Quarterly Report

Three Months Ended
March 31, 2013

Management's Discussion & Analysis

Three Months Ended
March 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated May 23, 2013, and should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2013 and 2012 and audited consolidated financial statements and notes of Divestco Inc. ("Divestco" or the "Company") as at and for the years ended December 31, 2012 and 2011. 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 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 data, including well data, well logs, land, rig activity and drilling data. Software and data together provide complete solutions and have become an indispensable resource for geologists, geophysicists, engineers and land agents.

- 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, with 11 independent brokers.

- 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. The segment is discussed under the "Results for the Periods by Segment" section of the MD&A.

BUSINESS STRATEGY

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

Through continued commitment to innovative products and services, technical expertise and exceptional customer service, Divestco offers customers the ability to conveniently access and analyze comprehensive, accurate and reliable information required to make informed critical 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 ("TSX-V") under the symbol "DVT".

FORWARD-LOOKING INFORMATION

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

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

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

**These statements are included under the following headings of this MD&A: "Overview of Financial and Operational Results", "Results for the Periods by Segment", "Liquidity and Capital Resources", and "New IFRS 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
- 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

These risks and uncertainties are discussed in greater detail in the "Business Risks and Environment" section of this MD&A.

NON-GAAP MEASURES

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". 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 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 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 net 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 condensed consolidated interim 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:

	Three months ended Mar 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

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.

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 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 Mar 31	
(Thousands)	**2013**	2012
Net Cash from Operating Activities	**$ 3,988**	$ 12,761
Changes in non-cash Working Capital Balances Related to Operating Activities	**980**	(5,147)
Interest Paid (Recovered)	**243**	(407)
Funds from Operations	**$ 5,211**	$ 7,207

BUSINESS RISKS AND ENVIRONMENT

Demand for products and services and dependence on major customers

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

The Company has a wide customer base in the energy sector ranging from large multinational public entities to small private companies. Notwithstanding the Company's wide customer base, the most significant customer accounted for 20% of the Company's accounts receivable as at March 31, 2013, and five customers accounted for 60% of the Company's revenue for the three months ended March 31, 2013. The Company has historically had a stable relationship with these customers and has no reason to believe there will be any change to this relationship in the future. The Company continuously makes efforts to expand its customer base.

The Company spends a considerable amount of time determining the optimal location to conduct a seismic survey, which includes using its contacts in the oil and gas exploration and production industry. In order to minimize capital risk, the Company routinely pre-sells data licenses in advance of committing to a capital outlay. For larger seismic programs, the Company may rely on third parties to share in the cost and these parties are also susceptible to the risks and uncertainties associated with the oil and gas industry.

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

Seasonality

Acquisition of seismic data is usually completed in the winter season when the ground is frozen. These conditions are imperative, especially in the northern areas of Alberta and British Columbia where seismic acquisition requires the use of heavy equipment. Unfavourable weather conditions may cause potential cost overruns and delays in the field data acquisition portion of the seismic data survey, delaying revenue recognition.

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. Also, the Company's Software and Data segment has recurring revenue throughout the year due to its license and subscription sales.

Competition

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

Skilled labour

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

Financing

Divestco may require additional financing in order to implement its business strategy. There is no assurance that financing will be available or, if obtainable, that it will be on reasonable terms. Unless adequate funds are attainable, Divestco may not be able to take advantage of acquisition opportunities, or otherwise respond to competitive pressures.

Proprietary protection

Divestco relies on a combination of patent, copyright, trademark and trade secret laws, confidentiality agreements, contractual provisions and other measures to protect its own proprietary information. Management believes that Divestco's proprietary rights are sufficient to carry on its activities as currently contemplated.

Despite Divestco's efforts to protect its proprietary rights, unauthorized parties may have copied, or attempted to copy, aspects of its technology, or tried to obtain and use information that Divestco regards as proprietary, such as its various oil and gas data sets and its seismic data library. In an effort to protect the Company's seismic data asset, Divestco has initiated actions against companies for breach of license agreement, copyright, and duty of confidentiality, for unauthorized sharing of its proprietary seismic data with third parties. Divestco will continue to enforce its proprietary right using all methods at its disposal.

However, the policing of unauthorized use of any intellectual property and determining the extent of any such piracy, is difficult. The laws of some foreign countries do not protect proprietary rights as comprehensively as do the laws of Canada and the Company has not sought protection for its proprietary rights outside Canada except for one U.S. patent. There is no assurance that Divestco's efforts to protect its proprietary rights in Canada will be adequate or that competition will not independently develop similar technology. Divestco may be subject to additional risks if it enters into transactions in countries where intellectual property laws are poorly written, poorly enforced, or completely ineffective.

Divestco has no knowledge of infringing on any proprietary rights of third parties. However, the Company cannot assure investors that third parties will not assert infringement or misappropriation claims against Divestco in the future, with respect to current or future products, as the number of products and competitors in this industry segment grows and the functionality and products overlap. Any claims, with or without merit, could be time consuming to defend, result in costly litigation fees, divert management's attention and resources, or force Divestco into royalty or licensing agreements that are unacceptable. In the event of a successful claim of infringement against Divestco, the business, operating results and financial stability of Divestco could be materially affected.

Litigation may also be necessary to enforce Divestco's proprietary rights, or to determine the scope and validity of a third party's proprietary rights. There is no assurance that funds would be available to Divestco in the event of such litigation, or that Divestco would prevail in any such action. An adverse outcome in litigation or other proceedings in a court or intellectual property office could subject Divestco to significant liabilities, require disputed rights to be licensed from other parties or require Divestco to cease using certain technology or products, any of which could have an adverse effect on Divestco.

Technological change

Computer-related technologies are changing rapidly. There is no assurance that new technologies will not emerge and supplant those existing technologies on which Divestco has based some of its products. Neither can the Company be certain that it will anticipate technological changes and adapt in time to be competitive. The ability of Divestco to compete successfully will depend to a large extent on its ability to maintain a technically competent research and development group and effectively adapt to technological changes, including the continued compatibility of its products with evolving computer hardware and software environments. There is no assurance that Divestco will be successful in these efforts.

Market acceptance

The future success of Divestco depends on its ability to address the needs of its potential customer base by developing and introducing products, product updates and services on a timely basis, by adapting the operation of its products to new platforms and by keeping pace with technological developments and emerging industry standards. In order to secure future growth, Divestco must be able to commit substantial resources to developing and marketing new products and services. If markets do not develop, or demand for Divestco's products occurs more slowly than expected, the Company will have expended resources and capital without realizing sufficient revenue, and its business and operating results could be adversely affected.

Control of shares by insiders

Directors and officers of Divestco own approximately 41% of the outstanding common shares. As a result, these shareholders, acting together, are able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of fundamental changes to Divestco. This concentration of ownership may have the effect of delaying or preventing a change in control of Divestco, its Board of Directors or management.

Government regulations and safety

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

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.

OVERALL PERFORMANCE

Summary 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 [1]	**6,655**	7,015	*(360)*	*-5%*
Other Loss (Income)	**(4)**	1	*(5)*	*N/A*
EBITDA [2]	**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 (Reduction)	**-**	-	-	*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 [2]	**$ 5,211**	$ 7,207	*$ (1,996)*	*-28%*
Per Share - Basic and Diluted	**0.08**	0.11	*(0.03)*	*-27%*
Class A Shares Outstanding	**66,865**	66,615	*N/A*	*N/A*
Weighted Average Shares Outstanding				
Basic and Diluted	**66,811**	66,616	*N/A*	*N/A*

[1] Includes salaries and benefits, G&A and shared-based payments but excludes depreciation and amortization
[2] See the "Non GAAP and Additional GAAP Measures" sections.

OVERVIEW OF FINANCIAL AND OPERATIONAL RESULTS

Q1 2013 vs. Q1 2012

During Q1 2013, Divestco had a net income of $2.1 million for the first quarter of 2013 ($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. The Company 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 recognized in Q1 2013. 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 throughout 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 $0.5 million (10%) due to lower headcount and profit-share accrual. G&A expenses were up $0.1 million (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.

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, a decrease of $2 million (28%) primarily due to a lower volume of seismic data activities.

