



Quarterly Report

For the Three and Six Months Ended
June 30, 2015



Management's Discussion & Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated August 20, 2015, and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Divestco Inc. ("Divestco" or the "Company") as at and for the three and six months ended June 30, 2015 and with the audited consolidated financial statements and notes as at and for the years ended December 31, 2014 and December 13, 2013 (the "Annual Financial Statements"). All financial information in this MD&A has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), and is reported in Canadian dollars unless otherwise specified.

DIVESTCO'S BUSINESS

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

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

- **Software and Data:** Offers the market a complete software suite designed with a thorough understanding of the workflows and requirements of oil and gas professionals; as well as a full suite of exploration datasets and a library of comprehensive well log data. Software and data together provide complete solutions and have become an indispensable resource for geologists, geophysicists and engineers. On March 25, 2015, the Company announced the sale of its land software assets (LandRite, iLand and MapQ). The disposed assets, revenues and expenses were reported under the Software & Data segment. All accounts receivable, liabilities and other working capital associated with the assets prior to the disposition were retained by the Company. The segment continues to operate post-closing under the following product lines: Geophysical Software, Geological Software and Log Data.
- **Services:** Offers geomatics services, which include data integrity validation, mapping, database hosting, and advisory support and consultation; seismic processing services, which include data quality assurance, processing and data management services for geophysical and geological information; and land management services through Cavalier Land and Canadian Landmasters, including surface acquisition, public consultation, telecom acquisition and consultation, regulatory guidance, freehold mineral acquisition, and crown land sale representation.
- **Seismic Data:** Focused on providing the oil and natural gas industry with quick, reliable access to cost-effective, high-resolution seismic data. This includes brokering and licensing existing seismic data between data owners and licensees, managing existing seismic data for the purpose of brokering sales, and creating new seismic data inventories through recording multi-client services. The seismic brokerage division is the largest of its kind in Canada.
- **Corporate and Other:** Responsible for setting Divestco's overall strategic objectives and providing finance and accounting, sales and marketing, human resources (HR) and information technology (IT) services to the Company's operating segments.

GOING CONCERN

The condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the

normal course of business. As at June 30, 2015, the Company had a working capital deficiency of \$8.1 million (December 31, 2014: \$10.7 million deficiency), excluding deferred revenue of \$1.6 million (December 31, 2014: \$3.2 million). In addition, the Company has contractual obligations (see "Off Balance Sheet Arrangements" section to this MD&A).

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

FORWARD-LOOKING INFORMATION

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

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

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

These forward-looking statements are based upon assumptions including:

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

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

- General economic, market and business conditions
- Volatility in market prices for crude oil and natural gas
- Ability of Divestco's clients to explore for, develop and produce oil and gas
- Availability of financing and capital
- Fluctuations in interest rates
- Demand for the Company's product and services
- Weather and climate conditions which cause seasonal cyclicity in our business
- Competitive actions by other companies
- Availability of skilled labour
- Ability to obtain regulatory approvals in a timely manner
- Adverse conditions in the debt and equity markets
- Government actions, including changes in environment and other regulations

NON-GAAP MEASURES

The Company's 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 non-GAAP measures. While these measures may not be comparable to similar measures presented by other issuers, they are described and presented in this MD&A to provide shareholders and other stakeholders with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

These measures include:

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

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

The following is a reconciliation of EBITDA with net loss:

(Thousands)	Three months ended Jun 30		Six months ended Jun 30	
	2015	2014	2015	2014
Net Loss	\$ (2,760)	\$ (3,997)	\$ (526)	\$ (4,712)
Income Tax Reduction	-	-	-	(31)
Finance Costs	208	243	666	502
Depreciation and Amortization	1,399	3,399	8,385	5,156
EBITDA	\$ (1,153)	\$ (355)	\$ 8,525	\$ 915

Funded debt and funded debt to equity

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

The calculation is as follows:

	Balance at	
	Jun 30, 2015	Dec 31, 2014
Components of funded debt to equity ratio:		
Current portion of long-term debt obligations	\$ 6,526	\$ 11,194
Long-term debt obligations	492	557
Total funded debt	7,018	11,751
Shareholders' equity	\$ 19,928	\$ 20,438
Funded debt to equity ratio	0.35	0.57

Adjusted Working capital

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

ADDITIONAL GAAP MEASURE

Funds from operations

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

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

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

(Thousands)	Three months ended Jun 30		Six months ended Jun 30	
	2015	2014	2015	2014
Net Cash from (used in) Operating Activities	\$ 400	\$ (885)	\$ 7,684	\$ 3,338
Changes in non-cash Working Capital Balances Related to Operating Activities	(1,730)	365	(5,196)	(2,699)
Interest Paid	206	204	569	420
Income Taxes Refunded	-	-	(69)	(251)
Funds from (used in) Operations	\$ (1,124)	\$ (316)	\$ 2,988	\$ 808

OVERALL PERFORMANCE AND OPERATIONAL RESULTS

Summary Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended Jun 30				Six months ended Jun 30			
	2015	2014	\$ Change	% Change	2015	2014	\$ Change	% Change
Revenue	\$ 2,936	\$ 5,189	\$ (2,253)	-43%	\$ 12,341	\$ 11,901	\$ 440	4%
Operating Expenses ⁽¹⁾	4,053	5,516	(1,463)	-27%	9,400	11,141	(1,741)	-16%
Other Loss (Income)	36	28	8	29%	(5,584)	(155)	(5,429)	N/A
EBITDA ⁽²⁾	(1,153)	(355)	(798)	N/A	8,525	915	7,610	832%
Finance Costs	208	243	(35)	-14%	666	502	164	33%
Depreciation and Amortization	1,399	3,399	(2,000)	-59%	8,385	5,156	3,229	63%
Loss before Income Taxes	(2,760)	(3,997)	1,237	N/A	(526)	(4,743)	4,217	N/A
Income Tax Recovery	-	-	-	N/A	-	(31)	31	N/A
Net Loss	\$ (2,760)	\$ (3,997)	\$ 1,237	N/A	\$ (526)	\$ (4,712)	\$ 4,186	N/A
Per Share - Basic and Diluted	(0.04)	(0.06)	0.02	N/A	(0.01)	(0.07)	0.06	N/A
Funds from (used in) Operations ⁽²⁾	\$ (1,124)	\$ (316)	\$ (808)	N/A	\$ 2,988	\$ 808	\$ 2,180	270%
Per Share - Basic and Diluted	(0.02)	-	(0.02)	N/A	0.04	0.01	0.03	300%
Class A Shares Outstanding	67,108	67,085	N/A	N/A	67,108	67,085	N/A	N/A
Weighted Average Shares Outstanding								
Basic and Diluted	67,108	67,085	N/A	N/A	67,108	67,069	N/A	N/A

