



Quarterly Report

Three and Nine Months Ended
September 30, 2013



Management's Discussion & Analysis

Three and Nine Months Ended
September 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated November 15, 2013, and should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2013 and 2012 and audited consolidated financial statements and notes of Divestco Inc. ("Divestco" or the "Company") as at and for the years ended December 31, 2012 and 2011. All financial information in this MD&A has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), and is reported in Canadian dollars unless otherwise specified.

DIVESTCO'S BUSINESS

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

- **Software and Data:** Offers the market a complete software suite designed with a thorough understanding of the workflows and requirements of oil and gas professionals; as well as a full suite of data, including well data, well logs, land, rig activity and drilling data. Software and data together provide complete solutions and have become an indispensable resource for geologists, geophysicists, engineers and land agents.
- **Services:** Offers geomatics services, which include data integrity validation, mapping, database hosting, and advisory support and consultation; seismic processing services, which include data quality assurance, processing and data management services for geophysical and geological information; and land management services through Cavalier Land and Canadian Landmasters, including surface acquisition, public consultation, telecom acquisition and consultation, regulatory guidance, freehold mineral acquisition, and crown land sale representation.
- **Seismic Data:** Focused on providing the oil and natural gas industry with quick, reliable access to cost-effective, high-resolution seismic data. This includes brokering and licensing existing seismic data between data owners and licensees, managing existing seismic data for the purpose of brokering sales, and creating new seismic data inventories through recording multi-client services. The seismic brokerage division is the largest of its kind in Canada, with 11 independent brokers.
- **Corporate and Other:** Responsible for setting Divestco's overall strategic objectives and providing finance and accounting, sales and marketing, human resources (HR) and information technology (IT) services to the Company's operating segments. The segment is discussed under the "Results for the Periods by Segment" section of the MD&A.

BUSINESS STRATEGY

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

Through continued commitment to innovative products and services, technical expertise and exceptional customer service, Divestco offers customers the ability to conveniently access and analyze comprehensive, accurate and reliable information required to make informed critical decisions and to optimize their success in the upstream oil and gas industry. Divestco is headquartered in Calgary, Alberta, Canada and trades on the TSX Venture Exchange ("TSX-V") under the symbol "DVT".

FORWARD-LOOKING INFORMATION

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

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

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

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

These forward-looking statements are based upon assumptions including:

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

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

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

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

NON-GAAP MEASURES

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered 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 net loss. EBITDA is a measure commonly reported and widely used by investors as an indicator of the Company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing the Company's performance on a consistent basis, without regard to financing decisions and depreciation and amortization, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost.

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

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

(Thousands)	Three months ended Sep 30		Nine months ended Sep 30	
	2013	2012	2013	2012
Net Income (Loss)	\$ (1,985)	\$ (1,080)	\$ (2,131)	\$ 2,505
Income Tax Expense (Reduction)	-	(51)	-	(51)
Finance Costs	301	309	792	280
Depreciation and Amortization	1,372	1,178	5,435	9,354
EBITDA	\$ (312)	\$ 356	\$ 4,096	\$ 12,088

Funded debt and funded debt to equity

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

Working capital

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

ADDITIONAL GAAP MEASURE

Funds from operations

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

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

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

(Thousands)	Three months ended Sep 30		Nine months ended Sep 30	
	2013	2012	2013	2012
Net Cash from Operating Activities	\$ 689	\$ 2,162	\$ 4,814	\$ 15,047
Changes in non-cash Working Capital Balances Related to Operating Activities	(1,228)	(2,007)	601	(3,323)
Interest Paid	248	273	678	155
Income Taxes Refunded	-	(237)	-	(215)
Funds from (used in) Operations	\$ (291)	\$ 191	\$ 6,093	\$ 11,664

BUSINESS RISKS AND ENVIRONMENT

Demand for products and services and dependence on major customers

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

The Company has a wide customer base in the energy sector ranging from large multinational public entities to small private companies. Notwithstanding the Company's wide customer base, the most significant customer accounted for 27% of the Company's accounts receivable as at September 30, 2013, and five customers accounted for 43% of the Company's revenue for the nine months ended September 30, 2013. The Company has historically had a stable relationship with these customers and has no reason to believe there will be any change to this relationship in the future. The Company continuously makes efforts to expand its customer base.