Operating highlights for Q1 2013 included:

- Net income of $2.1 million and EBITDA of $5 million
- Completed $2.2 million in seismic data library sales and completed a 89 km^2 seismic data survey
- Signed a $1.3 million seismic processing agreement expected to be completed by early 2014

Outlook and Future Operations

Despite the slow-down in exploration activities in Q1 2013, Divestco posted a profitable quarter. The closing of some large seismic transactions helped offset lower than normal activity levels in some of the services divisions over the quarter. The Company continues to search for international opportunities and has been asked to bid of a number of projects.

Remaining committed to its strategy to strengthen its balance sheet; Divestco closed a new senior secured credit facility in May 2013 for up to $11 million. The new facility is comprised of a revolving credit facility of up to $8 million and a $3 million term loan. Advances on the operating line are limited to the lesser of the maximum principal of the facility and the aggregate of 85% of accounts receivable of the Company aged less than 90 days from invoice date and cross-aged on the basis of 50% or more past due. Progress billings originating from seismic data surveys are also deducted from eligible accounts receivable plus applicable reserves. The interest rate on this facility is at Canadian prime plus 1.75% per annum, with a non-refundable stand-by fee of 0.25% per annum being charged on the unused portion of the facility. The term loan bears interest at Canadian prime plus 2.50% per annum and is repayable over three years in equal monthly principal installments of $83,333 commencing on June 1, 2013. The facility is subject to a fixed coverage ratio of 1:00:1 and an annual review. The Company also received $1 million in new shareholder loans just prior to the closing of the new facility.

The Company used the aggregate proceeds to pay off existing bank and other debt totaling approximately $6 million and has up to approximately $6 million available for capital expenditures and working capital with current availability at approximately $3 million. The facility has a three-year term with the revolving facility bearing interest at Canadian prime plus 1.75% and the term loan bearing interest at Canadian prime plus 2.5%.

Depreciation and Amortization

	Three months ended March 31			
(Thousands)	2013	2012	$ Change	% Change
Depreciation and Amortization	**$ 2,613**	$ 5,165	$ (2,552)	-49%

The decrease in depreciation and amortization of $2.6 million (49%) in the first quarter of 2013 was mainly due to 265 km^2 of seismic data acquired in Q1 2012 compared to 93 km^2 acquired in Q1 2013. The Company amortizes 40% of its seismic data surveys on the date the data is delivered to the client.

Finance Costs

	Three months ended March 31			
(Thousands)	**2013**	2012	$ Change	% Change
Interest on bank indebtedness and long-term debt obligations	**$ 243**	$ (407)	$ 650	N/A
Amortization of deferred finance charges	**19**	37	(18)	-49%
Accretion of sublease loss	**8**	10	(2)	-20%
Finance costs (income)	**$ 270**	$ (360)	$ 630	N/A

The increase in finance costs of $630,000 in Q1 2013 was mainly due to the reversal of accrued interest charged by a vendor in Q1 2012. The Company paid all of the vendor's outstanding invoices in Q1 2012.

Income Taxes

	Three months ended March 31			
(Thousands)	**2013**	2012	$ Change	% Change
Current	**-**	-	-	N/A

No current tax provision was recorded in Q1 2013 or Q1 2012 due to loss carry-forwards available to the Company and its subsidiaries. No deferred tax provision was recorded as the Company has not recognized any benefit associated with its tax pools as it is not probable that the asset will be realized.

As at the end of its most recently completed fiscal year, being December 31, 2012, there were approximately $36 million in Federal and $22 million in Alberta non-capital loss carry-forwards ($2.7 million was assumed through various acquisitions in 2007), which begin to expire in 2027. In addition, the Company has approximately $1.5 million in federal scientific research and experimental development investment tax credits to reduce taxes payable in the future, which begin to expire in 2029.

Financial Position

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 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 as equity was higher and debt decreased slightly. Subsequent to March 31, 2013, the Company closed a new senior credit facility and received $1 million in additional shareholder loans. The proceeds were used to retire bank and subordinated debt, improving the Company's liquidity.

	Balance at		
	Mar 31	**Dec 31**	**Dec 31**
	2013	2012	2011
Total Assets	**$ 40,277**	$ 41,945	$ 43,761
Working Capital (Deficit) [1][2]	**(1,748)**	(7,483)	297
Long-Term Financial Liabilities [3]	**7,470**	7,622	8,610

[1] See the "Non GAAP and Additional GAAP Measures" sections.
[2] Excludes the current portion of deferred revenue of $4.2 million (December 31, 2012: $2.4 million; December 31, 2011: $4.6 million).
[3] 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.

SELECTED QUARTERLY INFORMATION

	2013	2012				2011		
(Thousands, Except Per Share Amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 11,618**	$ 7,270	$ 6,409	$ 11,483	$ 14,466	$ 11,447	$ 9,565	$ 10,637
EBITDA [(1)]	**4,967**	311	356	4,282	7,450	3,332	1,721	1,943
Income (loss) before income taxes	**2,084**	(1,232)	(1,131)	940	2,645	(743)	251	251
Net Income (Loss)	**2,084**	(1,232)	(1,080)	940	2,645	(768)	255	235
Per Share - Basic and Diluted	**0.03**	0.00	(0.02)	0.01	0.04	(0.01)	0.00	0.00
Funds from Operations [(1)]	**5,211**	10	191	4,266	7,207	2,908	1,639	2,067
Per Share - Basic and Diluted	**0.08**	0.00	0.00	0.06	0.11	0.05	0.03	0.03

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

The variances in the quarterly results illustrated in the table above are a result of economic factors. In Q3 2012, the oil and gas industry was significantly impacted by a fall in commodity prices and a price differential for western Canadian oil crude caused by a lack of infrastructure to transport supply to market. This led to reduced capital spending in the second half of 2012 and delayed the signing of sales contracts to Q1 2013 instead of Q4 2012. In an effort to mitigate market volatility and reduce costs, Divestco reduced its occupancy costs, its largest G&A expense, through shedding unused office space starting in Q2 2011. The Company began to realize the economic benefit of this in Q4 2011 and throughout 2012 as well as significant savings going forward.

The variance in quarterly results is also a factor of seasonality. Typically, the first and fourth quarters are the busiest for the Company when drilling activities are at their peak in western Canada. As temperatures rise in the spring, the ground thaws and becomes unstable resulting in government road bans, which severely restrict activity in the second quarter. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter-over-quarter analysis of performance of the Company.

RESULTS FOR THE PERIODS BY SEGMENT

For the three months ended March 31 2013 (Thousands)	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	**$ 2,232**	**$ 3,183**	**$ 6,203**	**$ -**	**$ 11,618**
Operating Expenses [1]	**1,615**	**2,921**	**802**	**1,317**	**6,655**
Other Loss (Income)	**-**	**-**	**-**	**(4)**	**(4)**
EBITDA [2]	**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**

For the three months ended March 31 2012 (Thousands)	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	$ 2,130	$ 5,584	$ 6,751	$ 1	$ 14,466
Operating Expenses [1]	1,643	3,637	762	973	7,015
Other Loss (Income)	-	-	-	1	1
EBITDA [2]	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

[1] *Excludes depreciation and amortization*
[2] *See the "Non GAAP and Additional GAAP Measures" sections*

SOFTWARE AND DATA

	Three months ended March 31			
(Thousands)	**2013**	**2012**	**$ Change**	**% Change**
Revenue	**$ 2,232**	$ 2,132	$ 100	5%
Operating Expenses [1]	**1,615**	1,645	(30)	-2%
EBITDA [2]	**617**	487	130	27%
Finance Costs	**84**	78	6	8%
Depreciation and Amortization	**702**	800	(98)	-12%
Income (Loss) Before Income Taxes	**(169)**	(391)	222	N/A

[1] *Excludes depreciation and amortization*
[2] *See the "Non GAAP and Additional GAAP Measures" sections*

Q1 2013 vs. Q1 2012

Software and Data had revenues of $2.2 million in Q1 2013, compared to $2.1 million in Q1 2012. The increase of $0.1 million (5%) was primarily due to improved land software and log data revenue offset by lower geological and geophysical software revenue.

In Q1 2013, Software and Data recorded a loss before taxes of $169,000, compared with a loss of $391,000 in Q1 2012, an improvement of $222,000 while EBITDA increased by $130,000 (27%). Operating expenses decreased by $30,000 (2%). Salaries and benefits increased by $73,000 (8%) while G&A costs decreased by $103,000 (15%) due to lower occupancy and consulting expenses. Depreciation and amortization decreased by $98,000 (12%) as amortization of deferred development costs was lower as certain projects are now fully amortized.

