Divestco

PRESS RELEASE

DIVESTCO REPORTS Q2 2012 RESULTS

August 27, 2012, Calgary, AB (TSX-V: DVT) – Divestco Inc. ("Divestco" or the "Company") announces its operating results for the three and six months ended June 30, 2012.

Three months ended June 30, 2012

Divestco generated net income for the second quarter of 2012 of $940,000 ($0.01 per share – basic and diluted) compared to $235,000 ($nil per share – basic and diluted) for the same period in 2011. EBITDA was $4.3 million in Q2 2012, a $2.4 million (120%) increase from $1.9 million for the same period in 2011. The Company generated funds from operations of $4.3 million ($0.06 per share – basic and diluted) for the second quarter of 2012, an increase of $2.2 million (106%) as compared to $2.1 million ($0.03 per share – basic and diluted) for the same period in 2011. EBITDA and funds from operations do not include capital expenditures of $1.2 million, mainly comprised of the cost of acquiring new seismic surveys data during Q2 2012.

During Q1 2012, Divestco generated revenue of $11.5 million compared to $10.6 million in Q2 2011, an increase of $0.9 million (8%). Revenue in the Seismic Data segment increased by $1.4 million (36%) as the Company had two large transactions occur during the quarter. These included a large seismic data license sale and the discontinuance of a legal claim resulting in a settlement of an undisclosed amount. This offset lower seismic participation revenue than Q2 2011. Revenue in the Services segment was down by $261,000 (6%) as the demand for land management services was weaker while seismic processing and geomatics was stronger. Revenue in the Software and Data segment decreased by $271,000 (11%) due to lower software and support data revenues offset by higher log data revenues.

Operating expenses decreased by $1.5 million (17%) to $7.2 million in Q2 2012 from $8.7 million in Q2 2011. Salaries and wages were down $655,000 (13%) mainly due to lower headcounts. General and administrative costs were down $836,000 (23%) mainly due to lower occupancy costs as the Company surrendered a number of floors of office space in 2011. This was partially offset by increase in bad debt and stock based compensation expenses. Depreciation and amortization increased by $1.5 million (97%) due to the completion of a seismic participation survey in Q2 2012.

Six months ended June 30, 2012

Divestco generated net income for the first six months of 2012 of $3.6 million ($0.05 per share – basic and diluted) compared to a net loss of $4.1 million ($0.07 per share – basic and diluted) for the same period in 2011. EBITDA was $11.7 million, a $10.6 million (980%) increase from $1.1 million for the same period in 2011. The Company generated funds from operations of $11.5

million ($0.17 per share – basic and diluted) for the first six months of 2012, an increase of $10.3 million (858%) as compared to $1.2 million ($0.02per share – basic and diluted) for the same period in 2011. EBITDA and funds from operations do not include capital expenditures of $9.8 million, mainly comprised of the cost of acquiring new seismic surveys data during the six months ended June 30, 2012.

During the first half of 2012, Divestco generated revenue of $25.9 million compared to $19.5 million in Q2 2011, an increase of $6.4 million (33%). Revenue in the Seismic Data segment increased by $6.6 million (125%) as the Company had two large transactions occur during the quarter. These included a large seismic data license sale and a discontinuance of a legal claim resulting in a settlement of an undisclosed amount. In addition, Divestco completed three 3D seismic participation surveys. Revenue in the Services segment was up by $198,000 (2%) as the demand for land management services was weaker while seismic processing and geomatics was stronger. Revenue in the Software and Data segment decreased by $319,000 (7%) due to lower software and support data revenues offset by higher log data revenues.

Operating expenses decreased by $4.2 million (23%) to $14.2 million for the first six months 2012 from $18.4 million for the same period in 2011. Salaries and wages were down $1 million (10%) mainly due to lower headcounts and severance costs. General and administrative costs were down $3.1 million (39%) mainly due to lower occupancy costs as the Company surrendered a number of floors of office space in 2011. This was partially offset by increase in bad debt and stock based compensation expenses. Depreciation and amortization increased by $3.3 million (66%) due to the completion of three seismic participation surveys in the first half of 2012.

Working capital

As at June 30, 2012, Divestco had working capital of $403,000 (excluding deferred revenue of $5.2 million) compared to working capital of $297,000 (excluding deferred revenue of $4.6 million) as at December 31, 2011. The increase was primarily due to the Company entering into a number of large data related transactions during Q2 2012 offset by seismic expenditures incurred during the six months ended June 30, 2012 as well as $1.7 million of a subordinated loan was classified as a current liability as at June 30, 2012 as the loan matures in May 2013.

Seismic Data Update

During the first six months of 2012, Divestco completed three 3D seismic participation surveys (Brazeau, Big Valley and Ante Creek), covering an area of approximately 389 square kilometers. Total cost for the three seismic surveys was $14.3 million, with $5.1 million incurred in 2011.