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

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

Seasonality

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

Other segments of the Company, such as Services, normally exhibit a noticeable reduction in sales from mid-April through to the end of September and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. Divestco tries to minimize these fluctuations by performing specific types of contract work appropriate for lower-activity months. Also, the Company's Software and Data segment has recurring revenue throughout the year due to its license and subscription sales.

Competition

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

Skilled labour

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

Financing

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

Proprietary protection

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

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

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

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

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

Technological change

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

Market acceptance

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

Control of shares by insiders

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

Government regulations and safety

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

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

OVERALL PERFORMANCE

Summary Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Revenue	\$ 4,883	\$ 6,409	\$ (1,526)	-24%	\$ 23,584	\$ 32,358	\$ (8,774)	-27%
Operating Expenses ⁽¹⁾	5,219	6,013	(794)	-13%	17,822	20,229	(2,407)	-12%
Other Loss (Income)	(24)	40	(64)	N/A	1,666	41	1,625	3963%
EBITDA ⁽²⁾	(312)	356	(668)	N/A	4,096	12,088	(7,992)	-66%
Finance Costs	301	309	(8)	-3%	792	280	512	183%
Depreciation and Amortization	1,372	1,178	194	16%	5,435	9,354	(3,919)	-42%
Income (Loss) before Income Taxes	(1,985)	(1,131)	(854)	N/A	(2,131)	2,454	(4,585)	N/A
Income Tax Expense (Reduction)	-	(51)	51	N/A	-	(51)	51	N/A
Net Income (Loss)	\$ (1,985)	\$ (1,080)	\$ (905)	N/A	\$ (2,131)	\$ 2,505	\$ (4,636)	N/A
Per Share - Basic and Diluted	(0.03)	(0.02)	(0.01)	N/A	(0.03)	0.04	(0.07)	N/A
Funds from (used in) Operations ⁽²⁾	\$ (291)	\$ 191	\$ (482)	N/A	\$ 6,093	\$ 11,664	\$ (5,571)	-48%
Per Share - Basic and Diluted	-	-	-	N/A	0.09	0.17	(0.08)	-47%
Class A Shares Outstanding	66,921	66,717	N/A	N/A	66,921	66,717	N/A	N/A
Weighted Average Shares Outstanding								
Basic and Diluted	66,909	66,715	N/A	N/A	66,896	66,657	N/A	N/A

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

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

OVERVIEW OF FINANCIAL AND OPERATIONAL RESULTS**Q3 2013 vs. Q3 2012**

Divestco had a net loss of \$2 million for the third quarter of 2013 (\$0.03 per share – basic and diluted) compared to a net loss of \$1.1 million (\$0.02 per share – basic and diluted) for the same period in 2012.

The Company generated revenue of \$4.9 million in Q3 2013 compared to \$6.4 million in Q3 2012, a decrease of \$1.5 million (24%). Revenue in the Services segment increased by \$0.7 million (45%) with Processing and Land Management services showing stronger results while Geomatics experienced weaker demand as compared to Q3 2012. Revenue in the Software and Data segment decreased by \$2.1 million (50%) related to a significant log data sale in Q3 2012. Revenue in the Seismic Data segment decreased by \$0.2 million (29%) due to lower industry activities.

Operating expenses (excluding depreciation and amortization) decreased by \$0.8 million (13%) to \$5.2 million in Q3 2013 from \$6 million in Q3 2012. Salaries and wages were down \$0.7 million (17%) due to lower headcount. Occupancy costs were lower as the Company surrendered a floor of office space

effective January 1, 2013 and another floor effective June 1, 2013. Stock-based compensation, professional fees, and bad debt expenses were higher than Q3 2012. Depreciation and amortization increased by \$0.2 million (16%) mainly due to higher depreciation on seismic data offset by lower amortization of deferred development costs.

EBITDA was a negative \$0.3 million in Q3 2013, a \$0.7 million decrease from a positive \$0.4 million for the same period in 2012. Funds used in operations were \$0.3 million (\$nil per share – basic and diluted) for the third quarter of 2013, compared to funds from operations of \$0.2 million (\$nil per share – basic and diluted) for the same period in 2012, a decrease of \$0.5 million primarily due to a lower volume of software revenues and seismic data activities.