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⁽¹⁾ Includes salaries and benefits, G&A and shared-based payments but excludes depreciation and amortization and other loss (income)

⁽²⁾ See the "Non GAAP Measures and Additional GAAP Measure" sections.

Q2 2015 vs. Q2 2014

Divestco generated revenue of \$2.9 million in Q2 2015 compared to \$5.2 million in Q2 2014, a decrease of \$2.3 million (43%) mainly related to lower commodity prices. Revenue in the Software & Data segment (\$1.2 million) decreased by \$0.7 million (39%) due to the sale of its land software assets in Q1 2015. Log

data revenue was down slightly. Revenue in the Seismic Data segment (\$0.2 million) decreased by \$0.6 million (76%) due to reduced exploration activity levels. Revenue in the Services segment (\$1.6 million) decreased by \$0.9 million (37%) due to low commodity prices partially offset by the completion of certain international projects. Land management services experienced weaker demand for telecom services compared to Q2 2014 due to reduced capital spending while the demand for oil and gas services was weaker due to low commodity prices.

Operating expenses decreased by \$1.4 million (27%) to \$4.1 million in Q2 2015 from \$5.5 million in Q2 2014 as salaries declined due to a lower headcount and austerity measures put in place in reaction to the current economic conditions.

Finance costs decreased by \$35,000 (14%) to \$208,000 in Q2 2015 from \$243,000 in Q2 2014 mainly related to lower debt levels. A \$4.5 million bridge loan secured by the Company at the end of September 2014 which was repaid on March 25, 2015.

Depreciation and amortization (\$1.4 million) decreased by \$2.0 million (59%) mainly due to the completion of a large seismic data survey in Q2 2014 (Company's policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

Six Months Ended June 30, 2015 vs. Six Months Ended June 30, 2014

Divestco generated revenue of \$12.3 million in during the first half of 2015 compared to \$11.9 million in during the same period in 2014, an increase of \$0.4 million (4%) mainly related to the completion of three seismic surveys in Q1 2015 which commenced in 2014 offset by lower commodity prices which impacted the rest of the business. Revenue in the Software & Data segment (\$3.2 million) decreased by \$0.6 million (18%) mainly due to the sale of its land software assets in Q1 2015 partially offset by higher geological software revenue. Log data revenue was down slightly. Revenue in the Seismic Data segment (\$5.1 million) increased by \$2.4 million (87%) due to the completion of new seismic surveys earlier in 2015 partially offset by lower seismic brokerage revenue. Revenue in the Services segment (\$4.1 million) decreased by \$1.2 million (23%) due to low commodity prices partially offset by the completion of some larger international projects. Land management services experienced weaker demand for telecom services compared to 2014 due to reduced capital spending while the demand for oil and gas services was weaker due to low commodity prices. The increase in other income is mainly related to a \$5.6 million accounting gain recognized on the sale of the Company's land software assets for net proceeds of \$6.3 million. A portion of the total proceeds from the above disposition were used to fully repay a bridge loan in the amount of \$4.5 million with the remaining proceeds being used for working capital purposes.

Operating expenses decreased by \$1.7 million (16%) to \$9.4 million in the first half of 2015 from \$11.1 million during the same period in 2014 as salaries declined due to a lower headcount and austerity measures put in place in reaction to the current economic conditions.

Finance costs increased by \$164,000 (33%) to \$666,000 in the first half of 2015 from \$502,000 during the same period in 2014 mainly related to more expensive debt. A \$4.5 million bridge loan secured by the Company at the end of September 2014 which was repaid on March 25, 2015, bore interest at 18% per annum.

Depreciation and amortization (\$8.4 million) increased by \$3.2 million (63%) mainly due to the completion of three seismic surveys in Q1 2015 (Company's policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

Business Seasonality

Although the Company's Software & Data segment has relatively constant recurring revenue throughout the year from its license and subscription sales, some of the Company's other segments experience revenue fluctuations due to seasonal influences on oil and gas industry activities.

Seismic data acquisitions are usually completed in the winter season when the ground is frozen allowing access of heavy equipment with minimal disruption of agricultural fields. This affects the timing of recognition of revenues in the Seismic Data segment. Additionally, the Services segment normally exhibits a noticeable reduction in sales in the spring and summer months and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. To the extent possible, Divestco minimizes these fluctuations by performing specific types of contract work appropriate for lower-activity months.

Financial Position

As at June 30, 2015, Divestco had a working capital deficiency of \$8.1 million (December 31, 2014: \$10.7 million deficiency), excluding deferred revenue of \$1.6 million (December 31, 2014: \$3.2 million). The decrease in the working capital deficit from the end of 2014 was primarily due to the sale of the Company's land software assets; the proceeds were used to repay a \$4.5 million bridge loan and for working capital purposes.

Divestco consolidated its shareholder loans under a single loan agreement effective September 29, 2014. Since all of the shareholder loans are due on demand and there are no scheduled principal repayments, it is classified as current debt.

