Press Release

Divestco

Divestco Reports Q1 2014 Results

May 30, 2014, Calgary, AB (TSX-V: DVT) – Divestco Inc. ("Divestco" or the "Company") is pleased to announce its operating results for the three months ended March 31, 2014. Divestco had a net loss of $0.7 million for the first quarter of 2013 ($0.01 per share – basic and diluted) compared to a net income of $2.1 million ($0.03 per share – basic and diluted) for the same period in 2013. The Company generated revenue of $6.7 million compared to $11.6 million in Q1 2013, a decrease of $4.9 million (42%). Revenue in the Software and Data segment decreased by $0.3 million (14%) due to our disposition of support data to Canadian Western Data Inc. (a partially owned subsidiary of Divestco) in Q2 2013. Revenue in the Seismic Data segment decreased by $4.3 million (69%) due to a drop in seismic participation revenue. Revenue in the Services segment decreased by $0.3 million (10%) with geomatics, processing and land management services all experiencing weaker demand as compared to Q1 2013.

Operating expenses decreased by $1.1 million (16%) to $5.6 million in Q1 2014 from $6.7 million in Q1 2013. Salaries and wages were down $0.6 million (13%) due to lower headcount and profit-share accrual. G&A expenses were down $0.4 million (19%) as occupancy costs decreased due to a surrendered office floor space in June 2013. Depreciation and amortization decreased by $0.9 million (33%) mainly due to lower depreciation on seismic data as the Company acquired a greater amount of data in Q1 2013 as compared to Q1 2014, and lower amortization of deferred development costs as certain projects were fully amortized in prior periods.

EBITDA was $1.3 million in Q1 2014, a $3.7 million (74%) decrease from $5 million for the same period in 2013. The Company generated funds from operations of $1.1 million ($0.02 per share – basic and diluted) for the first quarter of 2014, compared to $5.2 million ($0.08 per share – basic and diluted) for the same period in 2013, a decrease of $4.1 million (79%) primarily due to a lower seismic participation revenue in Q1 2014.

Working Capital

As at March 31, 2014, Divestco had a working capital deficit of $3.8 million (excluding deferred revenue of $2.7 million), compared to working capital deficit of $2.3 million (excluding deferred revenue of $2.8 million) as at December 31, 2013. The increase in working capital deficit from the end of 2013 was primarily due an unpredictably slow quarter and a weather related cost overrun in our Alder East seismic program which was completed in Q1 2014. In addition, the industry continued to experience lower than anticipated first quarter activity levels with respect to exploration having a negative impact on the Company's services divisions; geomatics, processing and land services.

Operations Update

Operationally, all divisions of Divestco are running at high efficiency and are now focusing on growing top line revenue. Investment into sales & marketing and related support functions will augment this focus. The company remains optimistic about near future opportunities as the industry continues to work back towards pre-recession activity levels.

The Company's 2014 industry outlook for geoscience related opportunities is mixed. While domestic seismic activity remains relatively flat as compared to 2013, the Company is seeing increased opportunity levels in software & data and internationally. Domestic opportunities in the Software & Data Segment will largely be driven by software releases that are more aligned with customer needs and industry trends. Greater project activity from customers operating outside of North America is also expected in the Seismic Processing and Geomatics Divisions as a result of the international efforts over the past year.

Mr. Stephen Popadynetz, CEO commented: “The first quarter started off substantially slower than expected due to continued cash flow conservation by our clients and due to significant weather related issues. Much of the expected activity was either delayed or cancelled and many projects we had hoped to complete in Q1 only commenced in the second quarter. While gas prices rebounded for a brief period, they quickly returned to levels that many clients still find uneconomic. This resulted in a very slow start for our services segment and a rather flat first quarter for our software group. The seismic division did not commence any new shoots in Q1 but our existing database remains very active with several negotiations underway. The processing division struggled in Western Canada but our international backlog is increasing and currently sits at over 3 times the entire amount we completed in 2013. Our software group released several new versions of our flagship products and adoption and industry interest is at an all-time high. We believe that we have successfully delivered the right products to our marketplace and look forward to increased revenues in this segment as a result. As we continue to look forward in 2014, Divestco has greatly improved virtually every aspect of the Company and remains well positioned to capitalize on any new growth in our marketplace.”

Non-GAAP Measures

The Company’s condensed consolidated interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered 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.