Operating highlights for Q3 2013 included:

- Reduction of \$0.8 million (13%) in operating expenses
- Hired Director of Corporate Development

NINE MONTHS ENDED SEPTEMBER 30, 2013 vs. NINE MONTHS ENDED SEPTEMBER 30, 2012

Divestco had a net loss of \$2.1 million for the nine months ended September 30, 2013 (\$0.03 per share – basic and diluted) compared to net income of \$2.5 million (\$0.04 per share – basic and diluted) for the same period in 2012. The loss in 2013 was primarily due to the Company recognizing a \$1 million accounting loss from the disposal of certain data library assets and a \$0.7 million impairment of leasehold improvements (net of tenant inducements) associated with the surrender of office space in the period. Excluding the loss and impairment, the Company would have had a net loss of \$0.5 million (\$0.01 per share – basic and diluted) for the nine months ended September 30, 2013.

The Company generated revenue of \$23.6 million in 2013 compared to \$32.4 million in 2012, a decrease of \$8.8 million (27%). Revenue in the Software and Data segment decreased by \$1 million (12%) related to a significant log data sale in 2012 partially offset by a significant software license sale in 2013. Revenue in the Seismic Data segment decreased by \$4.8 million (38%) due primarily to lower speculative survey revenue and seismic data management revenue. Revenue in the Services segment decreased by \$3 million (26%) with geomatics, processing and land management services all experiencing weaker demand in the first half of 2013 with results improving for processing and land management services during the third quarter of 2013.

Operating expenses (excluding depreciation and amortization) decreased by \$2.4 million (12%) to \$17.8 million for the nine months ended September 30, 2013 from \$20.2 million during the same period in 2012. Salaries and wages were down \$1.7 million (13%) due to lower headcount and profit-share accrual. Occupancy costs were also lower as the Company surrendered a floor of office space effective January 1, 2013 and another floor effective June 1, 2013. In addition, stock-based compensation, professional fees, and bad debt expenses were lower than 2012. Depreciation and amortization decreased by \$3.9 million (42%) mainly due to lower depreciation on seismic data as the Company acquired more data in 2012 as compared to 2013.

Excluding the accounting loss and impairment of \$1.7 million, EBITDA was \$5.8 million for the nine months ended September 30, 2013, a \$6.3 million (52%) decrease from \$12.1 million for the same period in 2012. The Company generated funds from operations of \$6.1 million (\$0.09 per share – basic and diluted) in 2013, compared to \$11.7 million (\$0.17 per share – basic and diluted) for the same period in 2012, a decrease of \$5.6 million (48%) primarily due to lower speculative survey revenue.

Operating highlights for the nine months ended September 30, 2013 included:

- Surrendered 44,000 square feet office space for a cost savings of \$200,000 per month (22,000 square feet effective January 1, 2013 and 22,000 square feet effective June 1, 2013)
- Reduction of \$2.4 million (12%) in operating expenses
- Completed \$2.2 million in seismic data library sales and completed a 89 km² seismic data survey

- Signed a \$1.3 million seismic processing agreement expected to be completed by early 2014

Outlook and Future Operations

Divestco has filled key leadership positions to further enhance corporate development and to better align its people and strategy. The Company is realizing significant success in its international expansion efforts and has secured several multi-year contracts. Although the outlook for 2014 is somewhat uncertain, the management believes its debt restructuring and cost reduction initiatives have positioned the Company to focus on revenue growth to maximize cash flows. With the last major occupancy cost reduction being completed with the surrender of 22,000 square feet office space effective June 1, 2013, Divestco believes 2014 will realize sustained profitability and increased shareholder value through improved focus and operational alignment.

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

The Company used the aggregate proceeds to pay off existing bank and other debt totaling approximately \$6 million and has current availability on its operating line of approximately \$0.5 million. The facility has a three-year term with the revolving facility bearing interest at Canadian prime plus 1.75% and the term loan bearing interest at Canadian prime plus 2.5%.

Depreciation and Amortization

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Depreciation and Amortization	\$ 1,372	\$ 1,178	\$ 194	16%	\$ 5,435	\$ 9,354	\$ (3,919)	-42%

The increase in depreciation and amortization of \$0.2 million (16%) in Q3 2013 was mainly due to higher depreciation on seismic data offset by lower amortization of deferred development costs. The Company amortizes 40% of its seismic data surveys on the date the data is delivered to the client.

The decrease in depreciation and amortization of \$3.9 million (42%) during the nine months ended September 30, 2013 was mainly due to 389 km² of seismic data acquired in 2012 compared to 93 km² acquired in 2013. The Company amortizes 40% of its seismic data surveys on the date the data is delivered to the client.