Financial Position (Thousands)	Balance at		
	Jun 30	Dec 31	Dec 31
	2015	2014	2013
Total Assets	\$ 35,454	\$ 50,868	\$ 40,721
Working Capital (Deficit) ⁽¹⁾⁽²⁾	(8,089)	(10,723)	(2,295)
Long-Term Financial Liabilities ⁽³⁾	8,061	12,941	9,357

⁽¹⁾ See the "Non GAAP and Additional GAAP Measures" sections.

⁽²⁾ Excludes the current portion of deferred revenue of \$1.6 million (December 31, 2014: \$3.2 million; December 31, 2013: \$2.8 million).

⁽³⁾ Includes long-term debt obligations (both current and long-term portions), sublease loss provision (both current and long-term portions), deferred rent obligations. Excludes tenant inducements of \$0.7 million (December 31, 2014: \$0.8 million; December 31, 2013: \$0.8 million).

SELECTED QUARTERLY INFORMATION

(Thousands, Except Per Share Amounts)	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$ 2,936	\$ 9,405	\$ 19,012	\$ 5,207	\$ 5,189	\$ 6,712	\$ 10,395	\$ 4,883
EBITDA ⁽¹⁾	(1,153)	9,678	13,260	(902)	(355)	1,270	5,127	(312)
Income (loss) before income taxes	(2,760)	2,234	10,252	(3,033)	(3,997)	(746)	3,458	(1,985)
Net Income (Loss)	(2,760)	2,234	10,252	(3,033)	(3,997)	(715)	3,458	(1,985)
Per Share - Basic and Diluted	(0.04)	0.03	0.15	(0.05)	(0.06)	(0.01)	0.05	(0.03)
Funds from (used in) Operations ⁽¹⁾	(1,124)	4,112	13,274	(901)	(316)	1,124	5,189	(291)
Per Share - Basic and Diluted	(0.02)	0.06	0.20	(0.01)	0.00	0.02	0.08	0.00

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

The variances in the quarterly results illustrated in the table above are primarily a result of changing industry factors affecting oil and gas producers' exploration activities, upon which our business model is based. In turn, the producers' primary activity drivers are crude oil and natural gas commodity pricing and general economic and industry labour conditions, which have fluctuated in these reporting periods.

The variance in quarterly results is also influenced by seasonality. Typically, the first and fourth quarters are the busiest for the Company when drilling activities are at their peak in western Canada. Road bans severely restrict field activity in the second quarter and seismic field work can be limited in summer months for agricultural reasons. The Company commenced four seismic surveys in Q4 2014 of which one survey was completed in the same quarter and the remaining surveys were completed in Q1 2015. Revenue is recognized on a percentage of completion basis. EBITDA in Q1 2015 includes an accounting gain of \$5.4 million recognized on the sale of the Company's land software assets. Commodity prices continued to remain low in Q2 2015 which directly contributed to weaker financial results.

OUTLOOK

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to reduce their capital budgets considerably. This has also led to pressure being put on North American oil and gas service companies to discount their prices. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses and debt. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. Further salary reductions were implemented on June 1, 2015 and again on July 1, 2015. In addition, on March 25, 2015, the Company sold its Land Software assets for proceeds of \$6.3 million and recognized an accounting gain of approximately \$5.6 million. The disposed assets, revenues and expenses were reported under its Software and Data segment and the segment continues to operate post-closing. All accounts receivable, liabilities and other working capital associated with the assets prior to the disposition were retained by the Company. A portion of the total proceeds from the disposition were used to fully repay the bridge loan in the amount of \$4.5 million (see the "Bridge Loan" under the "Capital Resources" section of the MD&A). The loan was due on March 31, 2015. The Company is using the remaining proceeds for working capital purposes. Management continues to have discussions with various parties on the sale of other non-strategic assets and putting a new credit facility in place.

LIQUIDITY

Financial Instruments

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

Fair Value

The fair values of cash and cash equivalents, accounts receivable, accounts payable, shareholder loans and debentures approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of the term debt instruments have been measured at amortized cost using the effective interest rate method. Fair value was equal to carrying value as at June 30, 2015.

Credit Risk

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

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

The Company has a wide customer base in the energy sector ranging from large multinational public entities to small private companies. Currently there are no significant economic dependencies on any particular customers.

Liquidity Risk

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

The Company had a net loss of \$0.5 million for the six months ended June 30, 2015 and as at June 30, 2015 had a working capital deficiency of \$8.1 million, excluding deferred revenue of \$1.6 million. In addition, Divestco has future operating lease commitments of \$2.9 million over the next 12 months (see the "Contractual Obligations" section of this MD&A). On March 25, 2015, the Company repaid a \$4.5 million bridge loan with the proceeds from the sale of its land software assets (see "Bridge Loan" under the "Capital Resources" section to this MD&A) and augmented working capital.

While management believes that the Company's funds from operations will provide the capital to continue to operate in the short-term, it is dependent upon future financial performance that is subject to financial, business, and other risk factors, including elements beyond the Company's control. To mitigate these risks, management is currently in discussions with a number of interested parties with the intention of selling additional non-strategic assets and securing a new credit facility. All discussions are preliminary

and there is no assurance that any transaction will proceed (see the "Going Concern" section of the MD&A).

Adjusted Working Capital

As at June 30, 2015, Divestco had a working capital deficiency of \$8.1 million (December 31, 2014: \$10.7 million deficiency), excluding deferred revenue of \$1.6 million (December 31, 2014: \$3.2 million). \$6.3 million of the deficiency is comprised of shareholder loans (\$5.7 million) and debentures (\$0.6 million); a majority of which is held by four directors of the Company. The decrease in the working capital deficit from the end of 2014 was primarily due to the sale of the Company's land software assets; the proceeds were used to repay a \$4.5 million bridge loan and for working capital purposes.

