Divestco

2008 THIRD QUARTER REPORT

The Evolution of Exploration

An Integrated Solution

08

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

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

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

Based in Calgary, Alberta, Divestco has approximately 450 employees.

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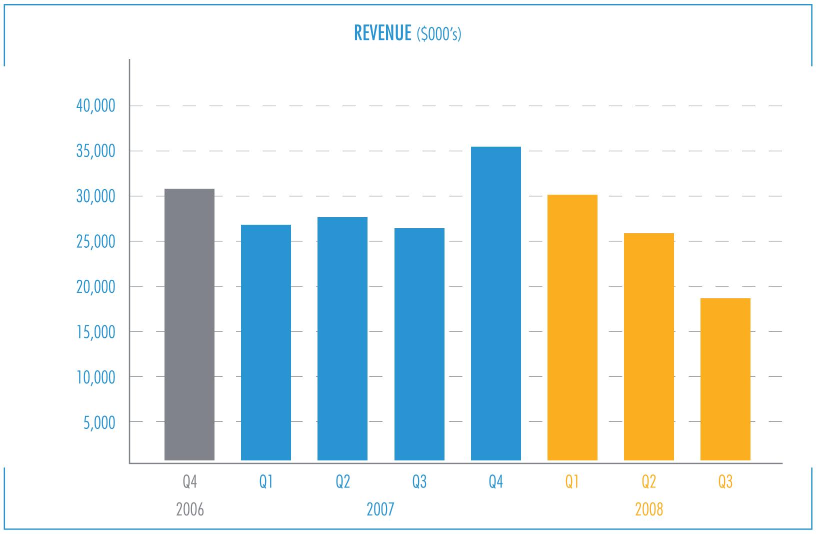
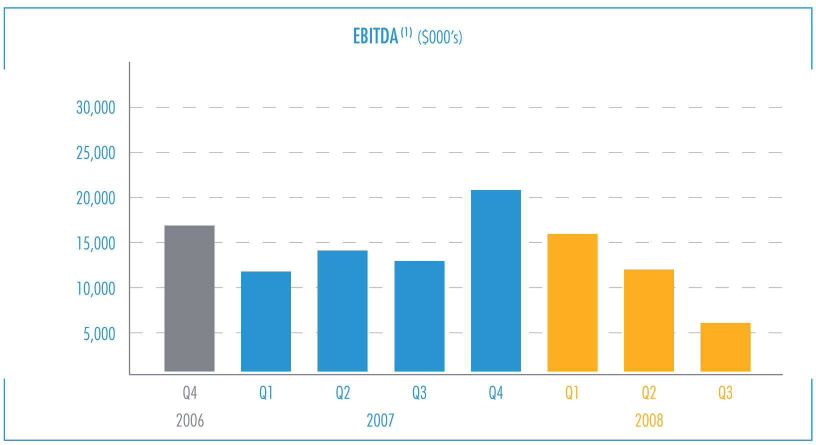
FINANCIAL HIGHLIGHTS

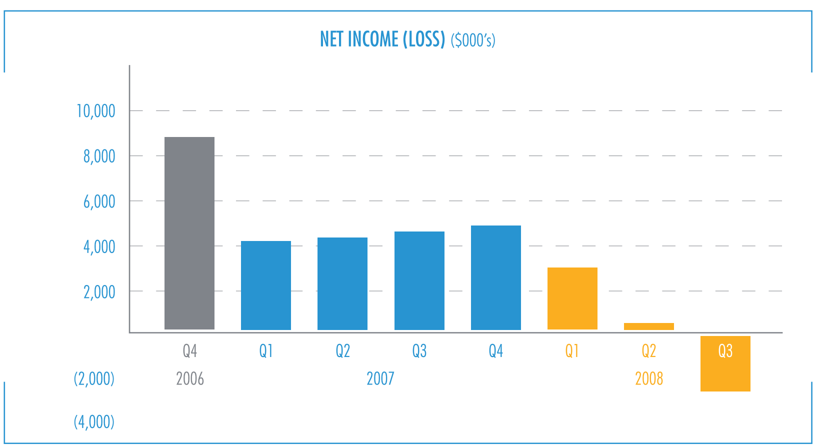
FINANCIAL RESULTS (Thousands, Except Per Share Amounts)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2008	2007	% Change	2008	2007	% Change
Revenue	$18,334	$26,220	-30%	$74,564	$80,543	-7%
EBITDA [1]	6,128	13,120	-53%	35,354	39,923	-11%
Operating Income (Loss) [1]	(2,016)	6,206	-132%	3,106	18,636	-83%
Net Income (Loss)	(2,381)	4,188	-157%	1,014	12,425	-92%
Per Share - Basic	(0.06)	0.10	-160%	0.02	0.32	-94%
Per Share - Diluted	(0.06)	0.10	-160%	0.02	0.31	-94%
Funds from Operations [1]	4,894	1,083	352%	32,464	20,518	58%
Per Share - Basic [1]	0.12	0.03	300%	0.78	0.54	44%
Per Share - Diluted [1]	0.12	0.02	500%	0.78	0.50	56%
Shares Outstanding	41,810	41,500	1%	41,810	41,500	1%
Weighted Average Shares Outstanding						
Basic	41,820	41,096	2%	41,740	38,335	9%
Diluted	41,820	43,624	-4%	41,740	40,983	2%

[1] See the Non-GAAP Measures Section.

FINANCIAL HIGHLIGHTS: QUARTERLY COMPARISON







[(1)] See the Non-GAAP Measures Section.

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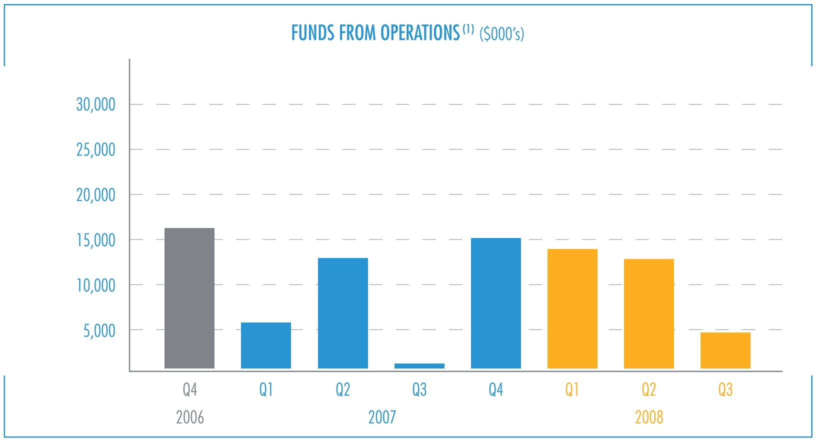

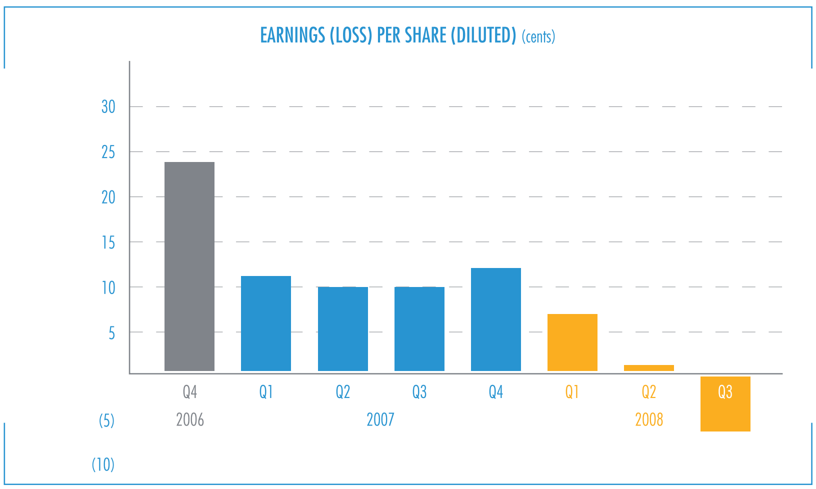

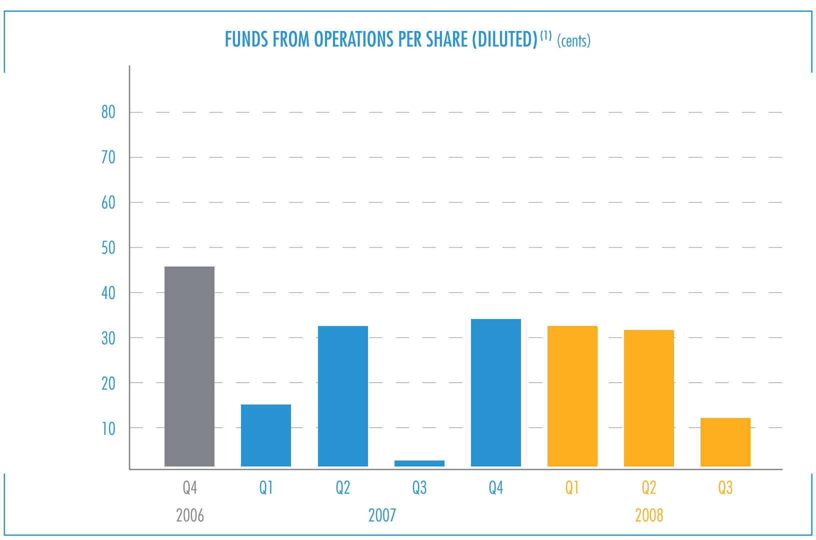

[1] See the Non-GAAP Measures Section.

INTRODUCTION

Management's Discussion and Analysis (MD&A) for Divestco Inc. (Divestco or the Company) focuses on key statistics from our financial statements and pertains to known risks and uncertainties relating to the oil and gas exploration and production industry. This discussion is not considered all-inclusive, as it excludes changes that may occur in general economic, political, and environmental conditions. This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2007 and 2006 and the Interim Consolidated Financial Statements for the period ended September 30, 2008. Unless otherwise disclosed, all financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and is reported in Canadian dollars.