Finance Costs

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Interest on bank indebtedness and long-term debt obligations	\$ 248	\$ 273	\$ (25)	-9%	\$ 678	\$ 155	\$ 523	337%
Amortization of deferred finance charges	46	28	18	64%	92	97	(5)	-5%
Accretion of sublease loss	7	8	(1)	-13%	22	28	(6)	-21%
Finance costs (income)	\$ 301	\$ 309	\$ (8)	-3%	\$ 792	\$ 280	\$ 512	183%

The decrease in finance costs of \$110,000 (33%) in Q3 2013 compared to Q3 2012 was mainly due a lower cost of debt in 2013.

The increase in finance costs of \$512,000 (183%) during the nine months ended September 30, 2013 was mainly due to the reversal of accrued interest charged by a vendor in during the same period in 2012. The Company paid all of the vendor's outstanding invoices in Q1 2012 and a result, the vendor agreed not to charge the Company any interest.

Income Taxes

No current tax provision was recorded in three and nine months ended September 30, 2013 due to loss carry-forwards available to the Company and its subsidiaries. No deferred tax provision was recorded as the Company has not recognized any benefit associated with its tax pools as it is not probable that the asset will be realized.

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

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

Financial Position

As at September 30, 2013, Divestco had a working capital deficit of \$20,000 (excluding deferred revenue of \$4.1 million) compared to a deficit of \$7.5 million at December 31, 2012, (excluding deferred revenue of \$2.4 million). The improvement in working capital from the end of 2012 was as a direct result of debt restructuring, strong seismic cash sales and significant reductions in operating costs. This allowed the Company to significantly reduce its payables. The Company's funded debt to equity ratio was 0.74:1 at September 30, 2013 compared to 0.64:1 at December 31, 2012.

	Balance at		
	Sep 30 2013	Dec 31 2012	Dec 31 2011
Total Assets	\$ 34,167	\$ 41,945	\$ 43,761
Working Capital (Deficit) ⁽¹⁾⁽²⁾	(20)	(7,483)	297
Long-Term Financial Liabilities ⁽³⁾	9,514	7,622	8,610

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

⁽²⁾ Excludes deferred revenue of \$4 million (December 31, 2012: \$2.4 million; December 31, 2011: \$4.6 million).

⁽³⁾ Includes long-term debt obligations, deferred rent obligations, sublease loss provision and other long-term liabilities. The long-term debt obligations are comprised of the Company's subordinated debt, shareholder loans and finance leases.

SELECTED QUARTERLY INFORMATION

(Thousands, Except Per Share Amounts)	2013			2012			2011	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Revenue	\$ 4,883	\$ 7,083	\$ 11,618	\$ 7,270	\$ 6,409	\$ 11,483	\$ 14,466	\$ 11,447
EBITDA ⁽¹⁾	(312)	(559)	4,967	311	356	4,282	7,450	3,332
Income (Loss) before Income Taxes	(1,985)	(2,230)	2,084	(1,232)	(1,131)	940	2,645	(743)
Net Income (Loss)	(1,985)	(2,230)	2,084	(1,232)	(1,080)	940	2,645	(768)
Per Share - Basic	(0.03)	(0.03)	0.03	0.00	(0.02)	0.01	0.04	(0.01)
Per Share - Basic and Diluted	(0.03)	(0.03)	0.03	0.00	(0.02)	0.01	0.04	(0.01)
Funds from (used in) Operations ⁽¹⁾	(291)	1,173	5,211	10	191	4,266	7,207	2,908
Per Share - Basic	0.00	0.02	0.08	0.00	0.00	0.06	0.11	0.05
Per Share - Basic and Diluted	0.00	0.02	0.08	0.00	0.00	0.06	0.11	0.05

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

The variances in the quarterly results illustrated in the table above are a result of economic factors. In Q3 2012, the oil and gas industry was significantly impacted by a fall in commodity prices and a price differential for western Canadian oil crude caused by a lack of infrastructure to transport supply to market. This led to reduced capital spending in the second half of 2012 and delayed the signing of sales contracts to Q1 2013 instead of Q4 2012. In an effort to mitigate market volatility and reduce costs, Divestco reduced its occupancy costs, its largest G&A expense, through shedding unused office space over the past two years resulting in significant cost savings. This plan was initiated in Q2 2011 and continued into Q2 2013.