Funded Debt to Equity

Divestco had a funded debt to equity ratio of 0.35:1 as at June 30, 2015 (December 31, 2014: 0.57:1). The Company's practice is to utilize an appropriate mix of debt and equity to finance its current capital expenditures and growth initiatives. Consistent with the year ended December 31, 2014, the strategy of the Board of Directors and management is to operate the Company with the lowest possible debt load in reaction to the volatility of the industry. This is to ensure adequate financial flexibility to meet the financial obligations, both current and long-term and as part of the Company's effort to maintain a healthy statement of financial position. The Company's strategy is to maintain a funded debt to equity ratio of less than 1:1.

Contractual Obligations

Below is a summary of Divestco's contractual obligations as at June 30, 2015, including principal and interest:

(Thousands)	Carrying amount	Contractual cash flows	<1 year	1-2 years	2-5 years	Thereafter	Total
Debt Obligations ⁽¹⁾	6,693	6,693	6,330	-	-	363	6,693
Finance Leases	325	352	206	110	36	-	352
Operating Leases ⁽²⁾	N/A	30,641	2,860	2,764	8,595	16,422	30,641
Sublease loss liability ⁽³⁾	496	504	356	148	-	-	504
Total	\$ 7,514	\$ 38,190	\$ 9,752	\$ 3,022	\$ 8,631	\$ 16,785	\$ 38,190

⁽¹⁾ Includes shareholder loans and debentures.

⁽²⁾ See "Off Balance Sheet Arrangements" section

⁽³⁾ Includes sublease loss liability

Selected Cash Flow Items

(Thousands)	Six months ended Jun 30	
	2015	2014
Operating Activities		
Funds from Operations ⁽¹⁾	\$ 2,988	\$ 808
Changes in Non-Cash Working Capital Balances	5,196	2,699
Interest Paid	(569)	(420)
Income Taxes Refunded	69	251
Cash From Operating Activities	7,684	3,338
Financing Activities		
Bank Indebtedness	-	(228)
Repayment of Long-Term Debt Obligations	(4,857)	(587)
Cash From (Used in) Financing Activities	(4,857)	(815)
Investing Activities		
Additions to Intangible Assets	(13,343)	(6,516)
Participation Surveys in Progress	9,011	4,733
Additions to Property, Plant and Equipment	(11)	(39)
Payments Towards Sublease Loss Provision	(177)	(178)
Advances from Equity-Accounted Investees	1	(106)
Proceeds on Sale of Property and Equipment	6,283	-
Deferred Development Costs	(575)	(780)
Changes in Non-Cash Working Capital Balances	(7,290)	557
Cash From (Used in) Investing Activities	(6,101)	(2,329)
Change in Cash	\$ (3,274)	\$ 194

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

Operating Activities

During the six months ended June 30, 2015, funds from operations were \$3.0 million (\$0.04/share – basic and diluted), compared with \$0.8 million (\$0.01/share (basic and diluted)) for the same period in 2014, an increase of \$2.2 million (270%) mainly due to higher revenues and lower operating costs.

Financing Activities

During the six months ended June 30, 2015, Divestco used the proceeds from an asset sale to repay a \$4.5 million short-term secured bridge loan. Repayment of finance leases totaled \$53,000.

Investing Activities

During the six months ended June 30, 2015, Divestco sold its land software assets for net proceeds of \$6.3 million. In addition, the Company incurred \$13.3 million in additions to intangible assets related to the completion of three seismic surveys and \$0.6 million in deferred development costs. The \$9 million change in surveys in progress was related to the three new surveys that commenced in Q4 2014 and were completed in Q1 2015.

CAPITAL RESOURCES**Share capital**

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

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

(Thousands)	Balance as at		
	Aug 20, 2015	Jun 30, 2015	Dec 31, 2014
Class A shares			
Outstanding	67,108	67,108	67,096
Weighted Average Outstanding			
Basic – YTD	N/A	67,108	67,081
Diluted – YTD ⁽¹⁾	N/A	67,108	67,081
Stock Options			
Outstanding	2,927	2,927	3,068
Exercise Price Range	\$0.17 to \$0.25	\$0.17 to \$0.25	\$0.17 to \$0.68

⁽¹⁾ Basic net income (loss) per share is computed using the weighted-average number of Class A Shares outstanding during the six months ended June 30, 2015, being 67,108,000 (June 30, 2014 – 67,069,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the six months ended June 30, 2015 as the stock options were out of the money and there was a net loss for the period. In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the six months ended June 30, 2014 as there was a loss for the period.

Bridge Loan

On March 25, 2015, the Company repaid a short-term secured bridge loan for \$4.5 million, repayable on March 31, 2015, with the proceeds from the sale of its land software assets. The loan was advanced on September 30, 2014, bore interest at 18% per annum and was secured by a general security agreement over all present and after acquired personal property of the Company.

Shareholder Loans

As at June 30, 2015, the Company had \$5.7 million in shareholder loans from three members of the Company's board of directors. The shareholder loans bear interest at varying rates of 10% and 12% per annum and are secured by way of registered security pursuant to the Personal Property Security Act (Alberta). The shareholder loans were subordinated to the Company's senior bridge lender, are payable on demand and have no maturity date. Holders of \$1.6 million of the shareholder loans have the right to convert this portion of the shareholder loans into an ownership interest in the Company's seismic data library, subject to regulatory approval. Management has not sought regulatory approval for the conversion as management is in discussions with such shareholders to amend the loan agreements to remove the conversion feature.

Debentures

The Company has \$1.0 million in subordinated debentures with a royalty interest. Four directors, who are also shareholders of the Company, hold \$0.8 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated at 50% of "net revenues" generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by \$1.2 million (debenture proceeds raised) divided by \$5 million. The balance of the revenue is retained by the Company. "Net revenues" equal 90% of the "gross revenues" generated by the Seismic Data. The "Seismic Data" is comprised of the seismic surveys acquired by the Corporation prior to July 1, 2012. As at June 30, 2015, there was \$0.6 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data up to and including June 30, 2015. Principal payments were postponed until March 31, 2015 under the

Company's previous senior debt facilities. The Company made a payment of \$0.2 million to the debenture holders in June 2015. The Company issued a payment of \$0.2 million in June 2015 and will continue to repay the current portion of the debentures as funds become available.