This MD&A is dated November 12, 2008.

FORWARD LOOKING STATEMENTS

This interim MD&A contains forward-looking statements about current expectations that involve a number of business risks and uncertainties. These statements generally include forward-looking words such as, "may," "will," "expect," or similar variations. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. While management believes the expectations reflected in the forward-looking statements are reasonable, such statements involve risks and uncertainties that could affect the Company's operations and financial results, including the factors discussed in the Business Risks and Environment section of this MD&A.

NON-GAAP MEASURES

This MD&A uses the terms EBITDA (earnings before interest, income taxes, depreciation, and amortization), operating income, funds from operations, and funds from operations per share (basic and diluted); however, these terms are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. While these measures may not be comparable to similar measures presented by other issuers, they are described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

EBITDA and Operating Income

Divestco uses EBITDA and operating income as key measures to evaluate the performance of segments, divisions and the Company, with the closest GAAP measure being net income. EBITDA and operating income are measures commonly reported and widely used by investors as indicators of the Company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA and operating income 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 and operating income are not calculations based on Canadian GAAP and should not be considered alternatives to net income in measuring the Company's performance; As well, EBITDA and operating income should not be used as exclusive measures of cash flow, because they do not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the Consolidated Statements of Cash Flows. While EBITDA and operating income have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors should be cautioned that EBITDA and operating income as reported by Divestco may not be comparable in all instances to EBITDA and operating income as reported by other companies. Investors should also carefully consider the specific items included in Divestco's computation of EBITDA and operating income. (continued page 06)

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

(Thousands)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Net Income (Loss)	$(2,381)	$4,188	$1,014	$12,425
Income Tax Expense (Reduction)	(1,147)	1,835	593	5,978
Other Income (Loss) [1]	(1,512)	(183)	(1,499)	(233)
Operating Income (Loss)	$(2,016)	$6,206	$3,106	$18,636
Interest	1,252	1,181	3,785	2,609
Depreciation and Amortization	6,892	5,733	28,463	18,678
EBITDA	$6,128	$13,120	$35,354	$39,923

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

Funds from Operations

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

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

(Thousands)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Cash Flows from Operating Activities	$2,991	$(6,295)	$28,392	$8,701
Changes in Non-Cash Working Capital Balances	1,826	8,573	3,555	13,198
Increase (Decrease) Non-Current Deferred Revenue	77	(1,055)	517	(961)
Decrease in Long-Term Accounts Receivable	-	(140)	-	(420)
Funds from Operations	$4,894	$1,083	$32,464	$20,518

BUSINESS RISKS AND ENVIRONMENT

Demand for Products and Services

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

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

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

Seasonality

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

The Company's Services segment normally exhibits a noticeable reduction in sales from mid-April through to the end of September 30, and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. Divestco tries to minimize these fluctuations by entering into certain long-term archiving contracts with customers and by performing specific types of contract work appropriate for lower-activity months. The Software segment typically experiences a slow-down during July and August, which is generally a slower period for the oil and gas industry in western Canada.

Competition

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

Skilled Labour

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

Government Regulations and Safety

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

FINANCIAL RESULTS (Thousands, Except Per Share Amounts)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2008	2007	% Change	2008	2007	% Change
Revenue	$18,334	$26,220	-30%	$74,564	$80,543	-7%
Operating Expenses	12,206	13,100	-7%	39,210	40,620	-3%
EBITDA (1)	6,128	13,120	-53%	35,354	39,923	-11%
Interest	1,252	1,181	6%	3,785	2,609	45%
Depreciation and Amortization	6,892	5,733	20%	28,463	18,678	52%
Operating Income (Loss) (1)	(2,016)	6,206	-132%	3,106	18,636	-83%
Other Income (Loss)	(1,512)	(183)	n/a	(1,499)	(233)	n/a
Income Tax Expense (Reduction)	(1,147)	1,835	-163%	593	5,978	-90%
Net Income (Loss)	$(2,381)	$4,188	-157%	$1,014	$12,425	-92%
Per Share - Basic	(0.06)	0.10	-160%	0.02	0.32	-94%
Per Share - Diluted	(0.06)	0.10	-160%	0.02	0.31	-94%
Funds from Operations (1)	$4,894	$1,083	352%	$32,464	$20,518	58%
Per Share - Basic (1)	0.12	0.03	300%	0.78	0.54	44%
Per Share - Diluted (1)	0.12	0.02	500%	0.78	0.50	56%
Shares Outstanding	41,810	41,500	1%	41,810	41,500	1%
Weighted Average Shares Outstanding						
Basic	41,820	41,096	2%	41,740	38,335	9%
Diluted	41,820	43,624	-4%	41,740	40,983	2%

FINANCIAL POSITION (Thousands)	BALANCE AS AT		
	Sept 30, 2008	Sept 30, 2007	Dec 31, 2007
Total Assets	$223,240	$224,933	$235,509
Working Capital (2)	(22,249)	(13,515)	(32,429)
Long-Term Debt Obligations (Including Current Portion)	48,884	43,743	44,289

(1) See the Non-GAAP Measures Section.
(2) Excluding the current portion of deferred revenue of $4.4 million, the Company's working capital deficiency was $17.9 million at September 30, 2008, compared to a $28.1 million deficiency at the end of 2007. The Company remains focused on strengthening its balance sheet and restoring a positive working capital balance.

CONSOLIDATED THIRD QUARTER FINANCIAL RESULTS – 2008

Divestco generated a loss of 6 cents per share (diluted) for the third quarter of 2008 compared to 10 cents in earnings per share (diluted) in 2007. The Company's net loss was $2.4 million compared to a net income of $4.2 million in 2007, a decrease of $6.6 million. This was primarily due to a C$1.5 million accounting loss on the sale of the Company's U.S. assets at the beginning of September. Revenues were $18.3 million, a decrease of $7.9 million (30%) from $26.2 million in 2007. Funds from operations increased by $3.8 million (352%) from $1.1 million in 2007 ($0.02 per share – diluted) to $4.9 million in 2008 ($0.12 per share – diluted).

Highlights for the Third Quarter of 2008:

- Divested U.S. assets for gross proceeds of U.S. $3 million (C$3.1 million).
- Increased seismic brokerage revenue by 32%.

CONSOLIDATED YEAR TO DATE FINANCIAL RESULTS – 2008

Divestco generated 2 cents per share in earnings (diluted) for the first nine months of 2008 compared to 31 cents per share (diluted) for the same period in 2007. Net income was $1.0 million compared to $12.4 million in 2007, a decrease of $11.4 million (92%). Revenues were $74.6 million, a decrease of $5.9 million (7%) from $80.5 million in 2007. Funds from operations increased by $1.3 million (4%) from $31.2 million in 2007 ($0.78 per share – diluted) to $32.5 million ($0.74 per share – diluted) in 2008.

Highlights for the First Nine Months of 2008:

- Divested U.S. assets for gross proceeds of U.S. $3 million (C $3.1 million).
- Increased seismic participation revenue by $2.8 million (29%).
- Acquired approximately 3,461 kilometres of 2D and 867 net square kilometres of 3D seismic valued at approximately $23.6 million, complementing our existing seismic datasets.
- Increased Geomatics revenue by $1.2 million (24%) due to the acquisition of a business unit from Veritas Energy Services Partnership (Veritas) in 2007.
- Increased Seismic Brokerage revenue by $648,000 (29%).

OUTLOOK

The impact of the Alberta Royalty Review and lower natural gas prices have continued to negatively impact the oil and gas industry in Alberta. This was exacerbated by the global market collapse and credit crises this fall. Divestco expected a strong third quarter but due to the recent global market conditions, many of the large forecasted transactions expected to close were cancelled or put on hold and pushed out to future quarters as customers adjust to the new global economic reality.

Although the industry is still sorting out the effects of the Alberta Royalty Review and global credit crisis, Divestco has witnessed a recent, moderate turnaround in most of its service-related divisions. As a result of reduced oil patch activity in the past 18-24 months, we continue seeing a pent-up demand for data and an unprecedented number of opportunities. Divestco has positioned many of its assets in areas where oil and gas investments must be made, thus providing a hedge to potential slowing in general oil and gas business levels, as well as an increased upside when business levels return.

SELECTED QUARTERLY INFORMATION (Thousands, Except Per Share Amounts)	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$18,334	$26,175	$30,054	$35,528	$26,220	$27,529	$26,793	$30,546
EBITDA [1]	6,128	12,879	16,348	21,755	13,120	14,053	12,752	16,853
Operating Income (Loss) [1]	(2,016)	316	4,807	4,937	6,206	6,283	6,145	12,748
Net Income (Loss)	(2,381)	281	3,114	5,116	4,188	4,166	4,071	8,690
Per Share - Basic	(0.06)	0.01	0.08	0.12	0.10	0.11	0.11	0.25
Per Share - Diluted	(0.06)	0.01	0.07	0.12	0.10	0.10	0.11	0.24
Funds from Operations [1]	4,894	13,505	14,065	15,092	1,083	13,776	5,662	16,866
Per Share - Basic [1]	0.12	0.32	0.34	0.36	0.03	0.35	0.16	0.48
Per Share - Diluted [1]	0.12	0.31	0.32	0.34	0.02	0.33	0.15	0.47

[1] See the Non-GAAP Measures Section.

