Press Release

Divestco

Divestco Reports Q1 2013 Results

May 27, 2013, Calgary, AB (TSX-V: DVT) – Divestco Inc. ("Divestco" or the "Company") is pleased to announce its operating results for the three months ended March 31, 2013. Divestco generated net income for the first quarter of 2013 of $2.1 million ($0.03 per share – basic and diluted) compared to $2.6 million ($0.04 per share – basic and diluted) for the same period in 2012. EBITDA was $5 million in Q1 2013, a $2.5 million (33%) decrease from $7.5 million for the same period in 2012. The Company generated funds from operations of $5.2 million ($0.08 per share – basic and diluted) for the first quarter of 2013, compared to $7.2 million ($0.11 per share – basic and diluted) for the same period in 2012. EBITDA and funds from operations do not include capital expenditures of $0.1 million (March 31, 2012: $8.6 million), mainly comprised of the costs related to new seismic programs.

During Q1 2013, Divestco generated revenue of $11.6 million compared to $14.5 million in Q1 2012, a decrease of $2.9 million (20%). Revenue in the Software and Data segment increased by $0.1 million (5%) due to improved land software and log data revenue offset by lower geological and geophysical software revenue. Revenue in the Seismic Data segment decreased by $0.6 million (8%) due to a drop in seismic participation revenue as the Company acquired more data in Q1 2012 compared to Q1 2013. This was offset by two large seismic data sales and fees associated with managing client surveys. Revenue in the Services segment decreased by $2.4 million (43%) with geomatics, processing and land management services all experiencing weaker demand as compared to Q1 2012. Focus shifted from exploration to development activities through the industry in Q1 2013 and this had an impact on demand for some of Divestco's services.

Operating expenses decreased by $0.3 million (5%) to $6.7 million in Q1 2013 from $7 million in Q1 2012. Salaries and wages were down $476,000 (10%) due to lower headcount and profit-share accrual. G&A expenses were up $117,000 (5%) as occupancy costs rose due to a scheduled increase in Divestco's lease rate offset by the Company surrendering an additional floor of office space effective January 1, 2013. Depreciation and amortization decreased by $2.6 million (49%) mainly due to lower depreciation on seismic data as the Company acquired a greater amount of data in Q1 2012 as compared to Q1 2013.

Liquidity and Working Capital

On May 9, 2013, the Company announced it had closed a new senior credit facility of up to $11 million. The Company also received $1 million in new shareholder loans just prior to the closing of the new facility. The proceeds were used to retire bank and subordinated debt totaling approximately $6 million. The facility has an expanded operating line ($8 million as compared to $5 million under its previous facility) based on receivables aged less than 90 days and $3 million in term debt as well as a financial covenant that is better suited to the Company's business.

Management ensures that Divestco's credit facilities, combined with its working capital and funds from operations, will be sufficient in the short-term and long-term to meet planned growth and to fund future capital expenditures. Furthermore, the Company has implemented significant cost-cutting measures, which included surrendering a significant portion of its office space lease since 2011 and utilizing salary austerity measures during seasonally slow periods.

In addition, the Company evaluates all material capital expenditures, mainly seismic participation surveys, before commencement to ensure they meet appropriate funding levels.

Divestco ended Q1 2013 with a working capital deficit of $1.7 million (December 31, 2012: $7.5 million deficit), excluding deferred revenue of $4.2 million (December 31, 2012 - $2.4 million). The improvement in working capital from the end of 2012 was primarily due to a number of seismic data transactions completed in Q1 2013 offset by an unpredictably slow quarter for the services segment. As a result of closing these seismic deals, the Company has significantly reduced its payables since the end of 2012. The Company’s funded debt to equity ratio was 0.56:1 at March 31, 2013 compared to 0.64:1 at December 31, 2012.

Financial Position (Thousands)	**Balance as at**		
	Mar 31	**Dec 31**	**Dec 31**
	2013	**2012**	**2011**
Total Assets	**$ 40,277**	$ 41,945	$ 43,761
Working Capital (Deficit) [1]	**(1,748)**	(7,483)	297
Long-Term Financial Liabilities [2]	**7,470**	7,622	8,610

1. *Excludes the current portion of deferred revenue of $4.2 million (December 31, 2012: $2.4 million; December 31, 2011: $4.6 million).*
2. *Includes long-term debt obligations, deferred rent obligations, sublease loss provision and other long-term liabilities. The long-term debt obligations are comprised of the Company’s subordinated debt, shareholder loans and finance leases.*

Operations Update

During Q1 2013, Divestco completed a 3D seismic participation survey, covering an area of approximately 93 square kilometers. Total cost for the survey was approximately $3.5 million, with most of the cost incurred in Q4 2012.