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately \$183,000 per month (including operating costs and property taxes) which increased from \$178,000 per month in May 2015. The annual square foot rate increases in 2018, 2020 and 2023. The lease includes a monthly commitment of \$30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling \$161,000 are expected to be received in 2015. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately \$65,000 including operating costs and property taxes for 2015.

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

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

	Balance at	
	Jun 30, 2015	Dec 31, 2014
Less than one year	\$ 2,860	\$ 2,828
Between one and five years	11,359	11,245
More than five years	16,422	17,981
	\$ 30,641	\$ 32,054

CONTINGENCIES

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

RELATED PARTY TRANSACTIONS

Loans from directors and shareholders

As at June 30, 2015, the Company had \$5.7 million in secured loans from three directors and \$0.8 million of the debentures was held by four directors who are also shareholders (see the "Financial Instruments" section of the MD&A).

Key management personnel and director transactions

Directors and officers of the Company control 39% percent of the voting shares of the Company. A director controls 13% and the CEO (also a director) controls 13%.

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

Entity	Transaction	Transaction value for the six months ended Jun 30		Balance due from (to) the related party as at Jun 30	Balance due from (to) the related party as at Dec 31
		2015	2014	2015	2014
Director	Consulting fees and commissions ⁽¹⁾	\$ 46	\$ 91	\$ (365)	\$ (365)
Affiliate (Company owns 1/3)	Software and data license fees net of expense reimbursements ⁽²⁾	213	31	(147)	(239)

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets, have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact of adopting these amendments on its consolidated financial statements.

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

USE OF ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the unaudited condensed consolidated interim financial statements the Company as at and for the three and six months ended June 30, 2015. There have been no changes with respect to estimates and judgements from that disclosed as at December 31, 2014.

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



Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended
June 30, 2015

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Divestco Inc.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Thousands)	Note	At Jun 30 2015	At Dec 31 2014
Assets			
Current Assets			
Cash		\$ 1,070	\$ 4,344
Accounts receivable		2,630	9,396
Prepaid expenses, supplies and deposits		232	661
Income taxes receivable		27	46
Total current assets		3,959	14,447
Equity-accounted investees		178	222
Participation surveys in progress		-	9,011
Property and equipment		2,347	2,551
Intangible assets	6,7	28,970	24,637
Total assets		\$ 35,454	\$ 50,868
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 5,114	\$ 13,568
Deferred revenue		1,637	3,171
Current portion of debt obligations	8	6,526	11,194
Current portion of other long-term liabilities	9	408	408
Total current liabilities		13,685	28,341
Long-term debt obligations	8	492	557
Other long-term liabilities	9	1,349	1,532
Total liabilities		15,526	30,430
Shareholders' Equity			
Share capital		7,271	7,270
Contributed surplus		8,076	8,061
Retained earnings		4,581	5,107
Total shareholders' equity		19,928	20,438
Going concern	2		
Contractual obligations	14		
Total liabilities and shareholders' equity		\$ 35,454	\$ 50,868

The notes are an integral part of the condensed consolidated interim financial statements

Divestco Inc.
**Condensed Consolidated Interim Statements of Loss and
Comprehensive Loss**

(Unaudited - Thousands, Except Per Share Amounts)	Note	Three months ended Jun 30		Six months ended Jun 30	
		2015	2014	2015	2014
Revenue		\$ 2,936	\$ 5,189	\$ 12,341	\$ 11,901
Operating expenses					
Salaries and benefits		2,164	3,321	5,333	7,091
General and administrative		1,879	2,167	4,052	3,999
Depreciation and amortization		1,399	3,399	8,385	5,156
Other loss (income)	10	36	28	(5,584)	(155)
Share-based payments		10	28	15	51
Total operating expenses		5,488	8,943	12,201	16,142
Finance costs	11	208	243	666	502
Loss before income taxes		(2,760)	(3,997)	(526)	(4,743)
Income taxes					
Current (recovery)		-	-	-	(31)
Net loss and comprehensive loss for the period		\$ (2,760)	\$ (3,997)	\$ (526)	\$ (4,712)
Loss per share					
Basic and Diluted	12	\$ (0.04)	\$ (0.06)	\$ (0.01)	\$ (0.07)

The notes are an integral part of the condensed consolidated interim financial statements

Divestco Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - Thousands)	Number of Shares Issued	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2014	67,050	\$ 7,266	\$ 7,989	\$ 2,600	\$ 17,855
Net loss and comprehensive loss for the period				(4,712)	(4,712)
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	35	4			4
Share-based payments			51		51
Balance as at June 30, 2014	67,085	\$ 7,270	\$ 8,040	\$ (2,112)	\$ 13,198
Balance as at January 1, 2015	67,096	\$ 7,270	\$ 8,061	\$ 5,107	\$ 20,438
Net loss and comprehensive loss for the period				(526)	(526)
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	12	1			1
Share-based payments			15		15
Balance as at June 30, 2015	67,108	\$ 7,271	\$ 8,076	\$ 4,581	\$ 19,928

The notes are an integral part of the condensed consolidated interim financial statements