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

SEGMENT REVIEW
SUMMARY

THREE MONTHS ENDED SEPTEMBER 30, 2008 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$1,937	$4,779	$8,640	$2,978	$-	$18,334
EBITDA [1]	729	660	6,962	69	(2,292)	6,128
Interest (Net of Interest Revenue)	-	-	-	(4)	1,256	1,252
Depreciation and Amortization	432	614	5,364	343	139	6,892
Operating Income (Loss) [1]	297	46	1,598	(270)	(3,687)	(2,016)

THREE MONTHS ENDED SEPTEMBER 30, 2007 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$2,023	$5,558	$15,501	$3,138	$-	$26,220
EBITDA [1]	893	760	13,203	305	(2,041)	13,120
Interest (Net of Interest Revenue)	-	-	218	(18)	981	1,181
Depreciation and Amortization	337	654	4,392	311	39	5,733
Operating Income (Loss) [1]	556	106	8,593	12	(3,061)	6,206

NINE MONTHS ENDED SEPTEMBER 30, 2008 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$6,082	$16,299	$42,812	$9,371	$-	$74,564
EBITDA [1]	2,214	2,433	37,032	24	(6,349)	35,354
Interest (Net of Interest Revenue)	-	-	(11)	(18)	3,814	3,785
Depreciation and Amortization	1,289	1,824	23,971	1,023	356	28,463
Operating Income (Loss) [1]	925	609	13,072	(981)	(10,519)	3,106

NINE MONTHS ENDED SEPTEMBER 30, 2007 (Thousands)

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$5,803	$17,557	$47,327	$9,856	$-	$80,543
EBITDA [1]	2,350	2,409	41,031	1,062	(6,929)	39,923
Interest (Net of Interest Revenue)	3	-	473	(39)	2,172	2,609
Depreciation and Amortization	1,064	1,790	14,749	952	123	18,678
Operating Income (Loss) [1]	1,283	619	25,809	149	(9,224)	18,636

[1] See the Non-GAAP Measures Section.

SEGMENT REVIEW
SOFTWARE

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

Third Quarter Financial Results – 2008

In the third quarter of 2008, revenue in Software amounted to $1.9 million compared to $2.0 million for the same quarter in 2007, generating 11% (Q3 2007 — 8%) of the Company's total revenue for the three-month period. The slight drop in revenue came after increases in LandRite and custom development revenue was offset by slight decreases in software application sales, including GeoCarta Tools (which is waiting on a major new release), MapQ, and WinPICS. In light of the global market conditions, a number of clients postponed new software expenditures until the fourth quarter and first half of 2009

EBITDA for the third quarter was $729,000 compared to $893,000 in 2007, a decrease of $164,000 (18%). Salaries and benefits increased by $65,000 (8%) due to departmental salary increases. General and administrative expenses (G&A) increased by $49,000 (23%) from 2007 due to additional consultant expenses required to complete a large software development project for a client. Amortization was $297,000 compared to $336,000 in 2007, an increase of $96,000 (29%) related to the purchase of computer equipment. Operating income for Software was $297,000 compared to operating income of $556,000 in 2007, a decrease of $259,000 (47%).

Year to Date Financial Results – 2008

Year to date for 2008, revenue in the Software segment amounted to $6.1 million compared to $5.8 million for the same period in 2007, generating 8% (2007 — 7%) of the Company's total revenue for the nine-month period. The increase of $0.3 million (5%) was due to a large custom development project for a major oil and gas producer that commenced in 2007 (completed in November 2008) and the acquisition of iLand in June 2007.

EBITDA year to date was $2.2 million compared to $2.4 million in 2007, a decrease of $0.2 million (6%). Salaries and benefits increased by $0.3 million (12%) due to the iLand acquisition and the addition of product management staff. G&A increased by $0.2 million (31%) from 2007 due to additional consulting costs as well as the purchase of iLand. Deferred development costs were $204,000 higher compared to 2007 due to increased development activity associated with the GeoCarta product offering that will soon be released. Amortization was $1.3 million compared to $1.1 million in 2007, an increase of $0.2 million (21%) related to the acquisition of iLand and the purchase of computer equipment. Operating income for Software was $0.9 million compared to operating income of $1.3 million in 2007, a decrease of $0.4 million (28%).

Outlook

The fourth quarter promises to be a busy period for Divestco Software with four products on track for delivery.

The next generation of GeoCarta Tools has shipped in a customized form to a significant Divestco client. The delivery represents the culmination of a year's worth of focused effort by a significant portion of Divestco's Software team. We are excited to introduce this new platform to a production environment. Of note, GeoVista will release an optional upgrade that allows clients to dynamically view aerial imagery within the application by subscribing to Valtus Imagery Service's VIEWS offering.

Other product groups are preparing for significant launches as well, including GeoVista, EarthTOOLS, and GeoWiz. As well, LandRite is set for an early 2009 release. Each of these software lines will introduce key feature additions that we believe will expand the company's existing customer base.

Typically, the fourth quarter is a strong period for Software sales. In general as a result of our recurring lease revenue model, software revenue remains relatively stable even during uncertain economic conditions.

SERVICES

The Company's Services segment offers data quality assurance, processing, and data management services for geophysical and geological related information. More specifically, the Company provides geomatics (survey integrity and spatial data services), archive, seismic brokerage and seismic processing services.

Third Quarter Financial Results – 2008

In the third quarter of 2008, revenue in Services amounted to $4.8 million compared to $5.6 million, generating 26% (Q3 2007 – 21%) of the Company's total revenue for the three-month period. Seismic brokerage achieved some of its best months on record posting a $0.2 million increase (47%), while Geomatics revenue increased by $0.2 million (12%). Archive revenue was down from the third quarter of 2007 due to a large one-time sale in the previous year. Processing revenue decreased by $0.5 million (22%) over last year as the market-wide economic downturn led to less data being acquired and reprocessed.

EBITDA for the third quarter was $660,000 compared to $760,000 in 2007, a decrease of $100,000 (13%). Salaries and benefits decreased $521,000 (14%) due to staff reduction strategies implemented in response to the economic slow-down, primarily in Alberta. G&A expenses also decreased by $57,000 (6%) due to specific efforts to reduce expenditures. Amortization was $614,000, a decrease of $40,000 (6%) from $654,000 in 2007. Operating income for Services was $46,000 as compared to $106,000 in 2007, a decrease of $60,000 (57%).

Year to Date Financial Results – 2008

Year to date for 2008, revenue in Services amounted to $16.3 million compared to $17.6 million for the same period in 2007, generating 22% (Q3 2007 – 22%) of the Company's total revenue for the nine-month period. The decrease of $1.3 million (7%) was led mainly by the downturn in the economy, which has more significantly impacted the service-oriented areas of Divestco. Processing revenue decreased by 2.3 million (30%) over last year as the market-wide economic downturn led to less data being acquired and reprocessed. In addition, the Processing division's results were negatively impacted as a portion of its revenues are tied to the Company's Seismic Data division, which acquired less data as compared to previous year. The Geomatics division experienced an increase in revenue with the addition of the Veritas geomatics assets acquired in 2007. The Brokerage division also realized growth because companies looking to cut costs acquired existing data instead of new data. Additionally, Brokerage increased its data management sales in 2008, as it manages considerably more data for customers than it did last year as marketing efforts were ramped up.

EBITDA year to date was $2.4 million in 2008, the same as in 2007. Salaries and benefits decreased by $1.1 million (9%) due to staff reductions made in response to the slow-down. G&A expenses increased by 0.1 million (4%) due to the Veritas acquisition which was offset by the cost-cutting measures that were adopted. Amortization was $1.8 million in 2008, the same as in 2007, related to the Geomatics business unit purchase and the replacement of old equipment subsequent to the acquisition. Operating income for Services was $0.6 million in 2008, the same as in 2007.

Outlook

Activity levels in the Services segment over the third quarter decreased from last year as the volatility and associated uncertainty in the marketplace affected customer activity and decision making. Although entering into the fourth quarter still carries some of these uncertainties, the seasonal activity level increases are anticipated to generate stronger fourth quarter results .

Processing experienced lower activity levels through the traditionally slow summer months (July to September). Expectations are cautiously optimistic for higher work levels in the fourth quarter as winter seismic activity kicks in. Regardless, past efforts to reduce salaries and overhead have positioned the division to weather a prolonged downturn.

Currently our Geomatics division appears to have a significant volume of work as the move to purchase existing seismic data is having the same positive impact on the division as it is on our Seismic Brokerage division. This, coupled with committed projects for the move to NAD83 (a new authoritative land grid), should help Geomatics to exit the year on a strong note. As well, strategic reductions in salaries and G&A over the past quarters will enable the Geomatics division to maintain its healthy margins, and a strong emphasis on maintaining existing market share should ensure satisfied customers continue to send all available, related work to Divestco. (continued page 14)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Archive division continues to focus on driving revenues while increasing profitability. Third quarter performance over last year is strong in two key areas: archiving and data management/storage. The first of these is due to increased activity among some of Divestco's new and existing clients. The second is due to the reoccurring revenue generated from the annuity model of storage which contributes to the long-term financial health of the division. Internally, further development is occurring in terms of inventory and ordering control systems, faster turnaround for jobs and cross-training personnel to handle multiple functions within the area.

The Seismic Brokerage division, despite generally slow market conditions, is significantly ahead of its year-to-date numbers for last year and on track to exceed forecasted annual targets. This is based mostly on increased activity levels for sales of 3D seismic surveys and the addition of new data management customers who prefer to outsource the handling of their seismic transactional activity to the Company.