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

RESULTS FOR THE PERIODS BY SEGMENT

For the three months ended September 30, 2013 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 2,099	\$ 2,384	\$ 400	\$ -	\$ 4,883
Operating Expenses ⁽¹⁾	1,250	2,489	606	874	5,219
Other Loss (Income)	-	-	-	(24)	(24)
EBITDA ⁽²⁾	849	(105)	(206)	(850)	(312)
Finance Costs (Income)	104	51	146	-	301
Depreciation and Amortization	531	151	583	107	1,372
Income (Loss) Before Income Taxes	214	(307)	(935)	(957)	(1,985)

For the three months ended September 30, 2012 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 4,203	\$ 1,643	\$ 562	\$ 1	\$ 6,409
Operating Expenses ⁽¹⁾	1,632	2,672	769	940	6,013
Other Loss (Income)	-	-	-	40	40
EBITDA ⁽²⁾	2,571	(1,029)	(207)	(979)	356
Finance Costs (Income)	128	41	140	-	309
Depreciation and Amortization	772	223	62	121	1,178
Income (Loss) Before Income Taxes	1,671	(1,293)	(409)	(1,100)	(1,131)

For the nine months ended September 30, 2013 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 7,431	\$ 8,445	\$ 7,708	\$ -	\$ 23,584
Operating Expenses ⁽¹⁾	4,299	8,141	2,126	3,256	17,822
Other Loss (Income)	1,005	-	-	661	1,666
EBITDA ⁽²⁾	2,127	304	5,582	(3,917)	4,096
Finance Costs (Income)	256	127	409	-	792
Depreciation and Amortization	1,902	469	2,691	373	5,435
Income (Loss) Before Income Taxes	(31)	(292)	2,482	(4,290)	(2,131)
Loss on Disposal of Intangibles and Impairment of Property and Equipment	(1,005)	-	-	(678)	(1,683)

For the nine months ended September 30, 2012 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 8,423	\$ 11,446	\$ 12,489	\$ -	\$ 32,358
Operating Expenses ⁽¹⁾	4,898	9,556	2,688	3,087	20,229
Other Loss (Income)	-	-	-	41	41
EBITDA ⁽²⁾	3,525	1,890	9,801	(3,128)	12,088
Finance Costs (Income)	308	168	(196)	-	280
Depreciation and Amortization	2,363	672	5,877	442	9,354
Income (Loss) Before Income Taxes	854	1,050	4,120	(3,570)	2,454

⁽¹⁾ Excludes depreciation and amortization

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

SOFTWARE AND DATA

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Revenue	\$ 2,099	\$ 4,203	\$ (2,104)	-50%	\$ 7,431	\$ 8,423	\$ (992)	-12%
Operating Expenses ⁽¹⁾	1,250	1,632	(382)	-23%	4,299	4,898	(599)	-12%
Other Loss (Income)	-	-	-	N/A	1,005	-	1,005	N/A
EBITDA ⁽²⁾	849	2,571	(1,722)	-67%	2,127	3,525	(1,398)	-40%
Finance Costs	104	128	(24)	-19%	256	308	(52)	-17%
Depreciation and Amortization	531	772	(241)	-31%	1,902	2,363	(461)	-20%
Income (Loss) Before Income Taxes	214	1,671	(1,457)	-87%	(31)	854	(885)	N/A
Loss on Disposal of Intangibles	-	-	-	N/A	(1,005)	-	(1,005)	N/A

⁽¹⁾ Excludes depreciation and amortization

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

Q3 2013 vs. Q3 2012

Software and Data had revenues of \$2.1 million in Q3 2013, compared to \$4.2 million in Q3 2012, a decrease of \$2.1 million (50%). Operating expenses decreased by \$0.4 million (23%). Income before taxes was \$0.2 million, compared to \$1.7 million in Q3 2012, a decrease of \$1.5 million (87%) while EBITDA decreased by \$1.7 million (67%).

The reduction in revenue was primarily due to a significant log data sale recognized in Q3 2012. The decline in operating expenses was due to salaries and benefits falling by \$0.3 million (33%). Occupancy costs, travel and entertainment, software licenses, royalty expenses and digital/Map information expenses were also lower. There was an increase in recruitment costs related to the hiring of a new team lead. Depreciation and amortization decreased by \$0.2 million (31%) as amortization of deferred development costs was lower due to certain projects being fully amortized in prior periods.