Mr. Stephen Popadynetz, CEO, President and CFO: "Over the last two years Divestco has made great strides to improve its efficiencies and to cut its costs. In the second quarter of 2012, we are finally starting to see the fruition of these efforts and we produced another profitable quarter. As well, Divestco has taken great strides to strengthening its financial position and balance sheet. We are also pleased with the progress we have made towards rebuilding our seismic data library. To date we have added more than 770 square kilometers of seismic to our library. Overall demand for seismic data and general activity levels in the industry is trending positively and Divestco is currently reviewing over 50M of new seismic programs for the coming year. With the strong cost cutting measures taken over the last two years in place, Divestco is on a well positioned path for sustained profitability and growth. We look forward to continue delivering positive earnings and better results for our shareholders."

Non-GAAP and Additional GAAP Measures

The Company's condensed consolidated interim financial statements have been prepared in accordance with IFRS. Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered non-GAAP measures. While these measures may not be comparable to similar measures presented by other issuers, they are described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations. These measures include:

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

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

EBITDA is not a calculation based on IFRS and should not be considered alternatives 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 June 30		Six Months Ended June 30	
(Thousands)	**2012**	2011	**2012**	2011
Net Income (Loss)	**$ 940**	$ 235	**$ 3,585**	$ (4,097)
Income Tax Expense	**-**	16	**-**	65
Finance Costs (Income)	**331**	167	**(29)**	204
Depreciation and Amortization	**3,011**	1,525	**8,176**	4,914
EBITDA	**$ 4,282**	$ 1,943	**$ 11,732**	$ 1,086

Funds from operations

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

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

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

	Six Months Ended June 30	
(Thousands)	**2012**	2011
Cash from Operating Activities	**$ 12,885**	$ 2,852
Changes in non-cash Working Capital Balances Related to Operating Activities	**(1,316)**	(1,744)
Interest (Received) Paid	**(118)**	141
Income Taxes Refunded	**22**	(51)
Funds from Operations	**$ 11,473**	$ 1,198

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.

Financial Highlights

Financial Results (Thousands, Except Per Share Amounts)								
	Three Months Ended June 30				Six Months Ended June 30			
	2012	2011	*$ Change*	*% Change*	**2012**	2011	*$ Change*	*% Change*
Revenue	**$ 11,483**	$ 10,637	*$ 846*	*8%*	**$ 25,949**	$ 19,452	*$ 6,497*	*33%*
Operating Expenses	**7,201**	8,692	*(1,491)*	*-17%*	**14,216**	18,364	*(4,148)*	*-23%*
Other Loss (Income)	**-**	2	*(2)*	*-100%*	**1**	2	*(1)*	*-50%*
EBITDA	**4,282**	1,943	*2,339*	*120%*	**11,732**	1,086	*10,646*	*980%*
Finance Costs (Income)	**331**	167	*164*	*98%*	**(29)**	204	*(233)*	*N/A*
Depreciation and Amortization	**3,011**	1,525	*1,486*	*97%*	**8,176**	4,914	*3,262*	*66%*
Income (Loss) before Income Taxes	**940**	251	*689*	*275%*	**3,585**	(4,032)	*7,617*	*N/A*
Income Tax Expense	**-**	16	*(16)*	*-100%*	**-**	65	*(65)*	*-100%*
Net Income (Loss)	**$ 940**	$ 235	*$ 705*	*300%*	**$ 3,585**	$ (4,097)	*$ 7,682*	*N/A*
Per Share - Basic and Diluted	**0.01**	-	*0.01*	*N/A*	**0.05**	(0.07)	*0.12*	*N/A*
Funds from Operations	**$ 4,266**	$ 2,067	*$ 2,199*	*106%*	**$ 11,473**	$ 1,198	*$ 10,275*	*858%*
Per Share - Basic and Diluted	**0.06**	0.03	*0.03*	*100%*	**0.17**	0.02	*0.15*	*750%*
Shares Outstanding	**66,713**	59,393	*N/A*	*N/A*	**66,713**	59,393	*N/A*	*N/A*
Weighted Average Shares Outstanding								
Basic	**66,641**	59,471	*N/A*	*N/A*	**66,627**	59,408	*N/A*	*N/A*
Diluted	**66,694**	59,471	*N/A*	*N/A*	**66,627**	59,408	*N/A*	*N/A*

Financial Position (Thousands)			
	Balance at Jun 30	**Balance at Dec 31**	**Balance at Dec 31**
	2012	2011	2010
Total Assets	**$ 44,345**	$ 43,761	$ 34,984
Working Capital [1]	**403**	297	3,599
Long-Term Financial Liabilities [2]	**8,303**	8,610	3,907