DATA

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

BALANCE AS AT	SEPTEMBER 30, 2008	SEPTEMBER 30, 2007	DECEMBER 31, 2007
Seismic Library			
2D in Gross Kilometres	103,790	99,463	99,463
2D in Net Kilometres	82,744	79,283	79,283
3D in Gross Kilometres	16,639	15,087	15,772
3D in Net Kilometres	14,617	13,139	13,750

Third Quarter Financial Results – 2008

In the third quarter of 2008, revenue in the Data segment amounted to $8.6 million compared to $15.5 million for the same quarter in 2007, generating 47% (Q3 2007 – 59%) of the Company's total revenue for the three-month period. Seismic data library revenue was down by $7.7 million (46%) and there were no seismic participation surveys completed in the quarter. Due to the sale of our U.S. division at the beginning of September, revenue in the U.S. was down by $0.2 million. Divestco expected a strong third quarter in the data segment, but due to the recent global market conditions, many of the large forecasted transactions expected to close were cancelled or put on hold and pushed out to future quarters as customers adjust to the new global economic reality.

EBITDA for the third quarter was $7.0 million compared to $13.2 million in 2007, a decrease of $6.2 million (47%). Salaries and benefits decreased by $0.3 million (23%) from the departure of two former BlueGrouse Seismic Solutions Ltd. (BlueGrouse) employees and the sale of the U.S. division. G&A expenses decreased by $0.4 million (42%) for the same period in 2007, mainly due to synergies that have been realized since the acquisition of BlueGrouse and the sale of the U.S division. Amortization increased by $1 million (22%) to $5.4 million in 2008 from $4.4 million in 2007 as a result of the increase in our seismic data library since last year, which also included BlueGrouse dataset. Operating income was $1.6 million compared to $8.6 million in 2007, a decrease of $7.0 million.

Year to Date Financial Results – 2008

Year to date for 2008, revenue in Data amounted to $42.8 million compared to $47.3 million for the same period in 2007, generating 57% (2007 – 59%) of the Company's total revenue for the same period. The decrease was due to a $2.9 million (29%) increase in seismic participation survey revenue offset by a $7.4 million (20%) decrease in aggregate data library sales. Our U.S. division experienced a decline of $0.3 million (21%) in revenue from 2007, related primarily to decreased sales in drilling subscription and transactional production data as well as the Company exiting the U.S. marketplace.

EBITDA for the year to date was $37 million compared to $41 million in 2007, a decrease of $4 million (10%). Salaries and benefits increased slightly from 2007, mainly due to the acquisition of BlueGrouse in May 2007 and related retention bonuses that were paid out in May 2008, which were offset by the departure of some former BlueGrouse employees and the sale of the U.S. division. G&A expenses decreased by $0.7 million (26%) for the same period in 2007, mainly due to the synergies that have been realized since the acquisition of BlueGrouse and the sale of the U.S division. Amortization increased by $9.3 million (63%) to $24 million in 2008 from $14.7 million in 2007 as a result of the completion of three 3D participation programs which are amortized at a rate of 40% upon delivery to the client(s). Operating income was $13.1 million compared to $25.8 million in 2007, a decrease of $12.7 million (49%).

Outlook

Despite the overall global market condition we are expecting to return to the field for the 2008-2009 winter season. The Data division has been most effected by the recent global credit crisis and Alberta Royalty Review. We do expect that field acquisition activities will be at lower than normal level for the 2008-2009 season however more importantly, the Company's inventory pipeline remains very strong. Divestco is contemplating a number of seismic participation surveys that will commence in the fourth quarters of 2008 and first quarter of 2009, with delivery occurring this year and into 2009. Despite these surveys, Divestco is currently perusing a more conservative acquisition strategy in regards to seismic field acquisition activities as it continues to focus on aggregate data library sales and strengthening its balance sheet.

Support data plans on an increased delivery schedule for land data updates to coincide more closely to the government land sales. More focus will be placed in the short term on the Drilling Records database, to upgrade and enhance the product. The formation tops geological program is on schedule for completion of the first phase by the end of 2008, and we continue to make progress on the consolidation and rationalization of grid and culture datasets into a centralized repository.

Migration to a new public server for well logs is planned for early November. Also, prior to year-end, we will be releasing a higher-resolution, raster well log library.

CONSULTING

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

Third Quarter Financial Results – 2008

In the third quarter of 2008, revenue in Consulting amounted to $3 million compared to $3.1 million for the same quarter in 2007, generating 16% (Q3 2007 – 12%) of the Company's total revenue for the three-month period. Revenue in Business Consulting decreased by $409,000 (42%) as our ERP practice area sales declined due to staff turnover and the diversion of internal resources required to train and ramp up new hires. This was offset by the reallocation of our Technical Records division from the Services segment to the Consulting segment, effective in January 2008, which added $0.3 million in revenue. Revenues in this department have grown steadily since January due to an increased effort by Divestco's sales department, streamlined market offerings, attractive purchasing options and enhanced marketing material. Land Management Services had a $226,000 (12%) increase in revenue mainly due to the acquisition of Canadian Landmasters in November 2007.

EBITDA for the third quarter was $69,000 compared to $305,000 in 2007, a decrease of $236,000. Salaries and benefits increased by 12% due to the acquisition of Landmasters and the addition of the Technical Records division. G&A expenses decreased by 5% as a result of cost cutting initiatives and from lower hardware and software costs, which have a positive impact on Business Consulting. Amortization was $343,000, which is $32,000 (10%) higher then in the same period in 2007 due to Landmasters being acquired. Operating income was a negative $270,000 compared to $12,000 in the same quarter of 2007.

Year to Date Financial Results – 2008

Year to date for 2008, revenue in Consulting amounted to $9.4 million compared to $9.9 million for the same period in 2007, generating 13% (Q3 2007 – 12%) of the Company's total revenue for the nine-month period. Revenue in Business Consulting decreased by $176,000 (6%) as a result of consolidating the ERP practice areas, which was offset by adding the Technical Records division from the Services segment. Land Management Services decreased $721,000 (11%) due to the industry slow-down in Alberta, which started in the second half of 2007.

EBITDA for the year to date was $24,000 compared to $1.1 million in 2007. Salaries and benefits increased 8% while G&A expenses increased less than 1% due to the acquisition of Landmasters and the reallocation of Technical Records to Consulting. Amortization was $1 million, an increase of $0.1 million (7%) from $0.9 million in 2007 due to the Landmasters acquisition. Operating income was a negative $1.0 million compared to a positive $0.1 million in the same quarter of 2007, a decrease of $1.1 million.

Outlook

The Land Management Services division was recently awarded a large linear project on the utility side, which in turn would generate approximately three-plus years of work. The volume and timing of this work is still being sorted out, but it is likely to begin in early 2009.

Divestco's Business Consulting continues to focus its sales and practice efforts on specific high growth opportunities and more unique reporting services that offer an extremely high rate of return for both operational managers and business owners. These services and offerings primarily consist of automating reports and providing timely and accurate information on business metrics, such as key performance indicators and scorecards. Additionally, to improve divisional performance we are concentrating on managed services offerings and renewable desktop and server infrastructure programs, which require less labour to implement and support.

CORPORATE AND OTHER

Our Corporate segment includes corporate general and administrative function costs associated primarily with setting Divestco's overall strategic plan, including finance, accounting, marketing, human resources (HR), and information technology (IT) costs. As well, this segment includes audit, legal, travel, investor relation and stock compensation expenses in addition to interest on long-term debt.

Third Quarter Financial Results – 2008

In the third quarter of 2008, salaries and benefits increased by 17%, primarily due to salary increases and severance payments. G&A expenses increased slightly compared to the third quarter of 2007. Interest expense was $1.3 million in 2008 compared to $1.0 million in the same quarter in 2007. The increase of $0.3 million was primarily due to the assumption of convertible debentures from BlueGrouse and an increase in our long-term debt facilities of which $47.7 million was outstanding as at September 30, 2008. Amortization was $139,000 in 2008, compared to $39,000 in 2007, an increase of $100,000 (256%).

Year to Date Financial Results – 2008

Year to date for 2008, salaries and benefits decreased by 2%, primarily due to lower staff levels. G&A expenses decreased by 12% to $4.0 million in 2008 from $4.6 million in 2007 due to a decrease in stock compensation costs, accounting fees (higher fees in 2007 because of fees for internal control compliance) and promotional costs. Bad debts reduced year over year due to improved collection efforts. Interest expense was $3.8 million in 2008 compared to $2.2 million in 2007. The increase of $1.6 million (76%) was primarily due to the assumption of convertible debentures from BlueGrouse and an increase in our long-term debt facilities of which $47.7 million was outstanding as at September 30, 2008. Amortization was $356,000 in 2008 compared to $123,000 in 2007, an increase of $233,000 (189%).

Outlook

We have moved into the next phase of our ERP implementation project, which is expected to last until the end of 2008. The segment does not expect a material increase in expenses in the fourth quarter of 2008.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization for the third quarter of 2008 was $6.9 million compared to $5.7 million for the same period in 2007. The increase of $1.2 million (20%) was due to five corporate acquisitions completed in 2007 and $0.1 million in computer hardware and software purchases.

Depreciation and amortization for the nine months ended September 30, 2008 was $28.4 million compared to $18.7 million for the same period in 2007. The increase of $9.7 million (52%) was due to five participation seismic surveys completed in the first half of the year at a cost of $20.5 million, five corporate acquisitions completed in 2007, and $0.8 million in computer hardware and software purchases, including $0.4 million under capital leases.

INCOME TAXES

For the nine months ended September 30, 2008, Divestco recorded a current tax expense of $1.3 million (including $0.9 million related to the sale of its U.S. division) and a future tax expense reduction of $0.7 million (including a $1.6 million reduction related to the sale of its U.S. division), for a net of $0.6 million on $1.6 million (36.9%) of income before taxes (2007 – 32.5%). The increase in the tax rate is primarily attributable to a higher tax rates in the U.S. and the sale of the Company's U.S. assets.

As at September 30, 2008, Divestco and its Canadian subsidiaries had $2.1 million in non capital loss carry-forwards in Canada. The Company's U.S. subsidiary had used approximately $0.2 million in net operating losses against income tax on the assets sale. In addition, the Company and its subsidiaries had $4.1 million in undepreciated capital cost pools in Canada.