Outlook

On-going effort continues across all product lines. Highlights for Q2 2013 include the expected release of new GeoVista and WinPICS versions. Operationally, the majority of the segment's focus resides on the delivery of key new versions of LandRite and GeoCarta in Q3 2013, as well as a demonstration version representing an introduction of our new product development efforts.

Sales efforts surround general log data subscription and digitizing sales, including various campaigns designed to benefit our existing, supportive customer base.

SERVICES

	Three months ended March 31			
(Thousands)	**2013**	2012	$ Change	% Change
Revenue	**$ 3,183**	$ 5,584	$ (2,401)	-43%
Operating Expenses [(1)]	**2,921**	3,637	(716)	-20%
EBITDA [(2)]	**262**	1,947	(1,685)	-87%
Finance Costs	**42**	54	(12)	-22%
Depreciation and Amortization	**155**	230	(75)	-33%
Income (Loss) Before Income Taxes	**65**	1,663	(1,598)	-96%

[(1)] *Excludes depreciation and amortization*
[(2)] *See the "Non GAAP and Additional GAAP Measures" sections*

Q1 2013 vs. Q1 2012

Services generated revenues of $3.2 million in Q1 2013, compared to $5.6 million in Q1 2012, a decrease of $2.4 million (43%). Revenues across all of the divisions in the segment were lower as clients shifted their focus towards drilling and away from exploration.

In Q1 2013, Services recorded income before taxes of $0.1 million, compared to $1.7 million in Q1 2012, a decrease of $1.6 million (96%) while EBITDA decreased by $1.7 million (87%). Operating expenses were $2.9 million in Q1 2013 compared to $3.6 million in Q1 2012, a decrease of $0.7 million (20%). Salaries and benefits decreased by $627,000 (25%) due to reduced headcounts and a lower profit share accrual. G&A expenses decreased by $89,000 (8%), mainly due to a decrease in occupancy costs. Amortization and depreciation decreased by $75,000 (33%) due to assets being fully amortized in prior periods and reduced capital spending.

Outlook

In Q1 2013, Processing commenced a project with a major oil and gas company which is expected to be completed by Q1 2014. Also during the quarter, the Company's Chief Geophysicist and COO attended meetings with potential clients in Colombia and Europe in an effort to expand Processing's client base into more international venues. Many test projects have come in with very encouraging results. Processing also plans to send a representative to the European Association of Geoscientist and Engineers later this year.

Geomatics is experiencing overall lower activity so far in 2013 and expects this trend to continue through Q3 2013. However, the division continues to hold a strong client base and added nine new customers to date in 2013. International opportunities will continue to be a primary focus through the balance of the year.

The Cavalier Land division of the Company experienced low activity levels in its surface and mineral departments during the first quarter of 2013. This lower activity level was slightly offset by high activity levels in its telecom department where significant gains continue to be made. The land division continues to focus on business development to leverage its provision of quality services in all areas. Effective

management of the division's operating expenses will ensure this business unit continues to contribute to the Company's overall profitability. The division expects to maintain current work levels throughout the second and third quarters of the year as cornerstone customer's busier activity cycles are offset by seasonal slow-downs.

SEISMIC DATA

	Three months ended March 31			
(Thousands)	2013	2012	$ Change	% Change
Revenue	**$ 6,203**	$ 6,750	$ (547)	-8%
Operating Expenses [(1)]	**802**	761	41	5%
EBITDA [(2)]	**5,401**	5,989	(588)	-10%
Finance Costs (Income)	**144**	(492)	636	N/A
Depreciation and Amortization	**1,638**	3,934	(2,296)	-58%
Income (Loss) Before Income Taxes	**3,619**	2,547	1,072	42%

[(1)] *Excludes depreciation and amortization*
[(2)] *See the "Non GAAP and Additional GAAP Measures" sections.*

	Balance as at	
Seismic Data Library	**Mar 31**	**Dec 31**
	2013	**2012**
2D in Gross KM	**49**	49
2D in Net KM	**49**	49
3D in Gross KM^2	**871**	778
3D in Net KM^2	**871**	778

Q1 2013 vs. Q1 2012

Seismic Data had revenues of $6.2 million for Q1 2013, compared to $6.8 million for Q1 2012. The decrease of $0.6 million (8%) was mainly attributable to a decrease in seismic participation revenue offset by an increase in seismic library revenue and the addition of seismic data management services. Brokerage revenue was $598,000 in Q1 2013 compared to $595,000 in Q1 2012 as activity levels were relatively flat year-over-year.

For Q1 2013, Seismic Data recorded income before taxes of $3.6 million, compared with income of $2.1 million in Q1 2012 due to lower depreciation and amortization while EBITDA decreased by $588,000 (10%) due to lower revenues. Operating expenses were up $41,000 (5%). Salaries and benefits increased by $19,000 (11%). G&A expenses increased by $22,000 (4%). The increase in finance costs of $636,000 in Q1 2013 was mainly due to the reversal of accrued interest charged by a vendor in Q1 2012. The Company paid all of the vendor's outstanding invoices in Q1 2012. Amortization decreased by $2.3 million (58%) due to 265 km^2 of seismic data being acquired in Q1 2012 compared to 93 km^2 acquired in Q1 2013.

Outlook

The first quarter of 2013 saw a validation of the focused acquisition strategy of the data library. Although seismic participation revenues were lower, licensing of the existing data library was up contributing significant margin to the company's financials. It is expected this strategy will continue to pay dividends in the coming years as companies focus their capital on the highest margin opportunities of which we have identified and targeted for seismic acquisition. The recent completion of 90 square kilometers has already led to interest in further acquisition in the area and opportunities for fourth quarter work.

Brokerage fully launched a Micro Seismic Brokering business in Q2 2013 and hopes to see revenue contribute to the bottom line by the end of the quarter. A smaller physical footprint in Q2 2013 and beyond will greatly reduce G&A. Low turn-over, innovative software and new business initiatives all combine to keep Divestco in a leadership position with regards to Canada's seismic brokerage industry.

CORPORATE AND OTHER

	Three months ended March 31			
(Thousands)	**2013**	**2012**	**$ Change**	**% Change**
Operating Expenses [1]	**1,317**	972	345	35%
Other Loss (Income)	**(4)**	1	(5)	N/A
EBITDA [2]	**(1,313)**	(973)	(340)	N/A
Depreciation and Amortization	**118**	201	(83)	-41%
Income (Loss) Before Income Taxes	**(1,431)**	(1,174)	(257)	N/A

[1] *Excludes depreciation and amortization*
[2] *See the "Non GAAP and Additional GAAP Measures" sections.*

Q1 2013 vs. Q1 2012

Corporate operating expenses were $1.3 million in Q1 2013 compared to $1 million in Q1 2012, an increase of $345,000 (35%). Salaries and benefits decreased by $25,000 (5%), mainly due to a lower headcount. G&A expenses increased by $470,000 (107%), mainly due to an increase in the deferred rent obligation (related to the Company recognizing its office space lease on a straight-line basis over the lease term as the lease rate escalates over the term). Amortization decreased by $83,000 (41%) due to reduced capital expenditures.