[1] Excludes the current portion of deferred revenue of $5.2 million (December 31, 2011: $4.6 million; December 31, 2010: $3.9 million)

[2] Includes long-term debt obligations, deferred rent obligations, sublease loss provision and other long-term liabilities. The long-term debt obligations are comprised of the Company’s subordinated debt, shareholder loans and finance leases

Segment Review Summary

For the three months ended June 30, 2012 (Thousands)					
	Software and Data	Services	Seismic Data	Corporate & Other	Total
Revenue	**$ 2,090**	**$ 4,219**	**$ 5,174**	**$ -**	**$ 11,483**
EBITDA	**466**	**972**	**4,020**	**(1,176)**	**4,282**
Finance costs	**-**	**-**	**(2)**	**333**	**331**
Depreciation and Amortization	**791**	**219**	**1,881**	**120**	**3,011**
Income (loss) before income taxes	**(325)**	**753**	**2,141**	**(1,629)**	**940**

For the three months ended June 30, 2011 (Thousands)					
	Software	Services	Data	Corporate & Other	Total
Revenue	$ 2,361	$ 4,480	$ 3,796	$ -	$ 10,637
EBITDA	662	910	3,177	(2,806)	1,943
Finance costs	-	(1)	(1)	169	167
Depreciation and Amortization	788	164	4	569	1,525
Income (loss) before income taxes	(126)	747	3,174	(3,544)	251

For the six months ended June 30, 2012 (Thousands)					
	Software	Services	Data	Corporate & Other	Total
Revenue	**$ 4,220**	**$ 9,804**	**$ 11,925**	**$ -**	**$ 25,949**
EBITDA	**953**	**2,919**	**10,010**	**(2,150)**	**11,732**
Finance costs (income)	**-**	**(1)**	**(6)**	**(22)**	**(29)**
Depreciation and Amortization	**1,591**	**450**	**5,816**	**319**	**8,176**
Income (loss) before income taxes	**(638)**	**2,470**	**4,200**	**(2,447)**	**3,585**

For the six months ended June 30, 2011 (Thousands)					
	Software	Services	Data	Corporate & Other	Total
Revenue	$ 4,539	$ 9,606	$ 5,307	$ -	$ 19,452
EBITDA	1,433	2,312	3,744	(6,403)	1,086
Finance costs (income)	-	(1)	(3)	208	204
Depreciation and Amortization	2,037	563	972	1,342	4,914
Income (loss) before income taxes	(604)	1,750	2,775	(7,953)	(4,032)

Divestco Inc.
Condensed Consolidated Interim Statements of Financial Position

	June 30	December 31
(Thousands - Unaudited)	**2012**	**2011**
Assets		
Current Assets		
Cash	**$ 2,906**	$ 1,547
Funds held in trust	**74**	40
Accounts receivable	**10,611**	11,810
Prepaid expenses, supplies and deposits	**269**	235
Income taxes receivable	**302**	110
Asset held for sale	**-**	2,500
Total current assets	**14,162**	16,242
Investment in affiliated company	**122**	141
Participation surveys in progress	**8**	5,108
Property and equipment	**4,200**	4,147
Intangible assets	**25,853**	18,123
Total assets	**$ 44,345**	$ 43,761
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness	**$ 4,200**	$ 3,700
Accounts payable and accrued liabilities	**6,609**	10,669
Deferred revenue	**5,221**	4,561
Current loss on sublease loss provision	**324**	320
Current portion of long-term debt obligations	**2,513**	1,143
Current portion of tenant inducement	**113**	113
Total current liabilities	**18,980**	20,506
Deferred rent obligations	**653**	1,124
Long-term debt obligations	**3,644**	4,591
Sublease loss provision	**1,169**	1,332
Tenant Inducements	**1,340**	1,397
Other long-term liabilities	**-**	100
Total liabilities	**25,786**	29,050
Shareholders' Equity		
Equity instruments	**9,068**	76,431
Contributed surplus	**5,906**	5,663
Deficit	**3,585**	(67,383)
Total shareholders' equity	**18,559**	14,711
Total liabilities and shareholders' equity	**$ 44,345**	$ 43,761

