of nil and expected volatility of 116%. These warrants entitle the holder to purchase Class A common shares of the Company at an exercise price of $0.32 per share and expire in December 2012. The warrants were subject to a four-month hold period which expired in April 2011 and are non-transferable.

(f) Inputs for measurement of grant date fair values

The grant date fair value of the stock option was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the stock option plan are the following:

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

	Nine Months Ended Sept 30	
	2011	2010
Fair value at grant date	$0.12	$0.56
Share price at grant date	$0.17	$0.68
Exercise Price	$0.17	$0.68
Expected volatility (weighted average)	100.2%	91.5%
Option life (expected weighted average life)	5 years	5.0 years
Risk-free interest rate (weighted average)	2.1%	2.2%
Forfeiture rate	17.1%	17.1%

12. Statement of Cash Flows

Nine months ended Sep 30	**2011**	2010
Changes in non-cash working capital balances		
Funds held in trust	**$ (1)**	$ 6
Accounts receivable	**1,015**	6,144
Prepaid expenses, supplies and deposits	**88**	134
Accounts payable and accrued liabilities	**(487)**	(1,405)
Deferred revenue	**(82)**	(1,728)
	$ 533	$ 3,151
Changes in non-cash working capital balances related to operating activities	**$ 2,292**	$ 14,759
Changes in non-cash working capital balances related to investing activities	**(1,759)**	(11,608)
	$ 533	$ 3,151

During the nine months ended September 30, 2011, the Company recorded finance lease additions of $235,000 (September 30, 2010 - $318,000). As at September 30, 2011, the Company held $35,000 (September 30, 2010 – $160,000) of cash which was denominated in a foreign currency.

13. Operating Leases, Tenant Inducements and Sublease Loss Provision

On May 1, 2010, the Company's lease for its new premises commenced. The lease term is 15 years. The monthly commitment is approximately $574,000 including operating costs for 2011. The annual square foot rate increases in years 3, 6, 9, 11 and 14. All other leases expire in 2011 except for approximately 9,500 square feet of space that is occupied by the Company's IT infrastructure.

Deferred Rent Obligations

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

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

Tenant Inducements

As part of its lease agreement, the Company is entitled to receive $30 per square foot in tenant inducements from the landlord. The tenant inducements are amortized over the term of lease as a reduction to occupancy costs (included in operating expenses in the consolidated statements of income (loss) and comprehensive income (loss)). As at September 30, 2011 the Company was entitled to receive $3.4 million in tenant inducements, of which $2.6 million had been received at the end of the period. During the nine months ended September 30, 2011, $1.4 million of the tenant inducements were amortized including $1.3 million related to office space the Company does not intend to occupy. The unamortized tenant inducement was $2 million as at September 30, 2011.

Sublease Loss Provision

In 2010, management anticipated that the Company would not occupy all of the space in its new premises and began negotiating with potential subtenants. In Q1 2011 the Company finalized an agreement whereby a new tenant assumed the lease on two floors for 10 years after which time the Company is no longer responsible for the lease obligations for that space. The lease for the new tenant commenced on April 1, 2011 and included an eight month rent-free period and additional tenant inducements matching then current inducement rates. The Company also estimated a rent shortfall of approximately $1.7 million based on market conditions at that time and did not expect to recover any leasehold improvements (net of tenant inducements) or real estate commissions.

As a result, a sublease loss liability of $3.5 million was accrued for in 2010 ($2.1 million in Q3 2010), which was calculated as the present value of the difference between estimated current day sublease rental rates that could be reasonably obtained for the property and those which the Company is committed to pay to the landlord. The Company recorded accretion of $113,000 for the nine months ended September 30, 2011, which is included in finance costs in the consolidated statements of income (loss) and comprehensive income (loss).

Below is a summary of the Company's building lease commitments net of subleases combined with equipment operating lease commitments until the leases expire:

2011 (Oct to Dec)	2,184
2012 (Jan to Dec)	6,338
2013 (Jan to Dec)	6,658
2014 (Jan to Dec)	6,814
2015 +	87,109
Total	$109,103

14. Related Party Transactions

(a) 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 option, PSU and ESOP plans (Note 11).

Certain executive officers have management contracts. Upon resignation at the Company's request, they are entitled to termination benefits of up to 18 months' gross salary, depending on the number of years completed as an executive officer.