Mr. Stephen Popadynetz, CEO commented: “Returning to profitability in Q1 2013 demonstrates that Divestco’s efforts to control costs and focus on our assets are starting to pay dividends. Our first quarter seismic data library sales in 2013 were excellent and we are pleased with the validation of our seismic data inventory. As well, despite the softness in our Services group, we are seeing increased activity levels which should result in improved results going forward. Our efforts to expand into international markets are expected to result in increased revenue in 2013. Additionally, our Software group is rapidly developing new products which are about to hit the marketplace and we believe will lead to significant growth later this year. With all of these positive growth catalysts, we remain optimistic that Divestco can start to deliver additional profitable quarters to our shareholders.”

Non-GAAP Measures

The Company’s condensed consolidated interim 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 additional 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. These measures include:

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

Divestco uses EBITDA as a key measure to evaluate the performance of its segments and divisions as well as the Company overall, with the closest IFRS measure being net income or loss. EBITDA is a measure 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 assists 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 is not a calculation based on IFRS and should not be considered an alternative to net income or loss in measuring the Company's performance. As well, EBITDA should not be used as an exclusive measure of cash flow, because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. While EBITDA has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors should be cautioned that EBITDA as reported by Divestco may not be comparable in all instances to EBITDA as reported by other companies. Investors should also carefully consider the specific items included in Divestco's computation of EBITDA.

The following is a reconciliation of EBITDA with net income (loss):

	Three months ended March 31	
(Thousands)	**2013**	2012
Net Income	**$ 2,084**	$ 2,645
Finance Costs (Income)	**270**	(360)
Depreciation and Amortization	**2,613**	5,165
EBITDA	**$ 4,967**	$ 7,450

Working capital

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

Additional GAAP Measure

Funds from operations

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

Funds from operations is not a calculation based on 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 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 from operating activities:

	Three months ended March 31	
(Thousands)	**2013**	2012
Cash from Operating Activities	**$ 3,988**	$ 12,761
Changes in Non-Cash Working Capital Balances Related to Operating Activities	**980**	(5,147)
Interest Paid (Received)	**243**	(407)
Funds from Operations	**$ 5,211**	$ 7,207

Financial Highlights

Financial Results (Thousands, Except Per Share Amounts)				
	Three months ended March 31			
	2013	2012	*$ Change*	*% Change*
Revenue	**$ 11,618**	$ 14,466	*$ (2,848)*	*-20%*
Operating Expenses	**6,655**	7,015	*(360)*	*-5%*
Other Loss (Income)	**(4)**	1	*(5)*	*N/A*
EBITDA	**4,967**	7,450	*(2,483)*	*-33%*
Finance Costs (Income)	**270**	(360)	*630*	*N/A*
Depreciation and Amortization	**2,613**	5,165	*(2,552)*	*-49%*
Income before Income Taxes	**2,084**	2,645	*(561)*	*-21%*
Income Tax Expense	**-**	-	-	*N/A*
Net Income	**$ 2,084**	$ 2,645	*$ (561)*	*-21%*
Per Share - Basic and Diluted	**0.03**	0.04	*(0.01)*	*-25%*
Funds from Operations	**$ 5,211**	$ 7,207	*$ (1,996)*	*-28%*
Per Share - Basic and Diluted	**0.08**	0.11	*(0.03)*	*-27%*
Shares Outstanding	**66,865**	66,615	*N/A*	*N/A*
Weighted Average Shares Outstanding				
Basic	**66,775**	66,616	*N/A*	*N/A*
Diluted	**66,811**	66,616	*N/A*	*N/A*

Segment Review Summary

Three months ended March 31, 2013 (Thousands)	Software	Services	Data	Corporate & Other	Total
Revenue	$ 2,232	$ 3,183	$ 6,203	$ -	$ 11,618
EBITDA	617	262	5,401	(1,313)	4,967
Finance costs (income)	84	42	144	-	270
Depreciation and amortization	702	155	1,638	118	2,613
Income (loss) before income taxes	(169)	65	3,619	(1,431)	2,084

Three months ended March 31, 2012 (Thousands)	Software	Services	Data	Corporate & Other	Total
Revenue	$ 2,132	$ 5,584	$ 6,750	$ -	$ 14,466
EBITDA	487	1,947	5,989	(973)	7,450
Finance costs (income)	78	54	(492)	-	(360)
Depreciation and amortization	800	230	3,934	201	5,165
Income (loss) before income taxes	(391)	1,663	2,547	(1,174)	2,645