MAJOR TRANSACTIONS

Seismic Related

During the third quarter of 2008, Divestco did not complete any seismic participation surveys.

During the nine months ended September 30, 2008, Divestco completed five 3D seismic surveys covering an approximate area of 474 square kilometres at a cost of $20.8 million (excluding $0.5 million in costs related to services provided by Divestco's survey audit, seismic processing and archive departments which are eliminated on consolidation). The Company also acquired three existing datasets totalling approximately 3,461 net kilometres of 2D and 393 net square kilometres of 3D seismic for approximately $3.1 million.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Excluding the current portion of deferred revenue of $4.4 million (December 31, 2007 – $4.4 million), Divestco exited the third quarter of 2008 with a $17.9 million working capital deficiency compared to a deficiency of $28.1 million at the end of 2007. The deficiency is mainly related to the five 3D surveys completed for $20.8 million and $3.1 million in existing seismic data purchases during the first half of the year. In addition the Company has $8.1 million in convertible debentures maturing in November 2008 and repayment of a temporary $5 million increase to its committed revolver. In July the Company structured a temporary $5 million increase to its committed revolver facility for working capital purposes of which $3.1 million was drawn as at September 30, 2008.

The improvement in negative working capital balances from 2007 was due to ramped up collection efforts and a reduction in capital spending while the Company continued to focus on strengthening its balance sheet and returning to a positive working capital balance. Until the negative working capital position is reverse, the Company is not committing to any significant capital expenditure unless well funded (such as seismic participation surveys) and is committed to cost cutting measures to reduce salary and G&A costs. In addition to the base line cash flow, there is a healthy pipeline of business opportunities the Company is focused on closing, which is expected to further generate cash flow required to rectify Divestco's working capital shortfall.

Operating Activities

Funds from operations for the third quarter of 2008 were $4.9 million (12 cents per share – diluted) compared to $1.1 million (2 cents per share – diluted) in 2007, an increase of $3.8 million (352%). Revenue decreased by $7.9 million (30%) due to the drop in seismic data revenue.

Funds from operations for the nine months ended 2008 were $32.5 million (78 cents per share – diluted) compared to $20.5 million (50 cents per share – diluted) in 2007, an increase of $12.0 million (58%). Revenue decreased by $6.0 million (7%) due to a reduction in seismic data revenue and a general slow-down in the industry. This was coupled with a $1.2 million increase in interest expense related to the increase in long-term debt.

Financing Activities

The Company's financing activities for the three months and nine months ended September 30, 2008 are highlighted as follows:

- $8.9 million in long-term debt proceeds received related to net draws on Divestco's committed revolving facility (including a $4.5 million draw on a temporary increase to this facility) and $0.9 million in proceeds received on a sale-leaseback (third quarter 2008 – $5.1 million).
- $5 million in repayments of long term debt obligations (third quarter 2008 – $1.9 million).
- $0.3 million in proceeds received from the exercise of stock options (third quarter 2008 – $Nil).

Investing Activities

The Company's investing activities for the three months and nine months ended September 30, 2008 are highlighted as follows:

- $23.8 million to purchase existing seismic data and acquire new data libraries through multi-client surveys (including surveys in progress at the end of the quarter) (third quarter 2008 – $Nil).
- $362,000 in purchases of computer hardware, software and leasehold improvements excluding $414,000 in computer equipment acquired under lease (third quarter 2008 – $73,000 and $Nil, respectively).

Debt Instruments

Divestco has a $60 million credit facility in place with Wells Fargo Financial Corporation Canada (WFFCC), an affiliate of U.S.-based Wells Fargo & Company (Wells Fargo). The WFFCC bank facilities are committed with a 5-year maturity. The facility is available in three tranches: a $30 million committed revolver, a $20 million term loan facility and a $10 million term loan facility.

The committed revolver draws are not required to be repaid until maturity (other than temporary increases that have been granted as previously discussed); however, if advances are paid down in advance they can be redrawn at a later date. Each draw on the term loan facilities is amortized over six years from the date of draw down and repaid on a monthly basis. The Company has two pricing options on all the credit facilities: floating Canadian Base Rate plus 2.00%, or Canadian LIBOR (London InterBank Offer Rate) plus 3.25%. The Canadian LIBOR options are available with locked-in interest rate periods of one, two or three months. As at September 30, 2008, $47.7 million was drawn on this facility including $28.1 million on the committed revolver, $15.6 million on the first term loan and $4 million on the second term loan. The facilities are subject to the Company meeting certain debt covenants, including a minimum trailing 12-month EBITDA of $50 million and a fixed charge coverage ratio of at least 1.50:1 (as discussed, the covenant has been amended). As at September 30, 2008, the Company was in violation of its fixed charge coverage covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant breach as at September 30, 2008. Divestco does not expect to violate any of its debt covenants over the next 12 months ending September 30, 2009.

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

Subsequent to September 30, 2008, the Company negotiated a further amendment on its committed revolver where all amounts in excess of $25 million are to be repaid in January 2009 and all amounts in excess of $20 million are to be repaid in April 2009. In addition, further availability on term loan B (approximately $5 million) immediately expires and the lender will entertain future credit requests as required. Effective May 2009, the term loan amortization schedules will reduce from six years to five years, which will mirror the maturity date of the entire credit facilities. The Company's fixed charge coverage covenant was further amended on a go forward basis and the Company's interest rates have also been amended to a formula grid structure of LIBOR and Base Rate options of plus 4.00% to 5.00%. The remaining terms remain substantially unchanged.

OUTSTANDING SHARE DATA

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

The following table summarizes the Company's equity instruments:

BALANCE AS AT	NOVEMBER 12, 2008	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Common Shares			
Outstanding	41,811,651	41,811,651	41,579,904
Weighted Average Outstanding			
Basic		41,740,163	39,200,314
Diluted		41,740,163	41,673,015
Stock Options			
Outstanding	2,556,282	2,562,974	2,743,248
Exercise Price Range	$1.00 to $6.10	$1.00 to $6.10	$1.00 to $6.10

Common Shares

On January 24, 2008, the TSX accepted the Company's Notice of Intention to make a Normal Course Issuer Bid (NCIB) to purchase up to 2,092,853 (a maximum of 5%) of its issued and outstanding common shares (41,857,070 common shares as at January 14, 2008) in a twelve-month period. The NCIB commenced January 28, 2008, and will terminate on the earlier of January 27, 2009 or the date on which the maximum number of common shares are purchased pursuant to this NCIB. There were 35,600 shares repurchased under the NCIB for the period ended September 30, 2008.

Stock Options

As at September 30, 2008, there were 4,041,369 common shares reserved for grants of stock options.

During the nine months ended September 30, 2008:

- 516,425 stock options were granted with an exercise price ranging from $1.30 to $2.39.
- 268,413 stock options were exercised at exercise prices ranging from $1.20 to $1.69, including 114,089 exercised by officers.
- 428,286 stock options were forfeited with exercise prices ranging from $1.00 to $6.10, including 150,000 options held by a former officer that was also a director.

Subsequent to September 30, 2008:

- 6,692 options were forfeited with exercise prices ranging from $1.30 to $3.68.

Convertible Debentures

As at September 30, 2008, there was $8,142,000 in convertible debentures outstanding which were assumed through the acquisition of BlueGrouse. Each debenture bears interest at a rate of 10% per annum and is convertible, in whole or in part, into common shares at a conversion price of $4.48 per Common Share (Conversion Price) at any time on or before November 21, 2008 (Maturity Date). On or before the Maturity Date, the holders of the debentures shall have the option of either converting their debentures into common shares at the Conversion Price or receiving the cash value of the principal amount of the debentures, plus any accrued and unpaid interest. As at September 30, 2008, $609,000 (December 31, 2007 – $609,000) represented the equity component of the debentures and is classified in the shareholders' equity section of Divestco's consolidated balance sheet.

RELATED PARTY TRANSACTIONS

Divestco had the following related party transactions:

- During the nine months ended September 30, 2008, the Company paid $151,000 (2007 – $167,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at September 30, 2008 was $3,000 (December 31, 2007 – $17,000) related to these commissions.

- During the nine months ended September 30, 2008, the Company paid $162,000 (2007 – $395,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at September 30, 2008 was $62,000 (December 31, 2007 – $66,000) related to these legal fees.

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

CRITICAL ACCOUNTING ESTIMATES

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

The fair value of share options were estimated using the Black-Scholes option pricing model, with the following assumptions: an average expected volatility of 67% (2007 – 69%), an average risk-free interest rate of 3% (2007 – 3.9%), and an expected life of five years. The value of the stock options is recognized as a compensation expense over the three-year vesting period.

NEW ACCOUNTING PRONOUNCEMENTS

Financial Instruments

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

Capital Disclosures

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

Future Accounting Pronouncements

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

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

The Company has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company plans to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities such as financing and compensation arrangements, by December 31, 2008.