Outlook

Divestco continues to reduce its corporate overhead costs. Since 2011, the Company has surrendered five floors of space in its current office premises and will surrender an additional floor effective June 1, 2013. As compared to 2011, this will save the Company approximately $5.5 million in 2013 and $6 million annually going forward until the lease expires in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Financial Position (Thousands, except as otherwise indicated)	Balance as at Mar 31 2013	Balance as at Dec 31 2012	Increase (Decrease)	Explanation
Working Capital [(1)]				
Current Assets				
Cash	**$ 952**	$ 1,320	$ (368)	Free cash being applied to pay down subordinated loan
Funds held in trust	**34**	18	16	Higher land sale activities in Q1 2013
Accounts receivable	**7,704**	7,134	570	Significant seismic data transactions in Q1 2013 offset by lower revenue in other segments
Prepaid expenses, supplies and deposits	**381**	357	24	Additional software contracts
Income taxes receivable	**281**	196	85	Related to scientific research and development tax credits
Total Current Assets	**$ 9,352**	$ 9,025	$ 327	
Current Liabilities [(2)]				
Bank indebtedness	**4,450**	4,450	-	Line used to support working capital requirements
Accounts payable and accrued liabilities	**4,188**	9,624	(5,436)	Payment of seismic acquisition invoices from new survey nearly completed at the end of 2012
Current loss on sublease loss provision	**326**	326	-	N/A
Current portion of long-term debt obligations	**2,014**	1,986	28	Current portion of debentures offset by principal payments on subordinated debt
Current portion of tenant inducement	**122**	122	-	N/A
Total Current Liabilities [(2)]	**11,100**	16,508	(5,408)	
Working Capital [(1)]	**$ (1,748)**	$ (7,483)	$ 5,735	
Funded Debt to Equity Ratio [(1)(5)]				
Funded Debt [(3)]	**$ 10,271**	$ 10,551	$ (280)	Principal payments on subordinated debt
Shareholders' Equity [(4)]	**18,470**	16,318	2,152	Net income for Q1 2013 and share-based transactions
Funded Debt to Equity Ratio [(1)(5)]	**0.56**	0.65	(0.09)	

(1) See the "Non GAAP and Additional GAAP Measures" sections
(2) Excludes deferred revenue of $4.2 million (December 31, 2012 - $2.4 million)
(3) Includes bank indebtedness (operating line), shareholder and subordinated loans, and finance leases for both current and long-term portions
(4) Includes equity instruments, contributed surplus and deficit
(5) Funded debt divided by shareholders' equity

LIQUIDITY

For the three months ended March 31, 2013, Divestco had funds from operations of $5.2 million compared to $7.2 million in 2012. The decrease of $2 million (28%) was mainly due to lower revenues, and higher finance costs partially offset by lower operating costs. Funds from operations were disbursed as follows for Q1 2013: $0.1 million in additions to intangibles and PP&E, $0.6 million on deferred development costs, $0.3 million in subordinated debt payments and a payment of seismic acquisition costs incurred in Q4 2012.

While management believes that the Company's funds from operations will provide the capital to continue to operate in the short-term, this 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, the Company secured a new senior credit facility of up to $11 million in May 2013. 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 (see the "Financial Instruments" section of the MD&A for more details about the facility). The Company also received $1 million in new shareholder loans just prior to the closing of the new facility. The proceeds were used to repay bank and subordinated debt totaling approximately $6 million. As a result, the Company has approximately $1 million in availability on its new operating line.

The Company will look at additional sources of capital based on its requirements. In the medium to long-tem, additional financing may be required to meet the Company's planned growth. This could comprise additional debt, equity, or a combination thereof, dependent on capital market conditions.

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.

The Company was required to meet certain debt covenants under its previous operating and subordinated loan agreements as at and for the three months ended March 31, 2013 (see the "Financial Instruments" section of the MD&A). As at March 31, 2013, the Company was in violation of its current ratio covenant under its previous facilities. Subsequent to March 31, 2013, the facility was repaid with proceeds from the new credit facility. The new facility is subject to the Company meeting fixed charge coverage ratio of not less than 1.00:1.00 at the end of each fiscal quarter on a trailing 12-month basis commencing on June 30, 2013.

Working capital

As at March 31, 2013, Divestco had a working capital deficit of $1.7 million (excluding deferred revenue of $4.2 million), compared to working capital of $7.5 million (excluding deferred revenue of $2.4 million) as at December 31, 2012. The improvement from the end of 2012 was primarily due to a number of seismic data transactions closed in Q1 2013. However, the industry continued to experience lower than anticipated activity levels with respect to exploration which had a negative impact on the Company's services divisions; geomatics, processing and land management services.

Funded Debt to Equity

Divestco had a funded debt to equity ratio of 0.56:1 as at March 31, 2013. 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, 2012, 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, including principal and interest:

(Thousands)	Carrying amount	Contractual cash flows	<1 year	1-2 years	2-5 years	Thereafter	Total
Operating Line	4,450	4,450	4,450	-	-	-	$ 4,450
Debt Obligations [1]	5,650	6,915	2,310	650	1,182	2,773	6,915
Finance Leases	171	193	86	60	47	-	193
Operating Leases [2]	N/A	36,949	3,064	2,781	8,525	22,579	36,949
Other Obligations [3]	1,251	1,305	356	356	593	-	1,305
Total	$ 11,522	$ 49,812	$ 10,266	$ 3,847	$ 10,347	$ 25,352	$ 49,812

(1) Includes subordinated loan, shareholder loans and debentures
(2) See "Off Balance Sheet Arrangements" section
(3) Includes sublease loss liability

SELECTED CASH FLOW ITEMS

	Three months ended Mar 31	
(Thousands)	**2013**	2012
Operating Activities		
Funds from Operations [1]	**$ 5,211**	$ 7,207
Changes in Non-Cash Working Capital Balances	**(980)**	5,147
Interest Paid (Recovered)	**(243)**	407
Income Taxes Refunded	**-**	-
Cash From (Used in) Operating Activities	**3,988**	12,761
Financing Activities		
Bank Indebtedness	**-**	550
Long-Term Debt Obligations	**(299)**	(329)
Other - Net	**-**	14
Cash From (Used in) Financing Activities	**(299)**	235
Investing Activities		
Additions to intangible assets	**(3,563)**	(9,780)
Participation Surveys in Progress	**3,508**	1,299
Additions to Property, Plant 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)
Cash From (Used in) Investing Activities	**(4,057)**	(12,725)
Change in Cash	**$ (368)**	$ 271

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

Operating Activities

In Q1 2013, funds from operations were $5.2 million ($0.08/share (basic and diluted)), compared with $7.2 million ($0.11/share (basic and diluted)) in Q1 2012. The decrease of $2 million (28%) was mainly due to lower revenues and higher finance costs partially offset by reduction of operating expenses due to lower occupancy costs.

Financing Activities

In Q1 2013, the Company made $299,000 in principal payments on its subordinated loan and finance leases.

Investing Activities

In Q1 2013, Divestco incurred $110,000 in additions to intangible assets and PP&E. The Company completed a 3D seismic survey with most of the costs being incurred in Q4 2012 but paid in Q1 2013 with the proceeds received from seismic data sales.

FINANCIAL INSTRUMENTS

New Senior Debt Facility

Subsequent to March 31, 2013, the Company secured a new $11 million senior bank facility. The facility is comprised of a revolving credit facility of up to $8,000,000 and a $3,000,000 term loan based on a three year-term. The lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company. The facility is subject to the Company meeting a fixed charge coverage ratio of 1.00:1 on a trailing 12-month basis commencing on June 30, 2013. It is the ratio of (a) EBITDA plus the net cash proceeds from any private or public equity offering of shares of Divestco, minus (i) any Unfinanced Capital Expenditures of the Credit Parties, (ii) cash dividends and distributions paid by the Credit Parties during such period; and (iii) any cash taxes paid by the Credit Parties during such period to (b) all senior debt payments. The facility is also subject to an annual review.

Revolving credit facility

Advances on the new $8 million operating line are limited to the lesser of the maximum principal of the facility and the aggregate of 85% of accounts receivable of the Company aged less than 90 days from invoice date and cross-aged on the basis of 50% or more past due. Progress billings originating from seismic data surveys are also deducted from eligible accounts receivable plus applicable reserves. The interest rate on this facility is at Canadian prime plus 1.75% per annum, with a non-refundable stand-by fee of 0.25% per annum being charged on the unused portion of the facility.

Term Loan

The $3 million term loan bears interest at Canadian prime plus 2.50% per annum. The term loan is repayable over three years in equal monthly principal installments of $83,333 commencing on June 1, 2013.

On May 9, 2013, the Company drew the $3 million term loan, $2 million on the revolving facility and used $0.4 million in cash to repay its operating line of $4.5 million including accrued interest), $0.8 million in subordinated debt (a payment of $0.8 million was also made on April 29 for a total of $1.6 million) and $0.1 million in fees and legal costs.

Former Credit Facility

Operating Line

The Company had a $5 million revolving operating loan facility with advances being limited to the lesser of the maximum principal of the facility and the aggregate of 75% of accounts receivable of the Company, excluding certain accounts that were outstanding for more than 90 days. The facility consisted of a prime-based loan, letters of credit (to an aggregate maximum of $500,000) and corporate MasterCard (to a maximum of $150,000). The interest rate on this facility was prime plus 3.00% per annum, with a non-refundable facility fee of 0.75% per annum being charged on the unused portion of the facility. The facility

was subject to a step-down to $4.75 million on January 31, 2013, $4.5 million on March 31, 2013, $4.25 million on May 31, 2013 and $4 million on July 31, 2013. As at March 31, 2013, $4.45 million (December 31, 2012: $4.45 million) was drawn on the facility. The facility is presented as bank indebtedness in the consolidated statements of financial position.