(b) Key management personnel and director transactions

Directors and officers of the Company control 35% percent of the voting shares of the Company. The Company had the following transactions with directors and an officer:

(i) On May 4, 2011, the Company secured a $5 million subordinate bridge loan with $2 million of the loan proceeds being provided by two directors in accordance with a condition of the financing (see note 9(a)).

(ii) During the nine months ended September 30, 2011 the Company incurred $143,000 (September 30, 2010 - $221,000) in seismic consulting fees and brokerage commissions from a company controlled by a director. Included in accounts payable as at September 30, 2011 was $132,000 (December 31, 2010 - $147,000) related to these commissions.

(iii) During the nine months ended September 30, 2011, the Company incurred $267,000 (September 30, 2010 - $378,000) in legal fees from the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at September 30, 2011 was $31,000 (December 31, 2010 - $74,000) 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.

15. Financial Instruments and Risk Management Overview

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

(a) credit risk
(b) liquidity risk
(c) interest rate 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.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

(a) 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, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During the nine months ended September 30, 2011, approximately 21% (September 30, 2010: 26%) of the Company's revenue was attributable to sales transactions with three customers. A significant portion of the Company's trade accounts receivable are from companies in the oil and gas industry in western Canada and are exposed to normal industry credit risks. The concentration risk is mitigated primarily by a portion of the customers being large investment grade organizations.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet the Company's benchmark creditworthiness generally are restricted to products and services on a cash on delivery basis only.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are considered as "high risk" are closely monitored, and future sales maybe made on a prepayment basis.

The Company does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Balance as at	
	September 30, 2011	December 31, 2010
Accounts receivables	**$ 10,744**	$ 11,759
Cash	**1,089**	3,696
	$ 11,833	$ 15,455

The Company's most significant customers account for 30% of the carrying amount of its trade receivables at September 30, 2011 (December 31, 2010: 34%).

Impairment losses

The aging of accounts receivables at the reporting date was:

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

	Balance as at			
	September 30, 2011		December 31, 2010	
	Gross	Impairment	Gross	Impairment
Not past due	$ 3,946	$ -	$ 4,356	$ -
Past due 0-30 days	1,512	-	1,579	-
Past due 31-60 days	342	-	806	-
Past due 61-90 days	171	-	357	-
More than 90 days	1,084	237	1,128	225
	7,055	237	8,226	225
Non-trade receivables and accrued revenue	3,926	-	3,758	-
	$ 10,981	$ 237	$ 11,984	$ 225
Accounts receivable and accrued revenue net of impairment	$ 10,744		$ 11,759	

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

	Balance as at	
	September 30, 2011	December 31, 2010
Balance, beginning of period	$ 225	$ 2,030
Impairment loss recognized (reversed)	106	(1,083)
Allowance used	(94)	(722)
Balance, end of period	$ 237	$ 225

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. 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. While the Company normally relies on in-house collection efforts, there are occasions where legal action is required to collect an overdue account.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a 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 and the Company recording an allowance for doubtful accounts equal to 20% of balances that are older than 120 days. Bad debt expense is charged to net loss in the period that the account is determined to be doubtful.

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables past due by 30 days or less.

(b) 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 liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit.

As at September 30, 2011 the Company had a cash balance of $1.1 million, $11 million in accounts receivable and $1.9 million in unused committed bank credit facilities totalling $14 million to settle current liabilities of $12.9 million (excluding deferred revenue of $2.6 million). To manage liquidity risk, the Company utilizes long and short-term cash forecasts to ensure it has necessary funds to fulfill its obligations. In May 2011, management secured a new subordinated demand bridge loan to assist it with the build-out of its office space and for working capital purposes. The Company will continue to review additional sources of capital to continue its activities and discharge its commitments as they become due.