SECURITIES REGULATIONS UPDATE

Disclosure Controls and Procedures

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

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

There were no changes in Divestco's disclosure controls and procedures that occurred during the period ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

Internal Control Over Financial Reporting

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

There were no changes in Divestco's internal control over financial reporting that occurred during the period ended September 30, 2008, that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

CONSOLIDATED BALANCE SHEETS

AS AT (Thousands - Unaudited)	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Assets		
Current Assets		
Cash and Cash Equivalents	$2,594	$2,466
Funds Held in Trust	-	678
Accounts Receivable	21,101	27,083
Prepaid Expenses, Supplies and Deposits	1,864	1,794
Investment Tax Credits Recoverable	843	-
	26,402	32,021
Investment in Affiliated Company	85	72
Data Libraries (Note 4)	157,826	161,354
Participation Surveys in Progress	996	1,047
Property and Equipment (Note 5)	5,169	5,981
Deferred Development Costs (Note 6)	5,877	4,736
Intangible Assets (Note 7)	16,795	20,208
Goodwill	10,090	10,090
	$223,240	$235,509
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$26,860	$39,391
Income Taxes Payable	976	7,286
Current Portion of Deferred Revenue	4,376	4,351
Current Portion of Long-Term Debt Obligations (Note 8)	8,408	5,889
Convertible Debentures (Note 9)	8,031	7,533
	48,651	64,450
Deferred Revenue	13	530
Long-Term Debt Obligations (Note 8)	40,476	38,400
Future Income Taxes	12,747	13,406
	101,887	116,786
Shareholders' Equity		
Equity Instruments (Note 10(b))	69,853	68,690
Contributed Surplus (Note 10(f))	4,114	3,661
Equity Portion of Convertible Debentures (Note 9)	609	609
Retained Earnings	46,777	45,763
	121,353	118,723
Future Operations (Note 1)		
Subsequent Event (Note16)		
	$223,240	$235,509

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS), COMPREHENSIVE INCOME (LOSS) & RETAINED EARNINGS

(Thousands, Except Per Share Amounts - Unaudited)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Revenue	$18,334	$26,220	$74,564	$80,543
Operating Expenses				
Salaries and Benefits	7,860	8,113	26,055	26,417
General and Administrative	4,072	4,582	12,314	13,039
Stock Compensation Expense (Note 10(f))	274	405	841	1,164
	12,206	13,100	39,210	40,620
Interest Expense	1,252	1,181	3,785	2,609
Depreciation and Amortization	6,892	5,733	28,463	18,678
Other Income (Loss)	(1,512)	(183)	(1,499)	(233)
Income (Loss) Before Income Taxes	(3,528)	6,023	1,607	18,403
Income Taxes				
Current	725	878	1,252	8,358
Future (Reduction)	(1,872)	957	(659)	(2,380)
	(1,147)	1,835	593	5,978
Net Income (Loss) and Comprehensive Income (Loss) for the Period	(2,381)	4,188	1,014	12,425
Retained Earnings, Beginning of Period	49,158	36,612	45,763	28,375
Retained Earnings, End of Period	46,777	40,800	46,777	40,800
Earnings (Loss) Per Share				
Basic	$(0.06)	$0.10	$0.02	$0.32
Diluted	$(0.06)	$0.10	$0.02	$0.31
Weighted Average Number of Shares				
Basic	41,820	41,096	41,740	38,335
Diluted	41,820	43,624	41,740	40,983

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands - Unaudited)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Cash Flows from Operating Activities				
Net Income (Loss) for the Period	$(2,381)	$4,188	$1,014	$12,425
Items Not Affecting Cash:				
Equity Investment Loss	(14)	(12)	(13)	(4)
Depreciation and Amortization of Data Libraries, Property and Equipment and Intangible Assets	6,662	5,569	27,737	18,139
Amortization of Deferred Development Costs	230	164	726	539
Amortization of Deferred Finance Costs	88	106	277	503
Accretion of Liability Portion of Convertible Debentures	166	-	498	-
Future Income Taxes (Reduction)	(1,872)	957	(659)	(2,380)
Data Exchanges (Note 4)	-	(10,646)	-	(10,646)
Loss on Sale of Property and Equipment	1,558	167	1,558	167
Unrealized Foreign Exchange Loss	-	(90)	-	-
Non-Cash Retention Bonus	183	275	485	611
Stock Compensation Expense (Note 10(f))	274	405	841	1,164
	4,894	1,083	32,464	20,518
Changes in Non-Cash Working Capital Balances (Note 12)	(1,826)	(8,573)	(3,555)	(13,198)
Increase (Decrease) in Non-Current Deferred Revenue	(77)	1,055	(517)	961
Decrease in Long-Term Accounts Receivable	-	140	-	420
	2,991	(6,295)	28,392	8,701
Cash Flows from (Used in) Financing Activities				
Bank Indebtedness	-	-	-	(6,451)
Advances to Affiliated Company	-	-	-	(8)
Issue of Common Shares, Net of Related Expenses (Note 10(b))	-	1,335	349	2,548
Repayment of Long-Term Debt Obligations	(1,899)	(2,258)	(5,039)	(13,753)
Deferred Financing Costs	-	-	-	(1,340)
Proceeds Received from Long-Term Debt Obligations	5,061	1,362	8,943	43,597
Repurchase of Common Shares (Note 10(e))	(59)	-	(59)	-
	3,103	439	4,194	24,593
Cash Flows from (Used in) Investing Activities				
Purchase of Data Libraries	(363)	(2,475)	(23,847)	(35,811)
Decrease (Increase) in Participation Surveys in Progress	385	(889)	51	1,358
Purchase of Property and Equipment	(73)	(180)	(362)	(1,182)
Acquisitions	-	(16)	-	(3,869)
Proceeds on Sale of Property and Equipment	3,084	177	3,089	177
Deferred Development Costs	(666)	(651)	(1,867)	(1,929)
Changes in Non-Cash Working Capital Balances (Note 12)	(9,985)	12,455	(9,514)	10,777
	(7,618)	8,421	(32,450)	(30,479)
Foreign Exchange (Gain) Loss on Cash Held in a Foreign Currency	(11)	90	(8)	5
Increase (Decrease) in Cash and Cash Equivalents	(1,535)	2,655	128	2,820
Cash and Cash Equivalents, Beginning of Period	4,129	1,602	2,466	1,437
Cash and Cash Equivalents, End of Period	$2,594	$4,257	$2,594	$4,257

See Notes to Consolidated Financial Statements.

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

01. BASIS OF PRESENTATION AND FUTURE OPERATIONS

These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these financial statements. As at September 30, 2008, the Company had a working capital deficit of $22.2 million. The working capital deficit includes amounts relating to convertible debentures of $8.1 million and amounts owing over $25 million on our committed revolver ($28.1 million was drawn on the committed revolver as at September 30, 2008), which are both due before December 31, 2008. Management is reviewing additional sources of capital and debt financing to continue its activities and discharge its commitments as they become due. Management believes that the going concern assumption is appropriate for these financial statements. Adjustments to the carrying amounts of the assets and liabilities, revenues and expenses and the balance sheet classifications used may be necessary should the going concern assumption be inappropriate.

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

These Interim Consolidated Financial Statements do not include the entire note disclosures required for the Annual Consolidated Financial Statements, and therefore, should be read in conjunction with Audited Consolidated Financial Statements as at and for the year ended December 31, 2007. These Interim Consolidated Financial Statements have been prepared following the same significant accounting policies as the most recently issued Interim Consolidated Financial Statements except as disclosed in Note 2.

The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of results to be expected for the entire year ending December 31, 2008. The Company records seismic data revenue related to its shot seismic programs, which are carried out primarily during the winter months. Revenue is recognized upon completion of a program after the related data has been delivered. Therefore, a significant portion of the Company's revenue for its shot seismic data is recognized in the winter and spring seasons.

02. CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

On January 1, 2008, the Company adopted the new Canadian standard for capital management which specifies the disclosure of an entity's objectives, policies and procedures for managing capital, quantitative data about what it manages as capital, any externally imposed capital requirements and the consequences of non-compliance (Note 11).

On January 1, 2008, the Company adopted new accounting standards for financial instruments disclosures and presentation which require the Company to increase disclosure on the nature, extent and risk arising from the financial instruments and how the entity manages those risks (Note 14).

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

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

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

03. DISPOSITION

During the period ended September 30, 2008, the Company sold all of the operating assets of its wholly-owned U.S. subsidiary and ceased its U.S. operations. The disposition is summarized below:

BALANCE AS AT	$CAD
Assets disposed of:	
Accounts receivable	$379
Prepaid expenses, supplies and deposits	69
Accounts payable and accrued liabilities	(10)
Deferred revenue	(438)
Data Libraries	4,220
Property and equipment	97
Intangible assets	328
	$4,645
Consideration:	
Cash (including disposition costs)	$3,086
Loss on sale	$(1,559)

The loss has been reflected in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) as an Other Loss. A current tax expense of $0.9 million has been recorded against current income taxes and a future income tax reduction of $1.6 million has been recorded against future income taxes.

04. DATA LIBRARIES

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Seismic Data Library	$238,992	$87,213	$215,145	$64,546
Datasets	632	443	632	401
Log and Drilling Library	7,209	1,648	12,122	1,929
Reference Library	445	319	445	297
Map Library	239	68	239	56
	$247,517	$89,691	$228,583	$67,229
Net Book Value		$157,826		$161,354

For the period ended September 30, 2007, the Company acquired $13.8 million of seismic data libraries and sold $10.6 million of seismic data licenses and related services in data exchanges. The net cash amount of $3.2 million is reflected as an investing activity on the Consolidated Statements of Cash Flows. There were no data exchanges for the period ended September 30, 2008.

05. PROPERTY AND EQUIPMENT

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Hardware and Software	$6,825	$4,654	$7,757	$4,199
Office Furniture and Equipment	1,247	725	1,260	629
Leasehold Improvements	1,249	656	1,179	454
Assets Under Capital Lease	3,709	1,856	2,383	1,346
Land	30	-	30	-
	$13,060	$7,891	$12,609	$6,628
Net Book Value		$5,169		$5,981

06. DEFERRED DEVELOPMENT COSTS

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Balance, Beginning of Period	$4,736	$2,877
Salaries and Benefits (Net of Investment Tax Credits)	1,484	2,160
General and Administrative	383	437
Total Additions	1,867	2,597
Amortization [1]	(726)	(738)
Balance, End of Period	$5,877	$4,736

[1] Included in depreciation and amortization on the Consolidated Statements of Income.