Divestco Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Thousands)	Note	Six months ended Jun 30	
		2015	2014
Cash from (used in) operating activities			
Net loss for the period		\$ (526)	\$ (4,712)
Items not affecting cash:			
Equity investment loss (income)		43	(161)
Depreciation and amortization	7	8,385	5,156
Amortization of tenant inducements		(36)	(36)
Deferred rent obligations		24	35
Income taxes recoverable		-	(31)
Gain on disposal of intangible assets	6	(5,584)	-
Non-cash employment benefits		1	4
Share-based payments		15	51
Finance costs	11	666	502
Funds from operations		2,988	808
Changes in non-cash working capital balances	13	5,196	2,699
Interest and finance costs paid		(569)	(420)
Income taxes received		69	251
Net cash from operating activities		7,684	3,338
Cash from (used in) financing activities			
Bank indebtedness		-	(228)
Repayment of debt obligations	8	(4,857)	(587)
Net cash from (used in) financing activities		(4,857)	(815)
Cash from (used in) investing activities			
Additions to intangible assets	7	(13,343)	(6,516)
Decrease in participation surveys in progress		9,011	4,733
Purchase of property and equipment		(11)	(39)
Payments towards sublease loss provision		(177)	(178)
Advances to equity-accounted investees		1	(106)
Proceeds on sale of intangible assets	6	6,283	-
Deferred development costs		(575)	(780)
Changes in non-cash working capital balances	13	(7,290)	557
Net cash from (used in) investing activities		(6,101)	(2,329)
Increase (decrease) in cash		(3,274)	194
Cash, beginning of period		4,344	417
Cash, end of period		\$ 1,070	\$ 611

The notes are an integral part of the condensed consolidated interim financial statements

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

1. Reporting Entity

Divestco Inc. (the "Company") is a company domiciled in Canada. The address of the Company's registered office is 400, 604 – 1st Street S.W., Calgary, Alberta, Canada. The Company is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol "DVT". The condensed consolidated interim financial statements of the Company as at and for the three and six months ended June 30, 2015 are comprised of the Company and its subsidiaries (together referred to as the "Company") and the Company's interest in entities where the Company holds a significant influence. The Company primarily offers its customers the ability to access and analyze information and make business decisions to optimize their success in the upstream oil and gas industry through the following operating segments: Software & Data, Services and Seismic Data. The Corporate and Other segment provides support services to the operating segments.

2. Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at June 30, 2015, the Company had a working capital deficiency of \$8.1 million (December 31, 2014: \$10.7 million deficiency), excluding deferred revenue of \$1.6 million (December 31, 2014: \$3.2 million). In addition, the Company has contractual obligations (Note 14).

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

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

3. Basis of Presentation

(a) Statement of Compliance

These condensed consolidated interim financial statements for the three and six months ended June 30, 2015 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2014, except as disclosed below. The disclosures below are incremental to those included with annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted.

These condensed consolidated interim financial statements were authorized for issuance by the Company's Audit Committee on August 20, 2015, and should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

(b) Future Accounting Policy Changes

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

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

IAS 16 Property Plant and Equipment and *IAS 38 Intangible Assets*, have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact of adopting these amendments on its consolidated financial statements.

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

(c) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. This note should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

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

Divestco Inc.

Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

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, delaying 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. Divestco tries to minimize these fluctuations by performing specific types of contract work appropriate for lower-activity months. The Company's Software and Data segment has recurring revenue throughout the year due to its license and subscription sales.

5. Operating Segments

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

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

- **Software and Data:** includes selling, maintaining, and supporting licensed (perpetual and periodic) software exploration products as well as providing a full suite of support data layers.
- **Services:** includes providing geomatics, processing and land management services.
- **Seismic Data:** includes providing seismic brokerage and data management services in addition to building, licensing and maintaining the Company's seismic data assets.
- **Corporate and Other:** includes providing overall strategic direction to the Company through executive management, finance, accounting, marketing, human resources, investor relations, and information technology.

The accounting policies of the segments are the same as those described in the consolidated financial statements of the Company for the year ended December 31, 2014. There are varying levels of integration between the Services and Seismic Data reportable segments. This integration includes the provision of geomatics and processing services to the seismic data division. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation.

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

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

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

As at and for the three months ended June 30, 2015					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 1,186	\$ 1,558	\$ 192	\$ -	\$ 2,936
Inter-segment revenue	-	-	-	-	-
Reportable segment income (loss) before tax	(204)	(746)	(1,219)	(591)	(2,760)
Finance costs	56	11	141	-	208
Depreciation and amortization	481	146	703	69	1,399
Reportable segment assets	7,450	3,117	23,730	1,157	35,454
As at and for the three months ended June 30, 2014					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 1,932	\$ 2,484	\$ 773	\$ -	\$ 5,189
Inter-segment revenue	-	-	-	-	-
Reportable segment income (loss) before tax	96	(269)	(2,612)	(1,212)	(3,997)
Finance costs	81	32	130	-	243
Depreciation and amortization	536	151	2,616	96	3,399
Reportable segment assets	9,931	4,388	18,202	1,638	34,159

As at and for the six months ended June 30, 2015					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 3,152	\$ 4,107	\$ 5,082	\$ -	\$ 12,341
Inter-segment revenue	8	45	(53)	-	-
Reportable segment income (loss) before tax	5,557	(1,079)	(3,488)	(1,516)	(526)
Finance costs	145	61	460	-	666
Depreciation and amortization	1,131	297	6,821	136	8,385
Other material non-cash items:					
Gain on sale of intangible assets	5,584	-	-	-	5,584
Reportable segment assets	7,450	3,117	23,730	1,157	35,454
As at and for the six months ended June 30, 2014					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 3,847	\$ 5,339	\$ 2,715	\$ -	\$ 11,901
Inter-segment revenue	-	66	(66)	-	-
Reportable segment income (loss) before tax	88	(219)	(2,538)	(2,074)	(4,743)
Finance costs (income)	154	68	280	-	502
Depreciation and amortization	1,004	302	3,649	201	5,156
Reportable segment assets	9,931	4,388	18,202	1,638	34,159

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

6. Sale of Assets

On March 25, 2015, the Company sold its Land Software assets for net proceeds of \$6.3 million and recognized an accounting gain of \$5.6 million for the three and six months ended June 30, 2015 as follows:

Proceeds (net of disposal costs) ⁽¹⁾	\$ 6,283
Net book value of software code and deferred development costs	(1,398)
Deferred revenue	699
Gain on sale	\$ 5,584

⁽¹⁾ \$400,000 is being held in trust until September 25, 2015 subject to final purchase price adjustments related primarily to new sales and cancellations that are effective after the close date. The \$400,000 is reported in accounts receivable in the condensed consolidated interim statements of financial position as at June 30, 2015

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

A portion of the total proceeds from the above disposition were used to fully repay the bridge loan in the amount of \$4.5 million. The loan was due on March 31, 2015 (see Note 8). The Company used the remaining proceeds for working capital purposes.