The facility was subject to the Company meeting certain debt covenants as follows: current ratio (current assets divided by current liabilities (excluding deferred revenue) cannot fall below 1.00:1 and debt service coverage ratio (ratio of EBITDA to finance charges and scheduled principal payments in respect of funded debt plus all dividends declared. EBITDA is net income (loss) plus finance charges, income taxes, depreciation and amortization) cannot fall below 2.25:1 on a trailing 12-month basis. As at March 31, 2013, the Company was in violation of its current ratio covenant. The facility was replaced subsequently as discussed above.

Subordinated Debt

The Company had a $5 million subordinated bridge loan with $2 million of the loan proceeds being provided by two of the Company's directors as a condition of the financing. The interest rate on this facility was 12% per annum. On November 1, 2011, the loan agreement was amended to postpone the directors' portion of the principal payments effective January 1, 2012. Monthly principal payments of $90,000 commenced on January 1, 2012.

The loan matured on April 30, 2013 and the non-director portion of the loan was repaid in full on May 8, 2013, with the proceeds received from the Company's new senior debt facility and $825,000 in additional shareholder loans. In addition, the directors' portion of the subordinated loan was consolidated with the Company's other shareholder loans.

The security for the loan was a $6.25 million demand debenture providing a second floating charge security over all personal and real property assets of the Company and a negative pledge and undertaking to provide fixed charges on the Company's corporate assets at the request of the lender.

The facility was subject to the Company meeting certain debt covenants as follows: current ratio (current assets divided by current liabilities (excluding deferred revenue)) could not fall below 1.00:1 and debt service coverage ratio (ratio of EBITDA to finance charges and scheduled principal payments in respect of funded debt plus all dividends declared. EBITDA is net income (loss) plus finance charges, income taxes, depreciation and amortization) could not fall below 2.25:1 on a trailing 12-month basis. As at March 31, 2013, the Company was in violation of its current ratio covenant. Subsequent to March 31, 2013, the loan was repaid in full.

Debentures

The Company has $1.2 million in secured debentures with a royalty interest. Four directors of the Company subscribed for $1 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated as follows: 50% of the net revenues generated by certain of the Company's seismic data on or after July 1, 2012, multiplied by the amount of debentures outstanding 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 as the Company retains 10% of the gross revenues as a management fee. The seismic data is comprised of the seismic surveys acquired by the Company prior to July 1, 2012. Principal payments are postponed if the Company is in breach of any of its senior debt covenants. As at March 31, 2013, there was $0.3 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the three months ended March 31, 2013. The payments were postponed due to the debt covenant violation. The Company plans to make these payments by June 30, 2013.

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 calculated as follows: 25% of the net revenues generated by the seismic data multiplied by the amount of debentures

outstanding divided by $5 million. The balance of the revenue is retained by the Company. Net revenues will equal 90% of the gross revenues generated by the seismic data as the Company will retain 10% of the gross revenues as a management fee. Royalty payments are postponed if the Company is in breach of any of its senior debt covenants.

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 existing and future senior debt.

Unsecured loans from shareholders

The Company has $800,000 in unsecured loans from two of the Company's directors. The loans bear interest of 10% per annum. Subsequent to March 31, 2013, these loans were consolidated with the directors' portion of the subordinated loan. The consolidated shareholder loan bears the same interest rate and payments are interest-only until March 2014.

Finance leases

As at March 31, 2013, equipment under finance lease is computer hardware and office equipment. Interest rates are fixed, ranging between 1.8 to 12.4% and expire between 2013 and 2016.

OFF-BALANCE SHEET ARRANGEMENTS

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment was approximately $266,000 per month (including operating costs) from January to May 2013 and will be approximately $170,000 per month for the rest of 2013. The annual square foot rate increases in 2016, 2018, 2020 and 2023. This 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 $83,000 are expected to be received in 2013. 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 $63,000 including operating costs for 2013.

In 2011, the Company finalized two agreements whereby the lease of five floors of space in its current office premises was assumed by another company. Effective June 1, 2013, the Company will surrender an additional floor. This will save the Company approximately $5.5 million in 2013 and $6 million annually going forward until the lease expires in 2025.

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

	Balance as at	
	Mar 31 2013	**Dec 31 2012**
Less than one year	**$ 3,064**	$ 3,839
Between one and five years	**11,306**	16,350
More than five years	**22,579**	34,779
	$ 36,949	$ 54,968

Movement in the commitments for the three months ended March 31, 2013:

Balance, January 1, 2013	**$ 54,968**
Payments (net of subleases)	**(962)**
Surrender of office space	**(17,057)**
Balance, March 31, 2013	**$ 36,949**

CONTINGENCIES

The Company is party to various legal actions arising in the normal course of business. Matters that are probable of an unfavorable outcome to the Company and that can be reasonably estimated are accrued. The Company's estimates of the outcomes of such matters are based on information known at that time and its experience in contesting, litigating and settling similar matters. Except as discussed below, none of the actions are believed by management to involve future amounts that would be material to the Company's financial position or results of operations after consideration of recorded accruals. However, actual amounts could differ materially from management's estimate.

OUTSTANDING SHARE DATA

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

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

	Balance as at		
(Thousands)	**May 23, 2013**	**Mar 31, 2013**	Dec 31, 2012
Class A shares			
Outstanding	66,877	**66,865**	66,758
Weighted Average Outstanding			
Basic – YTD		**66,775**	66,679
Diluted - YTD [(1)]		**66,811**	66,679
Stock Options			
Outstanding	4,006	**4,006**	4,061
Exercise Price Range	$0.17 to $1.30	**$0.17 to $1.30**	$0.17 to $1.30
Performance Share Units			
Outstanding	-	**-**	1,310

(1) Basic net income per share is computed using the weighted-average number of Class A Shares outstanding during the three months ended March 31, 2013, being 66,775,000 (March 31, 2012 – 66,616,000). In computing diluted net income per share, 36,000 shares were added to the weighted average number of Class A Shares outstanding for the three months ended March 31, 2013 for options that were in the money. For the three months ended March 31, 2012, no shares were added as the options and warrants were out of the money.

Long-Term Service Awards

The Company issues 5 and 10 year service awards ("Service Awards") to eligible employees in the form of Class A Shares issued from treasury. The value for a 5-year award is $750 and $1,250 for a 10-year award. The number of Class A Shares issued is based on the closing price on the last trading day prior to the issuance of the Service Award. Service Awards are issued at the end of the month in which the employee has their 5 or 10 year anniversary. During the three months ended March 31 2013, $19,000 (March 31, 2012: $1,000) was included in salaries and benefits in the consolidated statements of income and comprehensive income for the value of awards issued based on the share price on the date of issuance.

Employee Stock Purchase Plan

The Company's employee stock ownership plan ("ESOP") allows each employee to contribute up to 25% of their regular salary towards the purchase of Class A Shares. The Company matches the employee's contribution through a combination of cash and Class A Shares issued from treasury up to 4.5% of their monthly regular salary to a maximum of $450 per month. All cash contributions are used to purchase Class A Shares of the Company through the facilities of the TSX-V and all share contributions are issued from treasury. During the three months ended March, 2013, $51,000 (March 31, 2012: $43,000) was

included in salaries and benefits in the consolidated statements of income and comprehensive income for the value of the Company's contributions. All of the employer contributions were in the form of cash.

Stock Options

As at March 31, 2013, there were 6,676,000 Class A common shares reserved for grants of stock options combined with all other forms of stock-based compensation.

During the three months ended March 31, 2013, 55,000 options were forfeited with exercise prices ranging from $0.17 to $1.30 per option. From April 1, 2013 to May 23, 2013, no options were forfeited.

Performance share units

The Company has a performance share unit ("PSU") plan whereby each PSU awarded conditionally entitles the eligible unit holder to the delivery of one Class A Share of the Company upon attainment of the PSUs' non-market performance vesting conditions approved by the Board of Directors. As the Company plans to settle these obligations with Class A Shares of the Company, it has classified these awards as equity in the consolidated statement of financial position. These PSUs vest if the performance conditions for the current fiscal year are met.