The Company's liquidity position significantly improved in 2010 with the sale of its seismic assets and the Company remains committed to not undertaking any significant capital expenditure unless the project is fully funded with sales contracts.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at September 30, 2011:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Bank Indebtedness	3,100	3,100	3,100					3,100
Accounts payable and accrued liabilities	7,193	7,193	7,193					7,193
Deferred rent obligations	1,205	1,205					1,205	1,205
Long-term debt obligations	5,281	5,470	116	116	1,466	3,772		5,470
Loss on sublease *	2,306	1,980	232	178	356	1,067	147	1,980
Tenant Inducements	1,994	1,994	66	83	133	399	1,313	1,994
Total	21,079	20,942	10,707	377	1,955	5,238	2,665	20,942

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Interest rate risk

The Company's operating line is based on a floating interest rate and is 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. The Company's long-term debt obligations are based on fixed interest rates ranging from 1.4% to 12%. If these transactions were entered into today, the interest expense would not be materially different. Carrying amounts are as follows:

	Balance as at	
	September 30, 2011	December 31, 2010
Fixed rate instruments		
Finance lease obligations	**$ 570**	$ 556
Bridge loan	**5,000**	-
Variable rate instruments		
Bank indebtedness	**3,100**	2,050
	$ 8,670	$ 2,606

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

The Company's sensitivity analysis includes items bearing interest at fixed rates. The analysis indicates that a 100 basis points increase in interest rates at the reporting date would have would have increased the net loss for the nine months ended September 30, 2011 by $27,000 and 100 basis points decrease would have would have decreased the net loss for the nine months ended September 30, 2011 by $27,000. 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.

Capital Management

The Board's 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 and the Board of Directors monitor capital using a 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 bank indebtedness (current and long-term portions) divided by shareholders' equity as presented on the Company's consolidated statement of financial position.

In managing the capital structure, management and the Board of Directors make 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 equity, issue new debt, and/or issue new debt to replace existing debt with different characteristics.

The Company's strategy is to maintain a funded debt to equity ratio of less than 1:1. In reaction to the poor economic conditions in 2009 and 2010, management and the Board of Directors intend to operate the Company with minimum debt going forward to ensure adequate financial flexibility to meet the financial obligations, both current and long-term and as part of their effort to maintain a healthy statement of financial position.

	Balance as at	
	Sep 30, 2011	Dec 31, 2010
Components of funded debt to equity ratio:		
Bank indebtedness	**$ 3,100**	$ 2,050
Current portion of long-term funded debt obligations	**1,446**	368
Long-term funded debt obligations	**3,835**	188
Total funded debt	**8,381**	2,606
Shareholders' equity	**$ 14,462**	$ 18,070
Total funded debt to equity	**0.58**	0.14

16. 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. Except as discussed below, 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.

In September 2010, the Company disposed its seismic data library and commenced building another proprietary seismic data library. The Company retained the right to litigate and retain in whole or in part the proceeds of past breaches with respect to certain of the disposed seismic assets. The Company relies on a combination of patent, copyright, trademark and trade secret laws, confidentiality agreements, contractual provisions and other measures to protect its own proprietary information. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may or have attempted to copy aspects of its technology or to obtain and use information that the Company regards as proprietary such as its current and past seismic data library. In an effort to protect the Company's seismic data assets both past and present, the Company has commenced legal action against companies for breaches of its license agreement, copyright and duty of confidentiality for unauthorized sharing of its proprietary seismic data with third parties and will continue to enforce its proprietary rights using all methods at its disposal. These actions could have a material financial impact to the Company. Given the nuances, it is difficult to estimate the timing or quantify the potential financial impact of any legal action commenced or contemplated.

17. Explanation of Transition to IFRS

The accounting policies under IFRS have been applied to the three and nine months ended September 30, 2011, the opening statement of financial position at January 1, 2010, the comparative information for the three and nine months ended September 30, 2010 and the comparative information for the year ended December 31, 2010.

The adjustments resulting from the application of IFRS at the transition date were recorded to the Company's opening deficit on the statement of financial position when appropriate.

Upon transition to IFRS, the Company used certain exemptions allowed under IFRS 1 "First Time Adoption of International Reporting Standards". The following exemptions were used:

(a) Business combinations

IFRS 1 allows an entity to use the IFRS rules for business combinations on a prospective basis rather than restating all business combinations. In respect of acquisitions prior to January 1, 2010, Goodwill represents the amount recognized under the Company's previous GAAP.

(b) Share based payments

IFRS 1 allow entities an exemption on IFRS 2, "Share Based Payments" to equity instruments which vested prior to the transition date.