Earnings before interest, taxes, depreciation and amortization (“EBITDA”)

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

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

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

	Three months ended March 31	
(Thousands)	**2014**	2013
Net Income (Loss)	**$ (715)**	$ 2,084
Income Tax Expense (Reduction)	**(31)**	-
Finance Costs	**259**	270
Depreciation and Amortization	**1,757**	2,613
EBITDA	**$ 1,270**	$ 4,967

Working capital

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

Additional GAAP Measure

Funds from operations

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

Funds from operations is not a calculation based on IFRS and should not be considered an alternative to the consolidated statements of cash flows. Funds from operations is a measure that can be used to gauge Divestco's capacity to generate discretionary cash flow. Investors should be cautioned that funds from operations as reported by Divestco may not be comparable in all instances to funds from operations as reported by other companies. While the closest IFRS measure is cash from operating activities, funds from operations is considered relevant because it provides an indication of how much cash generated by operations is available before proceeds from divested assets and changes in certain working capital items.

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

	Three months ended March 31	
(Thousands)	**2014**	2013
Net Cash from Operating Activities	**$ 4,223**	$ 3,988
Changes in non-cash Working Capital Balances Related to Operating Activities	**(3,064)**	980
Interest Paid	**216**	243
Income Taxes Refunded	**(251)**	-
Funds from Operations	**$ 1,124**	$ 5,211

Financial Highlights

Financial Results (Thousands, Except Per Share Amounts)				
	Three months ended March 31			
	2014	2013	*$ Change*	*% Change*
Revenue	**$ 6,712**	$ 11,618	*$ (4,906)*	*-42%*
Operating Expenses	**5,625**	6,655	*(1,030)*	*-15%*
Other Income	**(183)**	(4)	*(179)*	*N/A*
EBITDA	**1,270**	4,967	*(3,697)*	*-74%*
Finance Costs	**259**	270	*(11)*	*-4%*
Depreciation and Amortization	**1,757**	2,613	*(856)*	*-33%*
Income (Loss) before Income Taxes	**(746)**	2,084	(2,830)	N/A
Income Tax Reduction	**(31)**	-	*(31)*	*N/A*
Net Income (Loss)	**$ (715)**	$ 2,084	*$ (2,799)*	*N/A*
Per Share - Basic and Diluted	**(0.01)**	0.03	*(0.04)*	*N/A*
Funds from Operations	**$ 1,124**	$ 5,211	*$ (4,087)*	*-78%*
Per Share - Basic and Diluted	**0.02**	0.08	*(0.06)*	*-75%*
Class A Shares Outstanding	**67,085**	66,865	*N/A*	*N/A*
Weighted Average Shares Outstanding				
Diluted	**67,055**	66,811	*N/A*	*N/A*

Financial Position (Thousands)	Balance as at		
	Mar 31	**Dec 31**	**Dec 31**
	2014	**2013**	**2012**
Total Assets	**$ 38,389**	$ 40,721	$ 41,945
Working Capital Deficit (1)	**(3,816)**	(2,295)	(7,483)
Long-Term Financial Liabilities (2)	**9,158**	9,357	7,622

1. *Excludes the current portion of deferred revenue of $2.7 million (December 31, 2013: $2.8 million; December 31, 2011: $2.4 million).*
2. *Includes long-term debt obligations (both current and long-term portions), sublease loss provision (both current and long-term portions) and deferred rent obligations.*

Segment Review Summary

Three months ended March 31, 2014 (Thousands)					
	Software	**Services**	**Data**	**Corporate & Other**	**Total**
Revenue	**$ 1,915**	**$ 2,855**	**$ 1,942**	**$ -**	**$ 6,712**
EBITDA	**532**	**235**	**1,257**	**(754)**	**1,270**
Finance costs	**73**	**36**	**150**	**-**	**259**
Depreciation and amortization	**468**	**151**	**1,033**	**105**	**1,757**
Income (loss) before income taxes	**(9)**	**48**	**74**	**(859)**	**(746)**

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

Divestco Inc.
Condensed Consolidated Interim Statements of Financial Position

	At Mar 31	At Dec 31
(Thousands - Unaudited)	**2014**	**2013**
Assets		
Current Assets		
Cash	**$ 564**	$ 417
Accounts receivable	**6,384**	9,136
Prepaid expenses, supplies and deposits	**317**	300
Income taxes receivable	**326**	502
Total current assets	**7,591**	10,355
Equity-accounted investees	**311**	133
Participation surveys in progress	**5,199**	4,733
Property and equipment	**2,827**	2,869
Intangible assets	**22,461**	22,631
Total assets	**$ 38,389**	$ 40,721
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness	**$ 2,591**	$ 2,996
Accounts payable and accrued liabilities	**5,954**	6,935
Deferred revenue	**2,715**	2,756
Current loss on sublease loss provision	**336**	336
Current portion of long-term debt obligations	**2,454**	2,311
Current portion of tenant inducement	**72**	72
Total current liabilities	**14,122**	15,406
Deferred rent obligations	**469**	451
Long-term debt obligations	**5,315**	5,591
Sublease loss provision	**584**	668
Tenant Inducements	**732**	750
Total liabilities	**21,222**	22,866
Shareholders' Equity		
Share capital	**7,270**	7,266
Contributed surplus	**8,012**	7,989
Retained earnings	**1,885**	2,600
Total shareholders' equity	**17,167**	17,855
Total liabilities and shareholders' equity	**$ 38,389**	$ 40,721