Notes to Condensed Consolidated Interim Financial Statements

June 30, 2015

(Tabular amounts in thousands, unless otherwise stated - Unaudited)

7. Intangible Assets

	Data Libraries					Proprietary Software and Code	Deferred Development Costs ⁽¹⁾	Total
	Seismic Data Library	Datasets	Log, Support and Drilling Data Library	Reference Library	Sub-Total			
Cost								
At January 1, 2014	\$ 26,015	\$ 439	\$ 5,273	\$ 445	\$ 32,172	\$ 9,115	\$ 17,253	\$ 58,540
Additions	8,720	-	-	-	8,720	20	1,784	10,524
Disposals	-	-	-	-	-	-	-	-
At December 31, 2014	34,735	439	5,273	445	40,892	9,135	19,037	69,064
Additions	13,342	-	-	-	13,342	1	525	13,868
Disposals	-	-	-	-	-	(1,243)	(3,433)	(4,676)
At June 30, 2015	\$ 48,077	\$ 439	\$ 5,273	\$ 445	\$ 54,234	\$ 7,893	\$ 16,129	\$ 78,256
Accumulated depreciation								
At January 1, 2014	\$ 12,458	\$ 439	\$ 2,719	\$ 445	\$ 16,061	\$ 7,172	\$ 12,676	\$ 35,909
Amortization	5,952	-	264	-	6,216	575	1,727	8,518
At December 31, 2014	18,410	439	2,983	445	22,277	7,747	14,403	44,427
Amortization	6,818	-	132	-	6,950	252	935	8,137
Disposals	-	-	-	-	-	(850)	(2,428)	(3,278)
At June 30, 2015	\$ 25,228	\$ 439	\$ 3,115	\$ 445	\$ 29,227	\$ 7,149	\$ 12,910	\$ 49,286
Carrying amount								
At December 31, 2014	\$ 16,325	\$ -	\$ 2,290	\$ -	\$ 18,615	\$ 1,388	\$ 4,634	\$ 24,637
At June 30, 2015	22,849	-	2,158	-	25,007	744	3,219	28,970

⁽¹⁾ During the six months ended June 30 2015, the Company expensed \$388,000 (June 30, 2014: \$879,000) in research costs.

The Company's shareholders' loans and debentures are secured by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) (Note 8).

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8. Current and Long-term Debt Obligations

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to liquidity risk, see Notes 2 and 16.

	Balance at	
	Jun 30, 2015	Dec 31, 2014
Current liabilities		
Bridge Loan	\$ -	\$ 4,500
Debentures	605	847
Shareholder loans	5,725	5,725
Finance lease liabilities	196	213
Deferred finance charges	-	(91)
	\$ 6,526	\$ 11,194
Non-current liabilities		
Debentures	\$ 363	\$ 363
Finance lease liabilities	129	194
	\$ 492	\$ 557
Total	\$ 7,018	\$ 11,751

Bridge Loan

On March 25, 2015, the Company repaid a short-term secured bridge loan for \$4.5 million with the proceeds from the sale of its land software assets (see Note 6). The loan bore interest at 18% per annum and was secured by a general security agreement over all present and after acquired personal property of the Company. The bridge lender maintained a \$405,000 interest reserve sufficient to satisfy all interest costs for the term of loan and a default reserve of \$202,500 payable to the lender if the loan had not been repaid in full by March 31, 2015. The interest reserve was being amortized over the term of loan. The entire balance of the default reserve was applied against the loan repayment.

Shareholder Loans

As at June 30, 2015, the Company had \$5.7 million in shareholder loans from three members of the Company's board of directors. The shareholder loans bear interest at varying rates of 10% and 12% per annum and are secured by way of registered security pursuant to the Personal Property Security Act (Alberta). The shareholder loans were subordinated to the Company's senior bridge lender, are payable on demand and have no maturity date. Holders of \$1.6 million of the shareholder loans have the right to convert this portion of the shareholder loans into an ownership interest in the Company's seismic data library, subject to regulatory approval. Management has not sought regulatory approval for the conversion as management is in discussions with such shareholders to amend the loan agreements to remove the conversion feature.

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Debentures

The Company has \$1.0 million in subordinated debentures with a royalty interest. Four directors, who are also shareholders of the Company, hold \$0.8 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated at 50% of "net revenues" generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by \$1.2 million (debenture proceeds raised) divided by \$5 million. The balance of the revenue is retained by the Company. "Net revenues" equal 90% of the "gross revenues" generated by the Seismic Data. The "Seismic Data" is comprised of the seismic surveys acquired by the Corporation prior to July 1, 2012. As at June 30, 2015, there was \$0.6 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data up to and including June 30, 2015. Principal payments were postponed until March 31, 2015 due to a requirement under the Company's previous senior debt facilities. The Company issued a payment of \$0.2 million in June 2015 and will continue to repay the current portion of the debentures as funds become available.