Divestco Inc.
Condensed Consolidated Interim Statements of Financial Position

	At Mar 31	At Dec 31
(Thousands - Unaudited)	**2013**	**2012**
Assets		
Current Assets		
Cash	**$ 952**	$ 1,320
Funds held in trust	**34**	18
Accounts receivable	**7,704**	7,134
Prepaid expenses, supplies and deposits	**381**	357
Income taxes receivable	**281**	196
Total current assets	**9,352**	9,025
Investment in affiliated company	**139**	137
Participation surveys in progress	**-**	3,508
Property and equipment	**4,487**	4,607
Intangible assets	**26,299**	24,668
Total assets	**$ 40,277**	$ 41,945
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness	**$ 4,450**	$ 4,450
Accounts payable and accrued liabilities	**4,188**	9,624
Deferred revenue	**4,218**	2,420
Current loss on sublease loss provision	**326**	326
Current portion of long-term debt obligations	**2,014**	1,986
Current portion of tenant inducement	**122**	122
Total current liabilities	**15,318**	18,928
Deferred rent obligations	**398**	189
Long-term debt obligations	**3,807**	4,115
Sublease loss provision	**925**	1,006
Tenant Inducements	**1,359**	1,389
Total liabilities	**21,807**	25,627
Shareholders' Equity		
Equity instruments	**7,235**	7,216
Contributed surplus	**7,878**	7,829
Retained earnings (deficit)	**3,357**	1,273
Total shareholders' equity	**18,470**	16,318
Total liabilities and shareholders' equity	**$ 40,277**	$ 41,945

Divestco Inc.
Condensed Consolidated Interim Statements of Income and Comprehensive Income

	Three months ended March 31	
(Thousands, Except Per Share Amounts - Unaudited)	**2013**	2012
Revenue	**$ 11,618**	$ 14,466
Operating expenses		
Salaries and benefits	**4,331**	4,808
General and administrative	**2,275**	2,166
Depreciation and amortization	**2,613**	5,165
Stock compensation expense	**49**	41
Total operating expenses	**9,268**	12,180
Finance costs	**270**	(360)
Other loss (income)	**(4)**	1
Income before income taxes	**2,084**	2,645
Income taxes		
Current	**-**	-
Net income and comprehensive income for the year	**$ 2,084**	$ 2,645
Net income per share		
Basic and Diluted	**$ 0.03**	$ 0.04
Weighted average number of shares		
Basic and Diluted	**66,811**	66,616

Divestco Inc.
Condensed Consolidated Interim Statements of Changes in Equity

(Thousands - Unaudited)	Number of Shares Issued	Share Capital	Number of Warrants Issued	Warrants	Equity Instruments	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2012	66,610	$ 74,571	16,280	$ 1,860	$ 76,431	$ 5,663	$ (67,383)	$ 14,711
Net income and comprehensive income for the period							2,645	2,645
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issuance of Class A common shares	5	1			1			1
Share-based payment transactions						41		41
Balance as at March 31, 2012	66,615	$ 74,572	16,280	$ 1,860	$ 76,432	$ 5,704	$ (64,738)	$ 17,398
Balance as at January 1, 2013	66,758	$ 7,216	-	$ -	$ 7,216	$ 7,829	$ 1,273	$ 16,318
Net income and comprehensive income for the period							**2,084**	**2,084**
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issuance of Class A common shares	**107**	**19**			**19**			**19**
Share-based payment transactions						**49**		**49**
Balance as at March 31, 2013	**66,865**	**$ 7,235**	**-**	**$ -**	**$ 7,235**	**$ 7,878**	**$ 3,357**	**$ 18,470**

Divestco Inc.
Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31	
(Thousands - Unaudited)	**2013**	**2012**
Cash from (used in) operating activities		
Net income for the period	**$ 2,084**	$ 2,645
Items not affecting cash:		
Equity investment income	**(2)**	(1)
Depreciation and amortization	**2,613**	5,165
Amortization of tenant inducements	**(30)**	(28)
Deferred rent obligations	**210**	(258)
Unrealized foreign exchange loss	**(2)**	2
Non-cash employment benefits	**19**	1
Share-based payments	**49**	41
Finance costs (income)	**270**	(360)
Funds from operations	**5,211**	7,207
Changes in non-cash working capital balances	**(980)**	5,147
Interest received (paid)	**(243)**	407
Net cash from operating activities	**3,988**	12,761
Cash from (used in) financing activities		
Bank indebtedness	**-**	550
Advances to affiliated company	**-**	14
Repayment of long-term debt obligations	**(299)**	(329)
Net cash from (used in) financing activities	**(299)**	235
Cash from (used in) investing activities		
Additions to intangible assets	**(3,563)**	(9,780)
Decrease in participation surveys in progress	**3,508**	1,299
Purchase of property and equipment	**(55)**	(151)
Payments towards sublease loss provision	**(89)**	(89)
Deferred development costs	**(590)**	(587)
Changes in non-cash working capital balances	**(3,268)**	(3,417)
Net cash from (used in) investing activities	**(4,057)**	(12,725)
Increase (decrease) in cash	**(368)**	271
Cash, beginning of period	**1,320**	1,547
Cash, end of period	**$ 952**	$ 1,818

About the Company

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

For more information please contact:

Divestco Inc.
(www.divestco.com)

Mr. Stephen Popadynetz
CEO, President and CFO
Tel 587-952-8152

Mr. Danny Chiarastella
Vice President, Finance
Tel 587-952-8027

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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

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

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

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