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

	Three months ended June 30		Six months ended June 30	
(Thousands, Except Per Share Amounts - Unaudited)	**2012**	2011	**2012**	2011
Revenue	**$ 11,483**	$ 10,637	**$ 25,949**	$ 19,452
Operating expenses				
Salaries and benefits	**4,452**	5,107	**9,260**	10,266
General and administrative	**2,544**	3,585	**4,710**	8,098
Stock compensation expense	**205**	-	**246**	-
Total operating expenses	**7,201**	8,692	**14,216**	18,364
Finance costs (income)	**331**	167	**(29)**	204
Depreciation and amortization	**3,011**	1,525	**8,176**	4,914
Other loss	**-**	2	**1**	2
Income (loss) before income taxes	**940**	251	**3,585**	(4,032)
Income taxes				
Current	**-**	16	**-**	65
Net income (loss) and comprehensive income (loss) for the period	**940**	235	**$ 3,585**	$ (4,097)
Net income (loss) per share				
Basic and Diluted	**$ 0.01**	$ -	**$ 0.05**	$ (0.07)
Weighted average number of shares				
Basic and Diluted	**66,641**	59,471	**66,627**	59,408

Divestco Inc.
Condensed Consolidated Interim Statements of Changes in Equity

(Thousands - Unaudited)	Number of Shares Issued	Share Capital	Number of Warrants Issued	Warrants	Equity Instruments	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2011	58,938	$ 73,445	15,825	$ 1,808	$ 75,253	$ 5,590	$ (62,773)	$ 18,070
Net loss and comprehensive loss for the period							(4,097)	(4,097)
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issue of Class A common shares	455	48	455	52	100			100
Share-based payment transactions	192	31			31			31
Share issue costs		(1)			(1)			(1)
Balance as at June 30, 2011	59,585	$ 73,523	16,280	$ 1,860	$ 75,383	$ 5,590	$ (66,870)	$ 14,103
Balance as at January 1, 2012	66,610	$ 74,571	16,280	$ 1,860	$ 76,431	$ 5,663	$ (67,383)	$ 14,711
Reduction of stated capital and deficit		**(67,383)**			**(67,383)**		**67,383**	
Net income and comprehensive income for the period							**3,585**	**3,585**
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issue of Class A common shares	**83**	**17**			**17**			**17**
Issue on exercise of PSUs	**20**	**3**			**3**			**3**
Reclassification on exercise of PSUs						**(3)**		**(3)**
Share-based payment transactions						**246**		**246**
Balance as at June 30, 2012	**66,713**	**$ 7,208**	**16,280**	**$ 1,860**	**$ 9,068**	**$ 5,906**	**$ 3,585**	**$ 18,559**

Divestco Inc.
Condensed Consolidated Interim Statements of Cash Flows

	Six months ended June 30	
(Thousands - Unaudited)	**2012**	**2011**
Cash from (used in) operating activities		
Net income (loss) for the period	**$ 3,585**	$ (4,097)
Items not affecting cash:		
Equity investment income	**5**	1
Depreciation and amortization	**8,176**	4,914
Sublease loss	**-**	(303)
Amortization of tenant inducements	**(57)**	(38)
Deferred rent obligations	**(471)**	425
Income taxes	**-**	65
Unrealized foreign exchange loss	**1**	(4)
Non-cash employment benefits	**17**	31
Share-based payments	**246**	-
Finance costs (income)	**(29)**	204
Funds from operations	**11,473**	1,198
Changes in non-cash working capital balances	**1,316**	1,744
Interest received (paid)	**118**	(141)
Income taxes refunded (paid)	**(22)**	51
Net cash from operating activities	**12,885**	2,852
Cash from (used in) financing activities		
Bank indebtedness	**500**	(550)
Advances to affiliated company	**14**	-
Issue of common shares (net of related costs)	**-**	99
Repayment of long-term debt obligations	**(646)**	(221)
Deferred financing costs	**-**	(155)
Proceeds received from long-term debt obligations (net of committed revolver repayments)	**1,000**	5,000
Net cash from (used in) financing activities	**868**	4,173
Cash from (used in) investing activities		
Additions to intangible assets	**(14,401)**	(2,482)
Decrease (increase) in participation surveys in progress	**5,100**	(1,566)
Purchase of property and equipment	**(538)**	(5,422)
Additions to tenant inducements	**-**	3,306
Payments towards sublease loss provision	**(179)**	(488)
Investment in affiliates	**-**	(29)
Deferred development costs	**(1,190)**	(1,295)
Changes in non-cash working capital balances	**(1,186)**	(1,842)
Net cash from (used in) investing activities	**(12,394)**	(9,818)
Increase (decrease) in cash	**1,359**	(2,793)
Cash, beginning of period	**1,547**	3,696
Cash, end of period	**$ 2,906**	$ 903

About the Company

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

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

This press release contains forward-looking information related to the Company's capital expenditures, projected growth, view and outlook towards future oil and gas prices and market conditions, and demand for its products and services. Statements that contain words such as "could', "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning applicable by Canadian securities legislation. Although management of the Company believes that the expectations reflected in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to have been correct because, should one or more of the risks materialize, or should the assumptions underlying forward-looking statements or forward-looking information prove incorrect, actual results may vary materially from those described in this 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.