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

	Three months ended March 31	
(Thousands, Except Per Share Amounts - Unaudited)	**2014**	2013
Revenue	**$ 6,712**	$ 11,618
Operating expenses		
Salaries and benefits	**3,770**	4,331
General and administrative	**1,832**	2,275
Depreciation and amortization	**1,757**	2,613
Other income	**(183)**	(4)
Share-based payments	**23**	49
Total operating expenses	**7,199**	9,264
Finance costs	**259**	270
Income (loss) before income taxes	**(746)**	2,084
Income taxes		
Current	**(31)**	-
Net income (loss) and comprehensive income (loss) for the year	**$ (715)**	$ 2,084
Net income (loss) per share		
Basic and Diluted	**$ (0.01)**	$ 0.03
Weighted average number of shares		
Basic and Diluted	**67,055**	66,811

Divestco Inc.
Condensed Consolidated Interim Statements of Changes in Equity

(Thousands - Unaudited)	Number of Shares Issued	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance as at January 1, 2013	66,758	$ 7,216	$ 7,829	$ 1,273	$ 16,318
	-	-	-	-	
Net income and comprehensive income for the period	-	-	-	2,084	2,084
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	107	19	-	-	19
Share-based payment transactions			49		49
Balance as at March 31, 2013	66,865	$ 7,235	$ 7,878	$ 3,357	$ 18,470
Balance as at January 1, 2014	67,050	$ 7,266	$ 7,989	$ 2,600	$ 17,855
Net loss and comprehensive loss for the year				**(715)**	**(715)**
Transactions with owners, recorded in equity contributions by and distributions to owners:					
Issuance of Class A common shares as service awards	**35**	**4**			**4**
Share-based payment transactions			**23**		**23**
Balance as at March 31, 2014	**67,085**	**$ 7,270**	**$ 8,012**	**$ 1,885**	**$ 17,167**

Divestco Inc.
Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31	
(Thousands - Unaudited)	**2014**	**2013**
Cash from operating activities		
Net income (loss) for the period	**$ (715)**	$ 2,084
Items not affecting cash:		
Equity investment income	**(171)**	(2)
Depreciation and amortization	**1,757**	2,613
Amortization of tenant inducements	**(18)**	(30)
Deferred rent obligations	**18**	210
Income taxes	**(31)**	-
Unrealized foreign exchange loss	**(2)**	(2)
Non-cash employment benefits	**4**	19
Share-based payments	**23**	49
Finance costs	**259**	270
Funds from operations	**1,124**	5,211
Changes in non-cash working capital balances	**3,064**	(980)
Interest paid	**(216)**	(243)
Income taxes received	**251**	-
Net cash from operating activities	**4,223**	3,988
Cash from (used in) financing activities		
Bank indebtedness	**(405)**	-
Repayment of long-term debt obligations	**(291)**	(299)
Net cash from (used in) financing activities	**(696)**	(299)
Cash from (used in) investing activities		
Additions to intangible assets	**(1,156)**	(3,563)
Decrease (increase) in participation surveys in progress	**(466)**	3,508
Purchase of property and equipment	**(12)**	(55)
Payments towards sublease loss provision	**(89)**	(89)
Deferred development costs	**(306)**	(590)
Changes in non-cash working capital balances	**(1,351)**	(3,268)
Net cash from (used in) investing activities	**(3,380)**	(4,057)
Increase (decrease) in cash	**147**	(368)
Cash, beginning of period	**417**	1,320
Cash, end of period	**$ 564**	$ 952

About the Company

Divestco provides innovative geoscience solutions to Energy and Service companies worldwide. Our customers predominantly operate in geology, geophysics, land and engineering and we work with our clients to ensure they have the right solutions, at the right time, to help them make more informed decisions. Commitment, innovation, accountability and agility form the cornerstone of our values and enable us to consistently provide reliable solutions and exceptional, personalized service in all of the core areas in which we operate. Divestco provides Software & Data, Seismic Processing, Geomatics Services, Seismic Data & Brokerage, and Land Services. Divestco is headquartered in Calgary and trades on the TSX Venture Exchange under the symbol “DVT”.

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

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

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

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