07. INTANGIBLE ASSETS

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Non-Competition Agreements	$3,938	$1,538	$3,938	$943
Customer Related Intangibles	11,389	4,350	12,070	3,233
Proprietary Software and Code	8,256	2,824	8,263	2,206
Office Leases Below Market Value	2,700	1,012	2,700	675
Well Logs Licence Agreement	750	514	750	456
	$27,033	$10,238	$27,721	$7,513
Net Book Value		$16,795		$20,208

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

08. LONG-TERM DEBT OBLIGATIONS

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Term Loan and Committed Revolver (a)	$47,709	$42,848
Promissory Notes (b)	550	1,800
Capital Lease Obligations (c)	1,407	700
	49,666	45,348
Current Portion	(8,408)	(5,889)
Deferred Finance Charges (d)	(782)	(1,059)
Long-Term Portion	$40,476	$38,400

(a) **Term Loan and Committed Revolver:** During the period ended September 30, 2008, the Company negotiated a temporary amendment to its credit facility to allow an additional $5 million on its committed revolver to $30 million of availability. All amounts in excess of $25 million were to be retired as at November 1, 2008. In addition, the Company's fixed charge coverage covenant was amended. As at September 30, 2008, the Company was in violation of its fixed charge coverage covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant breach as at September 30, 2008. In addition the funds to be retired on November 1, 2008, were extended and the credit facility was further amended (see Subsequent Event Note 16).

Principal Payments on the Term Loans are as Follows:	
2009	$4,258
2010	4,258
2011	4,258
2012	4,258
2013	2,482
	$19,514
Committed Revolver:	
Current Portion	$3,100
Long-Term Portion	25,095
	28,195
Total	$47,709

(b) Promissory Notes:

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Unsecured Promissory Notes issued on the acquisition of Cavalier Land Ltd., non-interest bearing, repayable in two installments of $625,000 on July 18, 2007 and July 18, 2008.	$-	$625
Unsecured Promissory Notes issued on the acquisition of i Land Data Ltd., bearing interest of 7%, repayable on June 19, 2008. The balance was repaid on September 1, 2008.	-	75
Unsecured Promissory Notes issued on the acquisition of Spectrum Seismic Processing, bearing interest of 6%, repayable on June 19, 2009.	350	900
Unsecured Promissory Notes issued on the acquisition of Canadian Landmasters Resource Services Ltd., bearing interest at 2% above the Company's prime lending rate, repayable in three equal installments of $66,667 on each of December 31, 2008, 2009, and 2010.	200	200
	550	1,800
Current Portion	(416)	(1,316)
Long-Term Portion	$134	$484

Principal payments are as follows:

2009	$416
2010	67
2011	67
	$550

(c) Capital Lease Obligations: The Company has capital lease obligations, which have terms of two to four years and bear interest at 2% to 5.8% per annum. Minimum annual lease payments are as follows:

2009	$634
2010	501
2011	239
2012	33
	$1,407

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

(d) Deferred Finance Charges:

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Balance, Beginning of Period	$1,059	$323
Additions	-	1,340
Amortization [1]	(277)	(604)
Balance, End of Period	$782	$1,059

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

09. CONVERTIBLE DEBENTURES

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Balance, Beginning of Period	$7,533	$-
Additions	-	8,142
Equity Component	-	(609)
Accretion of Liability Portion to Face Value	498	-
Balance, End of Period	$8,031	$7,533

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

10. EQUITY INSTRUMENTS

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

(b) **Issued:**

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
Common Shares	Number of Shares	Amount	Number of Shares	Amount
Balance, Beginning of Period	41,579	$69,180	35,399	$47,752
Issued on Acquisitions	-	-	5,160	18,477
Cancellation of Shares Issued as Retention Bonuses	(1)	(5)	(27)	(125)
Reclassification to Common Shares on Share Purchase Loan Forgiveness and Bonus Shares Release from Escrow	-	252	-	201
Exercise of Share Purchase Warrants – Cash Consideration	-	-	538	1,346
Exercise of Share Purchase Warrants – Reclassification from Fair Value	-	-	-	337
Exercise of Broker Compensation Options – Cash Consideration	-	-	220	441
Exercise of Broker Compensation Options – Reclassification from Contributed Surplus	-	-	-	173
Exercise of Stock Options – Cash Consideration	268	349	566	819
Exercise of Stock Options – Reclassification of Contributed Surplus	-	136	-	215
Repurchase for Cancellation	(36)	(59)	(277)	(456)
	41,810	69,853	41,579	69,180
Less Share Purchase Loans	-	-	-	(490)
Balance, End of Period	41,810	$69,853	41,579	$68,690
Share Purchase Warrants	Number of Warrants	Amount	Number of Warrants	Amount
Balance, Beginning of Period	-	$-	538	$337
Exercised	-	-	(538)	(337)
Balance, End of Period	-	$-	-	$-
Total Equity Instruments		$69,853		$68,690

(c) **Share Purchase Loans:** As at September 30, 2008, outstanding share purchase loans were as follows:

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Balance, Beginning of Period	$490	$1,235
Forfeited	(22)	(200)
Forgiven	(468)	(545)
Balance, End of Period	$-	$490

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

(d) **Broker Compensation Options:** As at September 30, 2008, outstanding broker compensation options to purchase common shares were as follows:

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
	Number of Shares	Amount	Number of Shares	Amount
Balance, Beginning of Period	-	$-	220	$173
Exercised	-	-	(220)	(173)
Balance, End of Period	-	$-	-	$-

(e) **Normal Course Issuer Bid:** On January 24, 2008 the Toronto Stock Exchange accepted the Company's Notice of Intention to make a Normal Course Issuer Bid (NCIB) to purchase up to 2,092,853 (a maximum of 5%) of its issued and outstanding common shares (41,857,070 common shares as at January 14, 2008) in a twelve-month period. The NCIB commenced January 28, 2008 and will terminate on the earlier of January 27, 2009 or the date on which the maximum number of common shares are purchased pursuant to this NCIB. There were 35,600 shares purchased under the NCIB for period ended September 30, 2008.

(f) **Contributed Surplus:**

BALANCE AS AT	SEPTEMBER 30, 2008	DECEMBER 31, 2007
Balance, Beginning of Period	$3,661	$2,008
Stock Compensation Expense	841	1,531
Fair Value of Stock Options Exchanged on Acquisition of BlueGrouse	-	711
Reclassification to Common Shares on Exercise of Options	(136)	(215)
Reclassification to Common Shares on Exercise of Broker Compensation Options	-	(173)
Reclassification to Common Shares on Share Purchase Loan Forgiveness and Bonus Shares Release from Escrow	(252)	(201)
Balance, End of Period	$4,114	$3,661

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

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

STOCK OPTIONS OUTSTANDING

	Number of Options	Option Price	Weighted Average Price
Options Outstanding, December 31, 2006	2,766	$0.83 - 6.10	$2.87
Granted	959	$2.40 - 8.58	$4.04
Exercised	(566)	$1.00 - 3.00	$1.45
Forfeited	(416)	$1.00 - 8.58	$5.39
Options Outstanding, December 31, 2007	2,743	$1.00 - 6.10	$3.19
Granted	516	$1.30 - 2.39	$1.34
Exercised [1]	(268)	$1.20 - 1.69	$1.30
Forfeited [2]	(429)	$1.00 - 6.10	$3.85
Options Outstanding, September 30, 2008	2,562	$1.00 - 6.10	$2.90

[1] Includes 114,089 options held by officers and 20,000 held by a former officer.
[2] Includes 187,991 options held by former officers and a former director.

Stocks options which were outstanding and vested as at September 30, 2008, are summarized as follows:

STOCK OPTIONS OUTSTANDING AND VESTED

Options Outstanding	Option Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
1,205	$1.00 - 2.39	$1.31	2.82	694	$1.30
710	$2.40 - 4.29	$3.27	2.96	349	$3.24
647	$4.30 - 6.10	$5.47	2.71	432	$5.47
2,562	$1.00 - 6.10	$2.90	2.83	1,475	$2.98

The per share weighted average fair value of the stock options granted for the nine months ended September 30, 2008, was $0.78 (year ended December 31, 2007 – $1.36). This was estimated using the Black-Scholes option pricing model with the following assumptions: an average expected volatility of 67% (year ended December 31, 2007 – 71%), an average risk free interest rate of 3% (year ended December 31, 2007 – 3.9%), no dividend rate and an expected life of five years. The compensation expense is recognized evenly over the three-year vesting period of the stock options.

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	**2007**	**2008**	**2007**
Numerator				
Net Income (Loss)	$(2,381)	$4,188	$1,014	$12,425
Interest on Convertible Dentures (After-Tax)	-	138	-	138
Net Income for Diluted Earnings (Loss) Per Share	$(2,381)	$4,326	$1,014	$12,563
Denominator				
Weighted Average Number of Shares Outstanding for Basic Earnings Per Share	41,820	41,096	41,740	38,335
Dilutive Instruments [(1)]				
Stock Options	-	641	-	761
Retention Bonus Shares	-	70	-	70
Convertible Debentures	-	1,817	-	1,817
Weighted Average Number of Shares Outstanding for Diluted Earnings Per Share	41,820	43,624	41,740	40,983
Basic Earnings (Loss) Per Share	$(0.06)	$0.10	$0.02	$0.32
Diluted Earnings (Loss) Per Share	$(0.06)	$0.10	$0.02	$0.31

[(1)] For diluted earnings (loss) per share, conversion or exercise is assumed only if the effect is dilutive. For the period ending September 30, 2008, options to purchase 2,562,974 (2007 – 1,878,669) common shares and convertible debentures which are convertible into 1,817,000 common shares have been excluded from the calculations of diluted earnings (loss) per share due to their anti-dilutive effect.

11. MANAGEMENT OF CAPITAL

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

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

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics.