The aggregate number of Class A Shares reserved for issuance upon the vesting of all PSUs granted under the PSU plan will not exceed 2% of the issued and outstanding Class A Shares of the Company and 1% for any one insider. Compensation expense related to the PSUs is accrued over the term of the performance period based on the expected total compensation to be paid out at the end of the performance period.

No PSUs were granted for during the three months ended March 31, 2013 and no PSUs were outstanding as at March 31, 2013.

RELATED PARTY TRANSACTIONS

Loans from directors and shareholders

As at March 31, 2013, the Company had $800,000 in unsecured loans from two directors and $2 million of the $5 million subordinated loan was loaned to the Company by two directors in accordance with a condition of the financing. Subsequent to March 31, 2013, these loans were consolidated into a secured subordinated loan. The consolidated shareholder loan bears interest at 10% per annum and payments are interest-only until March 2014.

$1 million of the debentures was subscribed for by three directors and $210,000 was subscribed for by shareholders (see the "Financial Instruments" section of the MD&A).

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Executive officers also participate in the Company's stock option plan, PSU plan and ESOP.

Key management personnel and director transactions

Directors and officers of the Company control 41% percent of the voting shares of the Company. A director controls 13% and the CEO (also a director) controls 13%.

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

			Transaction value for the three months ended Mar 31		Balance due from (to) as at Mar 31	Balance due from (to) as at Dec 31
Name	**Position**	**Transaction**	**2013**	**2012**	**2013**	**2012**
W. Brillon	Director and shareholder	Consulting fees and commissions[1]	**$ 46**	$ 46	**$ 106**	$ 82
W. Tobman	Director and shareholder	Seismic data management services [2]	**-**	40	**-**	-
B. Gough	Director and shareholder	Seismic processing and geomatics services[3]	**-**	10	**-**	-

(1) The Company pays seismic consulting fees to a company controlled by Mr. Brillon 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 managed a seismic data survey for a company controlled by Mr. Tobman. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

(3) The Company provided seismic processing and geomatics services to a company where Mr. Gough is the Vice President, Operations. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

NEW IFRS STANDARDS AND AMENDMENTS

Effective January 1, 2013, the Company adopted the following accounting standards or revisions thereto:

- IFRS 7 Financial Instruments: Disclosures: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The adoption of these standards had no impact on interim disclosures or the amounts recorded in the condensed consolidated interim financial statements as at January 1, 2013 or on the comparative periods.

IFRS Standards not yet adopted

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

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, Chief Financial Officer and President
Steve Sinclair-Smith – Chief Operating Officer
Lonn Hornsby – Senior VP Operations – Divestco Seismic
Danny Chiarastella – VP Finance
Mathew Hepton – VP Software Development

CORPORATE SECRETARY
Faralee A. Chanin

STOCK EXCHANGE LISTING
TSX-V: DVT

REGISTRAR AND TRANSFER AGENT
CIBC Mellon Trust Company

AUDITORS
KPMG LLP

LEGAL COUNSEL
Field LLP

HEAD OFFICE
300, 520 – 3rd Avenue SW
Calgary, Alberta, Canada T2P 0R3
Phone: (587) 952-8000
Toll free: 1-888-294-0081
Fax: (587) 952-8374

Website: www.divestco.com
Investor Relations: investor.relations@divestco.com
For more information: info@divestco.com
Sales: sales@divestco.com

CAVALIER LAND AND LANDMASTERS
400, 440 – 2 Avenue SW
Calgary, Alberta, Canada T2P 5E9
Phone: (587) 952-8282
Fax: (587) 952-8371

Condensed Consolidated Interim Financial Statements

Three Months Ended
March 31, 2013

Contents

Condensed Consolidated Interim Statements of Financial Position 2
Condensed Consolidated Interim Statements of Income and Comprehensive Income 3
Condensed Consolidated Interim Statements of Changes In Equity 4
Condensed Consolidated Interim Statements of Cash Flows 5
Notes to Condensed Consolidated Interim Financial Statements 6

Divestco Inc.
Condensed Consolidated Interim Statements of Financial Position

		At Mar 31	At Dec 31
(Thousands - Unaudited)	**Note**	**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	5	**26,299**	24,668
Total assets		**$ 40,277**	$ 41,945
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank indebtedness	7	**$ 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	8	**2,014**	1,986
Current portion of tenant inducements		**122**	122
Total current liabilities		**15,318**	18,928
Deferred rent obligations		**398**	189
Long-term debt obligations	8	**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		**3,357**	1,273
Total shareholders' equity		**18,470**	16,318
Operating leases	11		
Subsequent event	7,8,11,13,15		
Total liabilities and shareholders' equity		**$ 40,277**	$ 41,945

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

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

		Three months ended March	
(Thousands, Except Per Share Amounts - Unaudited)	**Note**	**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
Share-based payments		**49**	41
Total operating expenses		**9,268**	12,180
Finance costs (income)	6	**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 period		**$ 2,084**	$ 2,645
Net income per share			
Basic and Diluted	9	**$ 0.03**	$ 0.04

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

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**

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

Condensed Consolidated Interim Statements of Cash Flows

		Three months ended March 31	
(Thousands - Unaudited)	**Note**	**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	5	**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	6	**270**	(360)
Funds from operations	14	**5,211**	7,207
Changes in non-cash working capital balances	10	**(980)**	5,147
Interest paid		**(243)**	407
Net cash from operating activities		**3,988**	12,761
Cash from (used in) financing activities			
Bank indebtedness	7	**-**	550
Advances from affiliated company		**-**	14
Repayment of long-term debt obligations	8	**(299)**	(329)
Net cash from (used in) financing activities		**(299)**	235
Cash from (used in) investing activities			
Additions to intangible assets	5	**(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	10	**(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

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

1. Reporting Entity

Divestco Inc. (the "Company") is a company domiciled in Canada. The address of the Company's registered office is 400, 604 – 1st Street S.W., Calgary, Alberta, Canada. The Company is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol "DVT". The condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2013 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. Basis of Presentation

(a) Statement of Compliance

These condensed consolidated interim financial statements for the three months ended March 31, 2013 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34").

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2012, 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.

On January 1, 2013, the Company adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of interests in Other Entities, IFRS 13 Fair Value Measurements and amendments to IFRS 7 Financial Instruments Disclosures. The adoption of these standards had no impact on interim disclosures or the amounts recorded in the condensed consolidated interim financial statements as at January 1, 2013 or on the comparative periods.

These condensed consolidated interim financial statements were authorized for issuance by the Company's Audit Committee on May 23, 2013, and should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

(b) 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. Therefore, 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, 2012.

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.

3. 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 through out the year due to its license and subscription sales.

4. 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 provides a full suite of support data layers.
- Services: includes providing geomatics, processing and land management services.
- Seismic Data: includes providing seismic brokerage 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, 2012. 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 income and comprehensive income are not allocated to the reportable segments.

Segment assets and liabilities are those assets and liabilities that are specifically identified with the operations in each reportable segment. Corporate assets primarily include property and equipment. Corporate liabilities primarily include bank indebtedness, shareholder loans and subordinated debt. 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 March 31 2013	**Software & Data**	**Services**	**Seismic Data**	**Corporate & Other**	**Total**
Revenue from external customers	**$ 2,232**	**$ 3,183**	**$ 6,203**	**$ -**	**$ 11,618**
Inter-segment revenue	**-**	**79**	**-**	**-**	**79**
Reportable segment income (loss) before tax	**(169)**	**65**	**3,619**	**(1,431)**	**2,084**
Finance costs	**84**	**42**	**144**	**-**	**270**
Depreciation and amortization	**702**	**155**	**1,638**	**118**	**2,613**
Share of profit (loss) of equity-accounted investees	**-**	**-**	**-**	**2**	**2**
Reportable segment assets	**11,551**	**5,763**	**20,267**	**2,696**	**40,277**
Reportable segment liabilities	**6,423**	**3,919**	**9,635**	**1,830**	**21,807**
Equity-accounted investees	**-**	**-**	**-**	**139**	**139**
Capital expenditures [(1)]	**9**	**23**	**48**	**30**	**110**
Deferred development costs	**590**	**-**	**-**	**-**	**590**

As at and for the three months ended March 31 2012	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 2,130	$ 5,584	$ 6,751	$ 1	$ 14,466
Inter-segment revenue	-	268	-	-	268
Reportable segment income (loss) before tax	(391)	1,663	2,547	(1,174)	2,645
Finance costs	78	54	(492)	-	(360)
Depreciation and amortization	800	230	3,934	201	5,165
Share of profit (loss) of equity-accounted investees	-	-	-	1	1
Reportable segment assets	12,431	8,762	21,061	2,429	44,683
Reportable segment liabilities	7,496	7,086	9,875	2,828	27,285
Equity-accounted investees	-	-	-	128	128
Capital expenditures [(1)]	24	107	8,417	84	8,632
Deferred development costs	587	-	-	-	587

[(1)] Capital expenditures include additions to intangible assets (net of changes in participation surveys in progress) and purchases of property and equipment.