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

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

9. Other liabilities

	Balance at	
	Jun 30, 2015	Dec 31, 2014
Current portion		
Sublease loss provision	\$ 336	\$ 336
Tenant inducements	72	72
	\$ 408	\$ 408
Long-term portion		
Sublease loss provision	\$ 160	\$ 331
Tenant inducements	642	678
Deferred rent obligations	547	523
	\$ 1,349	\$ 1,532
Total	\$ 1,757	\$ 1,940

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10. Other loss (income)

	Note	Three months ended Jun 30		Six months ended Jun 30	
		2015	2014	2015	2014
Foreign exchange loss (gain)		\$ 6	\$ 18	\$ (43)	\$ 6
Gain on disposal of intangible assets	6	-	-	(5,584)	-
Equity investment loss (income)		30	10	43	(161)
		\$ 36	\$ 28	\$ (5,584)	\$ (155)

11. Finance Costs

	Three months ended Jun 30		Six months ended Jun 30	
	2015	2014	2015	2014
Interest expense on debt	\$ 206	\$ 204	\$ 569	\$ 420
Amortization of deferred finance charges	-	34	91	71
Accretion of sublease loss	2	5	6	11
	\$ 208	\$ 243	\$ 666	\$ 502

12. Equity Instruments and Net Loss per Share

Authorized share capital

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

Net loss per share

Basic net loss per share is computed using the weighted-average number of Class A Shares outstanding during the three months ended June 30, 2015, being 67,108,000 (June 30, 2014 – 67,085,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the three months ended June 30, 2015 as the stock options were out of the money and there was a net loss for the period. In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the three months ended June 30, 2014 as there was a loss for the period.

Basic net loss per share is computed using the weighted-average number of Class A Shares outstanding during the six months ended June 30, 2015, being 67,108,000 (June 30, 2014 – 67,069,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the six months ended June 30, 2015 as the stock options were out of the money and there was a net loss for the period. In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the six months ended June 30, 2014 as there was a loss for the period.

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13. Supplement to Statements of Cash Flows

	Six months ended Jun 30	
	2015	2014
Changes in non-cash working capital balances		
Accounts receivable	6,766	4,327
Prepaid expenses, supplies and deposits	429	65
Accounts payable and accrued liabilities	(8,454)	(1,000)
Deferred revenue	(835)	(136)
	\$ (2,094)	\$ 3,256
Changes in non-cash working capital balances related to operating activities	\$ 5,196	\$ 2,699
Changes in non-cash working capital balances related to investing activities	(7,290)	557
	\$ (2,094)	\$ 3,256

14. Contractual Obligations

Below is a summary of the Company's contractual obligations as at June 30, 2015, including principal and interest:

As at June 30, 2015	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 5,114	\$ 5,114	\$ 5,114	\$ -	\$ -	\$ -	\$ -	\$ 5,114
Deferred rent obligations	547	547	-	-	-	-	547	547
Long-term debt obligations (excluding finance lease obligations) ⁽¹⁾	6,693	6,693	5,725	605	-	-	363	6,693
Finance lease obligations	325	352	103	103	110	36	-	352
Loss on sublease	496	504	178	178	148	-	-	504
Total	\$ 13,175	\$ 13,210	\$ 11,120	\$ 886	\$ 258	\$ 36	\$ 910	\$ 13,210

⁽¹⁾ Includes shareholder loans and debentures.

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

	Balance at	
	Jun 30, 2015	Dec 31, 2014
Less than one year	\$ 2,860	\$ 2,828
Between one and five years	11,359	11,245
More than five years	16,422	17,981
	\$ 30,641	\$ 32,054

Movement in the operating commitments for the six months ended June 30, 2015:

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Balance, January 1, 2015	\$ 32,054
Payments (net of subleases)	(1,413)
Balance June 30, 2015	\$ 30,641

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately \$183,000 per month (including operating costs and property taxes) which increased from \$178,000 per month in May 2015. The annual square foot rate increases in 2018, 2020 and 2023. The lease includes a monthly commitment of \$30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling \$161,000 are expected to be received in 2015. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately \$65,000 including operating costs and property taxes for 2015.

15. Related Parties

Transactions with key management personnel

Loans from directors and shareholders

As at June 30, 2015, the Company had \$5.7 million in secured loans from three directors and \$0.8 million of the debentures was subscribed for by four directors who are also shareholders (see Note 8).

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

Key management personnel compensation

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

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

Key management personnel and director transactions

Directors and officers of the Company control approximately 39% percent of the voting shares of the Company. A director controls 13% and the CEO, also a director, controls 13%.

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

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

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

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Entity	Transaction	Transaction value for the six months ended Jun 30		Balance due from (to) the related party as at Jun 30	Balance due from (to) the related party as at Dec 31
		2015	2014	2015	2014
Director	Consulting fees and commissions ⁽¹⁾	\$ 46	\$ 91	\$ (365)	\$ (365)
Affiliate (Company owns 1/3)	Software and data license fees net of expense reimbursements ⁽²⁾	213	31	(147)	(239)

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

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

16. Financial Instruments

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

Fair Value

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

Credit Risk

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

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. Currently there are no significant economic dependencies on any particular customers.

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Liquidity Risk

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

The Company had a net loss of \$0.5 million for the six months ended June 30, 2015 and as at June 30, 2015 had a working capital deficiency of \$8.1 million, excluding deferred revenue of \$1.6 million. In addition, it has future operating lease commitments of \$2.9 million over the next 12 months (see Note 14).

On March 25, 2015, the Company repaid a \$4.5 million bridge loan with the proceeds from the sale of its land software assets (see Note 6).

Management is currently in discussions with a number of interested parties with the intention of selling additional non-strategic assets. All discussions are preliminary and there is no assurance that any transaction will proceed.

The Company expects to settle its liabilities in the near term by using funds from operations, closing additional asset dispositions and obtaining a new credit facility. The outcome of these events cannot be predicted at this time.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Edward L. Molnar^{1,2,3,4}

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

Danny Chiarastella – Chief Financial Officer

Lonn Hornsby – Senior VP Operations – Divestco Seismic

CORPORATE SECRETARY

Faralee A. Chanin

STOCK EXCHANGE LISTING

TSX-V: DVT

REGISTRAR AND TRANSFER AGENT

CST Trust Company

AUDITORS

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LEGAL COUNSEL

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