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

During the period ended September 30, 2008, the Company's strategy was to maintain the targets set out in the following table. The Company has determined that in reaction to the current economic environment it will focus to target its fund debt to equity at the lower end of the range to ensure adequate financial flexibility to meet the financial obligations, both current and long term. The Company believes that these ratios remain in a range that will continue provide access to capital at a reasonable cost.

Total funded debt to equity ratio for the period ended September 30, 2008 is within the Company's target.

BALANCE AS AT		SEPTEMBER 30, 2008	DECEMBER 31, 2007
Components of Funded Debt and Equity Ratios			
Current Portion of Long-Term Funded Debt Obligations		$8,408	$5,889
Convertible Debentures		8,031	7,533
Long-Term Funded Debt Obligations		40,476	38,400
Total Funded Debt		56,915	51,822
Shareholders' Equity		121,353	118,723
	Company Target		
Total Funded Debt to Equity	35% to 55%	47%	44%

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

12. STATEMENT OF CASH FLOWS

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Interest and Income Taxes Paid				
Income Taxes Paid (Net of Refunds)	$2,344	$630	$7,673	$945
Interest Paid (Net of Interest Revenue)	$1,127	$1,063	$3,407	$2,348
Changes in Non-Cash Working Capital Balances				
Funds Held in Trust	-	-	678	-
Accounts Receivable	620	(3,563)	5,602	(6,377)
Investment Tax Credits Recoverable	(528)	-	(843)	651
Prepaid Expenses, Supplies and Deposits	(27)	(101)	(138)	107
Accounts Payable and Accrued Liabilities	(10,738)	5,896	(12,522)	(201)
Income Taxes Payable	(614)	(55)	(6,310)	5,807
Deferred Revenue	(524)	1,705	464	(2,408)
	$(11,811)	$3,882	$(13,069)	$(2,421)
Changes in Non-Cash Working Capital Balances Related to Operating Activities	$(1,826)	$(8,573)	$(3,555)	$(13,198)
Changes in Non-Cash Working Capital Balances Related to Investing Activities	(9,985)	12,455	(9,514)	10,777
	$(11,811)	$3,882	$(13,069)	$(2,421)

During the nine months ended September 30, 2008, the Company recorded a capital lease addition of $414,000.

At September 30, 2008, the Company held $451,000 (2007 – $133,000) of cash and cash equivalents which were denominated in a foreign currency.

13. RELATED PARTY TRANSACTIONS

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

(a) During the nine months ended September 30, 2008, the Company paid $151,000 (2007 – $167,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at September 30, 2008 was $3,000 (December 31, 2007 – $17,000) related to these commissions.

(b) During the nine months ended September 30, 2008, the Company paid $162,000 (2007 – $395,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at September 30, 2008 was $62,000 (December 31, 2007 – $66,000) related to these legal fees.

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

14. FINANCIAL INSTRUMENTS

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

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

During the period ended September 30, 2008, 21% of the Company's revenue was derived from five customers with a majority related to sales contacts for seismic data. As at September 30, 2008, these same customers accounted for 24% of the Company's total accounts receivable.

The Company establishes an allowance for doubtful accounts therefore the carrying amount of accounts receivables generally represents the maximum credit exposure. There were no receivables written off during the period ended September 30, 2008.

The aging of trade receivables is illustrated below:

BALANCE AS AT	SEPTEMBER 30, 2008		DECEMBER 31, 2007	
	Gross	Allowance	Gross	Allowance
Not Past Due	$7,737	$-	$14,830	$-
Past Due 0 - 30 Days	4,956	-	3,660	-
Past Due 31 - 120 Days	2,946	-	4,835	-
More Than 121 Days	5,474	358	2,338	439
Total Trade Receivables	$21,113	$358	$25,663	$439
Accrued Receivables	346	-	1,859	-
Allowance for Doubtful Accounts	(358)	-	(439)	-
Total Accounts Receivable	$21,101	$358	$27,083	$439

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

The sensitivity analysis includes items bearing interest at variable rates and indicates that a 100 basis points fluctuation in interest rates would have an approximately $469,000 impact on annual net earnings for 2008 (on a pre-tax basis). The Company does not use derivative financial instruments to reduce its interest risk exposure. The carrying amounts of the Company's term debt approximate their fair values.

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

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

(d) **Liquidity Risk:** Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. As at September 30, 2008 the Company had a cash balance of $2.6 million, $21.1 million in accounts receivable and $1.9 million in unused committed bank credit facilities (term facilities cannot be redrawn upon) to settle current liabilities of $45.8 million (excluding deferred revenue of $4.4 million). To manage liquidity risk, the Company utilizes long and short term cash forecasts to ensure it has necessary funds to fulfill its obligations. Management is reviewing additional sources of capital and alternative replacement debt structures to continue its activities and discharge its commitments as they become due. The Company is also focused on disposing of non-core assets and expense reductions. Management believes that the liquidity risk is acceptable given historical operating results, value of the underlying assets as well as the existing and future pipeline of business opportunities. In addition, the Company has not committed to any significant capital expenditures until the working capital position is improved or the capital expenditure is fully funded with sales contracts.

The following table summarizes the maturities of financial liabilities and associated interest payments as at September 30, 2008.

	< 1 YEAR	1-2 YEARS	2-5 YEARS	TOTAL
Accounts Payable, Accrued Liabilities and Income Taxes	$27,836	$-	$-	$27,836
Convertible Debentures (Face Value)	8,142	-	-	8,142
Long-Term Debt Obligations (1)	8,408	4,826	36,432	49,666
Total	$44,386	$4,826	$36,432	$85,644

(1) Excludes deferred finance charges of $782,000.

15. SEGMENTED INFORMATION

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

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

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

AS AT AND FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$1,937	$4,779	$8,640	$2,978	$-	$18,334
Inter-Segment Revenue	-	317	-	-	-	317
Operating Income (Loss) [1]	297	46	1,598	(270)	(3,687)	(2,016)
Interest Expense (Net of Interest Revenue)	-	-	-	(4)	1,256	1,252
Depreciation and Amortization	432	614	5,364	343	139	6,892
Total Assets	12,178	21,919	176,937	10,660	1,546	223,240
Goodwill	1,266	4,652	-	4,172	-	10,090
Capital Expenditures [2]	12	23	2	-	14	51
Deferred Development Costs	450	234	(18)	-	-	666

AS AT AND FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$2,023	$5,558	$15,501	$3,138	$-	$26,220
Inter-Segment Revenue	-	1,108	-	-	-	1,108
Operating Income (Loss) [1]	556	106	8,593	12	(3,061)	6,206
Interest Expense (Net of Interest Revenue)	-	-	218	(18)	981	1,181
Depreciation and Amortization	336	654	4,393	311	39	5,733
Total Assets	11,707	26,924	171,981	12,803	1,518	224,933
Goodwill	1,266	4,652	-	4,172	-	10,090
Capital Expenditures [2]	28	56	3,421	-	39	3,544
Deferred Development Costs	380	271	-	-	-	651

AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$6,082	$16,299	$42,812	$9,371	$-	$74,564
Inter-Segment Revenue	-	1,455	-	-	-	1,455
Operating Income (Loss) [1]	925	609	13,072	(981)	(10,519)	3,106
Interest Expense (Net of Interest Revenue)	-	-	(11)	(18)	3,814	3,785
Depreciation and Amortization	1,289	1,824	23,971	1,023	356	28,463
Total Assets	12,178	21,919	176,937	10,660	1,546	223,240
Goodwill	1,266	4,652	-	4,172	-	10,090
Capital Expenditures [2]	57	113	23,909	-	79	24,158
Deferred Development Costs	1,129	738	-	-	-	1,867

AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$5,803	$17,557	$47,327	$9,856	$-	$80,543
Inter-Segment Revenue	-	2,930	-	-	-	2,930
Operating Income (Loss) [1]	1,283	619	25,809	149	(9,224)	18,636
Interest Expense (Net of Interest Revenue)	3	-	473	(39)	2,172	2,609
Depreciation and Amortization	1,064	1,790	14,749	952	123	18,678
Total Assets	11,707	26,924	171,981	12,803	1,518	224,933
Goodwill	1,266	4,652	-	4,172	-	10,090
Capital Expenditures [2]	186	370	34,817	-	261	35,634
Deferred Development Costs	1,156	773	-	-	-	1,929

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

September 30, 2008 (Tabular Amounts in Thousands, Unless Otherwise Stated)

15. SEGMENTED INFORMATION (continued)

AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008	Canada	U.S.	Total
Revenue (Three Months Ended September 30, 2008)	$17,882	$452	$18,334
Revenue	73,298	1,266	74,564
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	190,876	-	190,876

AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007	Canada	U.S.	Total
Revenue (Three Months Ended September 30, 2007)	$25,590	$630	$26,220
Revenue	78,934	1,609	80,543
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	177,143	5,012	182,155

16. SUBSEQUENT EVENT

Subsequent to September 30, 2008, the Company negotiated a further amendment on its committed revolver where all amounts in excess of $25 million are to be repaid in January 2009 and all amounts in excess of $20 million are to be repaid in April 2009. In addition, further availability on term loan B (approximately $5 million) immediately expires and the lender will entertain future credit requests as required. Effective May 2009, the term loan amortization schedules will reduce from six years to five years, which will mirror the maturity date of the entire credit facilities. The Company's fixed charge coverage covenant was further amended on a go forward basis and the Company's interest rates have also been amended to a formula grid structure of LIBOR and Base Rate options of plus 4.00% to 5.00%. The remaining terms remain substantially unchanged.

Revised principal payments on the term loans are as follows:

2009	$4,803
2010	5,694
2011	5,694
2012	3,323
	$19,514

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[1] Chairman of the Board
[2] Member of the Audit Committee
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