5. Intangible Assets

	Data Libraries								
	Seismic Data Library	Datasets	Log, Support and Drilling Data Library	Reference Library	Map Library	Sub-Total	Proprietary Software and Code	Deferred Development Costs[1]	Total
Cost									
At January 1 2012	$ 8,420	$ 632	$ 7,209	$ 445	$ 239	$ 16,945	$ 8,909	$ 13,295	$ 39,149
Additions	14,049	-	-	-	-	14,049	148	2,133	16,330
At December 31 2012	22,469	632	7,209	445	239	30,994	9,057	15,428	55,479
Additions	3,553	-	-	-	-	3,553	10	506	4,069
At March 31 2013	**$ 26,022**	**$ 632**	**$ 7,209**	**$ 445**	**$ 239**	**$ 34,547**	**$ 9,067**	**$ 15,934**	**$ 59,548**
Accumulated depreciation									
At January 1 2012	$ 3,355	$ 554	$ 2,819	$ 445	$ 120	$ 7,293	$ 6,055	$ 7,678	$ 21,026
Amortization	5,852	19	361	-	16	6,248	552	2,985	9,785
At December 31 2012	9,207	573	3,180	445	136	13,541	6,607	10,663	30,811
Amortization	1,633	5	90	-	4	1,732	141	565	2,438
At March 31 2013	**$ 10,840**	**$ 578**	**$ 3,270**	**$ 445**	**$ 140**	**$ 15,273**	**$ 6,748**	**$ 11,228**	**$ 33,249**
Carrying amount									
At December 31 2012	$ 13,262	$ 59	$ 4,029	$ -	$ 103	$ 17,453	$ 2,450	$ 4,765	$ 24,668
At March 31 2013	**15,182**	**54**	**3,939**	**-**	**99**	**19,274**	**2,319**	**4,706**	**26,299**

[1] During the three months ended Mach 31, 2013, the Company expensed $430,000 (March 31, 2012: $437,000) in research costs.

The Company's operating lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company (Note 7). The Company's subordinated lender has a second floating charge security over all personal and real property assets of the Company and a negative pledge and undertaking to provide fixed charges on the Company's corporate assets at the request of the lender (Note 8).

6. Finance costs

	Three months ended March	
	2013	**2012**
Interest expense on debt	**$ 243**	$ (407)
Amortization of deferred finance charges	**19**	37
Accretion of sublease loss	**8**	10
	$ 270	$ (360)

7. Bank Indebtedness

The Company had a $5 million revolving operating loan facility with advances being limited to the lesser of the maximum principal of the facility and the aggregate of 75% of accounts receivable of the Company excluding certain accounts that were outstanding for more than 90 days. The facility consisted of a prime-based loan, letters of credit (to an aggregate maximum of $500,000) and corporate MasterCard (to a maximum of $150,000). The lender had a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company. The interest rate on this facility was Prime + 3.00% per annum with a non-refundable facility fee of 0.75% per annum being charged on the unused portion of the facility. As at March 31, 2013, $4.45 million (December 31, 2012: $4.45 million) was drawn on the facility. On May 9, 2013, the Company replaced this operating facility with a new $8 million revolving credit facility and $3 million term loan (see Note 15).

The facility was subject to the Company meeting certain debt covenants as follows: current ratio (current assets divided by current liabilities (excluding deferred revenue) could not fall below 1.00:1 and debt service coverage ratio (ratio of EBITDA to finance charges and scheduled principal payments in respect of funded debt plus all dividends declared. EBITDA is net income (loss) plus finance charges, income taxes, depreciation and amortization) could not fall below 2.25:1 on a trailing 12-month basis. As at March 31, 2013, the Company was in violation of its current ratio covenant. Subsequent to March 31, 2013, the facility was repaid with proceeds from the new credit facility (see Note 15).

8. 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 Note 13.

	Balance as at	
	Mar 31, 2013	**Dec 31, 2012**
Non-current liabilities		
Bridge loan	**$ 2,000**	$ 2,000
Debenture	**916**	1,210
Unsecured loans from shareholders	**800**	800
Finance lease liabilities	**91**	105
Deferred finance charges	**-**	-
	$ 3,807	$ 4,115
Current liabilities		
Bridge loan	**$ 1,650**	$ 1,920
Debenture	**294**	-
Finance lease liabilities	**80**	96
Deferred finance charges	**(10)**	(30)
	$ 2,014	$ 1,986
Total	**$ 5,821**	$ 6,101

	Nominal interest rate	Year of maturity	Mar 31, 2013		Dec 31, 2012	
			Face value	Carrying amount	Face value	Carrying amount
Secured subordinated bridge loan	12%	2013	**$ 1,650**	**$ 1,640**	$ 1,920	$ 1,890
Secured subordinated bridge loan (portion owing from Directors)	12%	2016	**2,000**	**2,000**	2,000	2,000
Debenture	8%	N/A	**1,210**	**1,210**	1,210	1,210
Unsecured loans from shareholders	10%	2016	**800**	**800**	800	800
Finance lease obligations	1.8-12.4%	2012-2016	**193**	**171**	227	201
Total interest-bearing liabilities			**$ 5,853**	**$ 5,821**	$ 6,157	$ 6,101

Secured subordinated bridge loan

The Company had a $5 million subordinated bridge loan with $2 million of the loan proceeds being provided by two of the Company's directors as a condition of the financing. The interest rate on this facility was 12% per annum. On November 1, 2011, the loan agreement was amended to postpone the directors' portion of the principal payments effective January 1, 2012. Monthly principal payments of $90,000 commenced on January 1, 2012.

The loan matured on April 30, 2013 and the non-director portion of the loan was repaid in full on May 9, 2013, with the proceeds received from the Company's new senior debt facility and $1 million in additional shareholder loans. In addition, the directors' portion of the subordinated loan was consolidated with the Company's other shareholder loans.

The security for the loan was a $6.25 million demand debenture providing a second floating charge security over all personal and real property assets of the Company and a negative pledge and undertaking to provide fixed charges on the Company's corporate assets at the request of the lender.

The facility was subject to the Company meeting certain debt covenants as follows: current ratio (current assets divided by current liabilities (excluding deferred revenue)) could not fall below 1.00:1 and debt service coverage ratio (ratio of EBITDA to finance charges and scheduled principal payments in respect of funded debt plus all dividends declared. EBITDA is net income (loss) plus finance charges, income taxes, depreciation and amortization) could not fall below 2.25:1 on a trailing 12-month basis. As at March

31, 2013, the Company was in violation of its current ratio covenant. Subsequent to March 31, 2013, the loan was repaid in full.

Debentures

The Company has $1.2 million in secured debentures with a royalty interest. Four directors, who are also shareholders of the Company, subscribed for $1 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated as follows: 50% of the net revenues generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by the amount of debentures outstanding 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 as the Company retains 10% of the gross revenues as a management fee. The Seismic Data is comprised of the seismic surveys acquired by Corporation prior to July 1, 2012. Principal payments are postponed if the Company is in breach of any of its senior debt covenants. As at March 31, 2013, there was $0.3 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the three months ended March 31, 2013. The payments were postponed due to the debt covenant violation. The Company plans to make these payments by June 30, 2013.

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 calculated as follows: 25% of the net revenues generated by the Seismic Data multiplied by the amount of debentures outstanding divided by $5 million. The balance of the revenue is retained by the Company. Net revenues will equal 90% of the gross revenues generated by the Seismic Data as the Company will retain 10% of the gross revenues as a management fee. Royalty payments may be postponed if the Company is in breach of any of its senior debt covenants.