As stated in Note 3, these are the Company's third consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 4 of the Company's condensed interim consolidated financial statements as at and for the three months ended March 31, 2011 have been applied in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition). All other optional exemptions in IFRS 1 were either not applicable because there were no significant differences in management's application of Canadian GAAP in these areas or were not taken. Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

IFRS reconciliations of Equity and Total Comprehensive Loss from Canadian GAAP ("CGAAP") to IFRS

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

As at September 30, 2010
Consolidated Statement of Financial Position

(Thousands)	CGAAP Sep 30, 2010	Effect of transition to IFRS Jan 1, 2010	Effect of transition to IFRS	IFRS Sep 30, 2010
Assets				
Current Assets				
Cash and cash equivalents	$ 22,485	$ -		22,485
Funds held in trust	11	-		11
Accounts receivable	13,123	-		13,123
Prepaid expenses, supplies and deposits	274	-		274
Income taxes receivable	-	-		-
	35,893	-		35,893
Investment in affiliated company	104	-		104
Data libraries (Note a)	5,163	-	(5,163)	-
Participation surveys in progress	52	-		52
Property and equipment	2,202	-		2,202
Deferred development costs (Note a)	7,699	-	(7,699)	-
Intangible assets (Note a)	2,985	-	12,862	15,847
	$ 54,098	$ -	$ -	$ 54,098
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$ 18,429	$ -		$ 18,429
Income taxes payable	349	-		349
Deferred revenue (Note b)	2,152	(1,663)	1,663	2,152
Current loss on sublease (Note e)	175	-		175
Current portion of long-term debt obligations	476	-		476
	21,581	(1,663)	1,663	21,581
Long-term debt obligations	216	-		216
Sublease loss (Note e)	1,932	-		1,932
Deferred income taxes (Note d)	-	466	(466)	-
	23,729	(1,197)	1,197	23,729
Shareholders' Equity				
Equity instruments	71,801	-		71,801
Contributed surplus (Note c)	5,767	89	(243)	5,613
Retained earnings (Notes d,c,d,e)	(47,199)	1,108	(954)	(47,045)
	30,369	1,197	(1,197)	30,369
	$ 54,098	$ -	$ -	$ 54,098

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss under IFRS For the three months ended September 30, 2010

(Thousands)	CGAAP 2010	Effect of transition to IFRS	IFRS 2010
Revenue	$ 8,516	-	**$ 8,516**
Operating expenses			
Salaries and benefits	6,276	-	**6,276**
General and administrative	8,513	-	**8,513**
Sublease loss (note e)	2,107	-	**2,107**
Share based payments (note c)	628	(198)	**430**
	17,524	(198)	**17,326**
Finance costs	1,233	-	**1,233**
Depreciation and amortization	7,753	-	**7,753**
Other income	41,500	-	**41,500**
Loss before income taxes	(59,494)	198	**(59,296)**
Income taxes (benefit)			
Current	(33)	-	**(33)**
Deferred	(9,578)	-	**(9,578)**
	(9,611)	-	**(9,611)**
Net loss and comprehensive loss for the period	$ (49,883)	$ 198	**$ (49,685)**
Net loss per share			
Basic and diluted	$ (1.19)		**$ (1.18)**

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

Condensed Interim Consolidated Statement Loss and Comprehensive Loss under IFRS For the nine months ended September 30, 2010

(Thousands)	CGAAP 2010	Effect of transition to IFRS	IFRS 2010
Revenue (note b)	$ 32,904	(1,663)	**$ 31,241**
Operating expenses			
Salaries and benefits	16,224	-	**16,224**
General and administrative	15,159	-	**15,159**
Sublease loss (note e)	2,107	-	**2,107**
Share based payments (note c)	793	(243)	**550**
	34,283	(243)	**34,040**
Finance costs	2,325	-	**2,325**
Depreciation and amortization	24,847	-	**24,847**
Other income	41,406	-	**41,406**
Loss before income taxes	(69,957)	(1,420)	**(71,377)**
Income taxes (benefit)			
Current	(112)	-	**(112)**
Deferred (note d)	(12,342)	(466)	**(12,808)**
	(12,454)	(466)	**(12,920)**
Net loss and comprehensive loss for the period	$ (57,503)	$ (954)	**$ (58,457)**
Net loss per share			
Basic and diluted	$ (1.37)		**$ (1.39)**

Notes to the IFRS reconciliations of Equity and Total Comprehensive Loss from Canadian GAAP ("CGAAP") to IFRS

(a) Intangible assets

In accordance with IFRS, the Company accounts for its data libraries and deferred development costs as intangible assets, using the historical cost model, which is consistent with the method used under Canadian GAAP. The Company's amortization policy is unchanged from the amortization policy followed under Canadian GAAP. However the Company elected to group all intangible assets into a single item on its statement of financial position.

(b) Revenue recognition

Revenue for a seismic participation survey was recognized upon delivery of the seismic data to the client following the completed contract method under Canadian GAAP. Under IFRS, revenue is being recognized following the percentage of completion method, resulting in earlier recognition of a significant portion of revenue prior to January 1, 2010. This has resulted in a positive change to the opening retained earnings of $1.7 million and an equivalent reduction in deferred revenue as at January 1, 2010. This also resulted in an equivalent reduction of revenue for the nine months ended September 30, 2010 by $1.7 million (Q2 2010 - $nil).

(c) Share based payments

Under Canadian GAAP, the Company recognized compensation expense associated with share based compensation plans on a straight-line basis and did not incorporate a forfeiture rate at the grant date. Under IFRS, the Company is recognizing the expense over the individual vesting periods using an estimated forfeiture rate at the grant date and updating it throughout the vesting period. This amounted to an additional share based payment expense of $89,000 at January 1, 2010 which resulted in a reduction of $89,000 in retained earnings and an equivalent increase in contributed surplus at the transition date.

Under IFRS, the Company reduced share based compensation by $198,000 in Q3 2010 and $243,000 for the nine months ended September 30, 2010 resulting in an increase in retained earnings and an equivalent decrease in contributed surplus of $243,000 as at September 30, 2010.

(d) Deferred income taxes

Due to the earlier recognition of revenue under IFRS, the reported deferred income tax liability at the transition date increased by $466,000 with an equivalent decrease to the opening retained earnings. The reduction in revenue for the nine months ended September 30, 2010 resulted in an increase in deferred tax reduction for the period by $466,000.

(e) Sublease loss

Under IFRS, the Company is required to use a risk-free interest rate to present value the sublease loss. Under Canadian GAAP, the Company was required to use a risk-adjusted interest rate. This resulted in an increase in operating expenses for the year ended December 31, 2010 and an increase in deficit as at December 31, 2010. There was no impact as at and for the nine months ended September 30, 2010 as the sublease loss was initially recorded in Q3 2010 and IFRS impact for Q3 2010 was not significant. The IFRS adjustment will be reflected in Q4 2010.

September 30, 2011 (Tabular amounts in thousands, unless otherwise stated)

The following is a summary of the total impact on retained earnings (deficit) of the changes described above:

Reconciliation of retained earnings as at	Jan 1, 2010
Retained earnings at December 31, 2009 per CGAAP	$ 30,303
Increase in retained earnings due to change in revenue recognition policy	1,663
Decrease in retained earnings due to increased share based payments	(89)
Related tax effect	(466)
Retained earnings at January 1, 2010 per IFRS	**$ 31,411**

Reconciliation of retained earnings as at	Sep 30, 2010
Retained earnings at September 30, 2010 per CGAAP	$ (47,199)
Increase in retained earnings due to change in revenue recognition policy at transition date	1,663
Decrease in retained earnings due to change in revenue recognition policy during 2010	(1,663)
Decrease in retained earnings due to increased share based payments at transition date	(89)
Increase in retained earnings due to decreased share based payments during 2010	243
Related tax effect at transition date	(466)
Related tax effect	466
Retained earnings as at September 30, 2010 per IFRS	**$ (47,045)**

Reconciliation of deficit as at	Dec 31, 2010
Deficit at December 31, 2010 per CGAAP	$ (63,322)
Increase in retained earnings due to change in revenue recognition policy at transition date	1,663
Decrease in retained earnings due to change in revenue recognition policy during 2010	(951)
Decrease in retained earnings due to increased share based payments at transition date	(89)
Increase in retained earnings due to decreased share based payments during 2010	243
Decrease in retained earnings due to change in sublease loss amount and related accretion	(317)
Related tax effect at transition date	(466)
Related tax effect	466
Deficit as at December 31, 2010 per IFRS	**$ (62,773)**

18. Subsequent event

On October 26, 2011, the Company received $500,000 as an unsecured loan from two of its Directors. The loan bears interest at 10% per annum and repayment is interest only until December 2013. Principal payments commence in January 2013 with the final payment due in December 2016.