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 existing and future senior debt.

Unsecured loans from shareholders

The Company has $800,000 in unsecured loans from two of the Company's directors. The loans bear interest of 10% per annum. Subsequent to March 31, 2013, these loans were consolidated with the directors' portion of the subordinated loan for a total secured subordinated loan of $2.8 million. The consolidated shareholder loan bears the same interest rate and payments are interest-only until March 2014.

9. Equity Instruments and Net Income per Share

Authorized share capital

Unlimited number of voting Class A shares.

Net income per share

Basic net income per share is computed using the weighted-average number of Class A Shares outstanding during the three months ended March 31, 2013, being 66,775,000 (March 31, 2012 – 66,616,000). In computing diluted net income per share, 36,000 shares were added to the weighted average number of Class A Shares outstanding for the three months ended March 31, 2013. For the three months ended March 31, 2012, no shares were added as the options and warrants were out of the money.

10. Supplement to Statements of Cash Flows

	Three months ended March	
	2013	**2012**
Changes in non-cash working capital balances		
Funds held in trust	**$ (16)**	$ (8)
Accounts receivable	**(570)**	1,045
Prepaid expenses, supplies and deposits	**(24)**	(147)
Accounts payable and accrued liabilities	**(5,436)**	1,841
Deferred revenue	**1,798**	(1,001)
	$ (4,248)	$ 1,730
Changes in non-cash working capital balances related to operating activities	**$ (980)**	$ 5,147
Changes in non-cash working capital balances related to investing activities	**(3,268)**	(3,417)
	$ (4,248)	$ 1,730

11. Operating Leases

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

	Balance as at	
	Mar 31 2013	**Dec 31 2012**
One year	**$ 3,064**	$ 3,839
Between one and five years	**11,306**	16,350
More than five years	**22,579**	34,779
	$ 36,949	$ 54,968

Movement in the commitments for the three months ended March 31, 2013:

Balance, January 1, 2013	**$ 54,968**
Payments (net of subleases)	**(962)**
Surrender of office space	**(17,057)**
Balance, March 31, 2013	**$ 36,949**

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment was approximately $266,000 per month (including operating costs) from January to May 2013 and will be approximately $170,000 per month for the rest of 2013. The annual square foot rate increases in 2016, 2018, 2020 and 2023. This 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 $83,000 are expected to be received in 2013. 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 $63,000 including operating costs for 2013.

Subsequent to March 31, 2013, the Company and its landlord agreed to the partial surrender of its main office lease as it relates to approximately 22,000 square feet of office space effective June 1, 2013. This will reduce the above commitment by approximately $100,000 per month.

12. Related Parties

Transactions with key management personnel

Loans from directors and shareholders

As at March 31, 2013, the Company had $800,000 in unsecured loans from two directors and $2 million of the $5 million subordinated loan was loaned to the Company by two directors in accordance with a condition of the financing (see Note 8). Subsequent to March 31, 2013, these loans were consolidated into a secured subordinated loan. The consolidated shareholder loan bears the same interest rate and payments are interest-only until March 2014.

$1 million of the debentures was subscribed for by three directors and $210,000 was subscribed for by shareholders (see Note 8).

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Executive officers also participate in the Company's stock option plan, PSU plan and ESOP.

Key management personnel and director transactions

Directors and officers of the Company control 41% percent of the voting shares of the Company. A director controls 13% and the CEO (also a director) controls 13%.

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

			Transaction value for the three months ended Mar 31		Balance due from (to) as at Mar 31	Balance due from (to) as at Dec 31
Name	**Position**	**Transaction**	**2013**	**2012**	**2013**	**2012**
W. Brillon	Director and shareholder	Consulting fees and commissions[1]	**$ 46**	$ 46	**$ 106**	$ 82
W. Tobman	Director and shareholder	Seismic data management services [2]	**-**	40	**-**	-
B. Gough	Director and shareholder	Seismic processing and geomatics services[3]	**-**	10	**-**	-

[1] The Company pays seismic consulting fees to a company controlled by Mr. Brillon 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 managed a seismic data survey for a company controlled by Mr. Tobman. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

[3] The Company provided seismic processing and geomatics services to a company where Mr. Gough is the Vice President, Operations. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

13. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses daily cash flow forecasts projected out three months in advance to ensure that it has sufficient cash on hand to meet expected operational expenses, fund capital expenditures and service financial obligations. This does not take into account the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, to meet short-term financing needs, the Company:

- Closed a new senior credit facility on May 9, 2013 of up to $11 million including a revolving credit facility of up to $8 million and a $3 million term loan with a three-year term. Interest on the revolver is payable at prime plus 1.75% and prime plus 2.5% on the term loan. The proceeds were used to retire existing bank and subordinated debt with the remainder to be used for working capital purposes and capital expenditures.
- Received proceeds of $1 million from shareholders in April 2013 which were used to partially retire the subordinated debt.

As at March 31, 2013 the Company had a cash balance of $1 million and $7.7 million in accounts receivable totaling $8.7 million to settle current liabilities of $10.8 million (excluding deferred revenue of $4.2 million). The shortfall mainly consisted of the current portion of the subordinated loan. The loan (excluding $2 million owed to the directors) was repaid in full subsequent to March 31, 2013. The Company continues to review additional sources of capital to continue its activities and discharge its commitments as they become due.

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

As at March 31, 2013	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Bank Indebtedness	$ 4,450	$ 4,450	$ 4,450	$ -	$ -	$ -	$ -	$ 4,450
Accounts payable and accrued liabilities	4,188	4,188	4,188	-	-	-	-	4,188
Deferred rent obligations	398	398	-	-	-	-	398	398
Long-term debt obligations (excluding finance lease obligations)	5,650	6,915	2,104	206	650	1,182	2,773	6,915
Finance lease obligations	171	193	43	43	60	47	-	193
Loss on sublease	1,251	1,305	178	178	356	593	-	1,305
Total	$ 16,108	$ 17,449	$ 10,963	$ 427	$ 1,066	$ 1,822	$ 3,171	$ 17,449

As at December 31, 2012	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Bank Indebtedness	$ 4,450	$ 4,450	$ 4,450	$ -	$ -	$ -	$ -	$ 4,450
Accounts payable and accrued liabilities	9,624	9,624	9,624	-	-	-	-	9,624
Deferred rent obligations	189	189	-	-	-	-	189	189
Long-term debt obligations (excluding finance lease obligations)	5,900	6,701	2,151	160	2,443	1,947	-	6,701
Finance lease obligations	201	227	51	51	64	61	-	227
Loss on sublease	1,332	1,394	178	178	356	682	-	1,394
Total	$ 21,696	$ 22,585	$ 16,454	$ 389	$ 2,863	$ 2,690	$ 189	$ 22,585

14. Additional GAAP Measure

The Company included funds from operations in the consolidated statements of cash flows. Funds from operations represents the cash flow from continuing operations, excluding non-cash working capital items.

15. Subsequent event

Subsequent to March 31, 2013, the Company secured a new $11 million senior bank facility. The facility is comprised of a revolving credit facility of up to $8,000,000 and a $3,000,000 term loan based on a three year-term. The lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company. The facility is subject to the Company meeting a fixed charge coverage ratio of 1.00:1 on a trailing 12-month basis commencing on June 30, 2013. It is the ratio of (a) EBITDA plus the net cash proceeds from any private or public equity offering of shares of Divestco, minus (i) any Unfinanced Capital Expenditures of the Credit Parties, (ii) cash dividends and distributions paid by the Credit Parties during such period; and (iii) any cash taxes paid by the Credit Parties during such period to (b) all senior debt payments. The facility is also subject to an annual review.

Revolving credit facility

Advances on the new $8 million operating line is limited to the lesser of the maximum principal of the facility and the aggregate of 85% of accounts receivable of the Company aged less than 90 days from invoice date and cross-aged on the basis of 50% or more past due. Progress billings originating from seismic data surveys are also deducted from eligible accounts receivable plus applicable reserves. The interest rate on this facility is at Canadian prime plus 1.75% per annum, with a non-refundable stand-by fee of 0.25% per annum being charged on the unused portion of the facility.

Term Loan

The $3 million term loan bears interest at Canadian prime plus 2.50% per annum. The term loan is repayable over three years in equal monthly principal installments of $83,333 commencing on June 1, 2013.