NINE MONTHS ENDED SEPTEMBER 30, 2013 vs. NINE MONTHS ENDED SEPTEMBER 30, 2012

Software and Data had revenues of \$7.4 million during the nine months ended September 30 2013, compared to \$8.4 million during the same period in 2012, a decrease of \$1 million (12%). Operating expenses decreased by \$0.6 million (12%). Loss before taxes was \$31,000, compared with income of \$0.9 million in 2012, a decrease of \$0.9 million while EBITDA decreased by \$1.4 million (40%). An accounting loss of \$1 million was recognized in 2013 related to the transfer of certain data libraries to a new company in exchange for an ownership interest. Excluding the accounting loss, income before taxes for 2013 would have been \$1 million or \$0.1 million higher than 2012.

The reduction in revenue was primarily due to a significant log data sale recognized in Q3 2012 partially offset by a large software license sale recognized in Q2 2013. The decline in operating expense was due to salaries and benefits falling by \$0.3 million (11%) due to lower headcount. Occupancy costs, travel and entertainment, software licenses, royalty expenses and digital/Map information expenses were also lower. Depreciation and amortization decreased by \$0.5 million (20%) as amortization of deferred development costs was lower due to certain projects being fully amortized in prior periods.

Outlook

Ongoing software activities include work on expanded functionality for the release of the next version of LandRite and growth in LandRite conversion activities. A demonstration version of our newest geophysical product at the Houston SEG conference in September was well received. Development will continue toward new versions of GeoCarta and WinPICS expected in Q4 2013 and GeoVista in Q1 2014.

The logs and data business remains steady and as forecasted with work continuing on the creation of new dataset which is now being delivered through the EnerGISite website. Sales continues to focus on log data subscriptions experiencing success with multi-year renewal terms and securing digitizing projects.

SERVICES

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Revenue	\$ 2,384	\$ 1,643	\$ 741	45%	\$ 8,445	\$ 11,446	\$ (3,001)	-26%
Operating Expenses ⁽¹⁾	2,489	2,672	(183)	-7%	8,141	9,556	(1,415)	-15%
EBITDA ⁽²⁾	(105)	(1,029)	924	N/A	304	1,890	(1,586)	-84%
Finance Costs	51	41	10	24%	127	168	(41)	-24%
Depreciation and Amortization	151	223	(72)	-32%	469	672	(203)	-30%
Income (Loss) Before Income Taxes	(307)	(1,293)	986	N/A	(292)	1,050	(1,342)	N/A

⁽¹⁾ Excludes depreciation and amortization

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

Q3 2013 vs. Q3 2012

Services generated revenues of \$2.4 million in Q3 2013, compared to \$1.6 million in Q3 2012, an increase of \$0.8 million (45%). Operating expense decreased by \$0.2 million (7%). Loss before taxes was \$0.3 million compared to a loss of \$1.3 million in Q3 2012, an increase of \$1 million while EBITDA increased by \$0.9 million.

Processing revenue improved by \$0.8 million (204%) due to a large contract that was signed in Q1 2013. Land services revenue was up by \$0.2 million (69%) due to strong growth in telecom work. Geomatics experienced a drop of \$0.2 million (21%) as clients continued to spend less on exploration activities, focussing instead on current production.

The decline in operating expenses was due to salaries and benefits falling by \$0.2 million (13%) due to reduced headcounts. Occupancy costs were also lower offset by higher software costs related to new processing software. Amortization and depreciation decreased by \$72,000 (32%) due to assets being fully amortized in prior periods and reduced capital spending.

NINE MONTHS ENDED SEPTEMBER 30, 2013 vs. NINE MONTHS ENDED SEPTEMBER 30, 2012

Services generated revenues of \$8.4 million during the nine months ended September, compared to \$11.4 million during the same period in 2012, a decrease of \$3 million (26%). Operating expenses decreased by \$1.4 million (15%). Services recorded a loss before taxes of \$0.3 million, compared to income of \$1 million in 2012, a decrease of \$1.3 million while EBITDA decreased by \$1.6 million (84%).

Revenues across all of the divisions in the segment were lower as clients continued to spend less on exploration activities, focussing instead on current production in the first half of 2013. Results improved for processing and land management services during the third quarter of 2013.

The decline in operating expenses was due to salaries and benefits falling by \$1.3 million (20%) due to reduced headcounts and a lower profit share accrual. Occupancy and recruiting costs were also lower partially offset by higher software costs related to new processing software and additional contractors required for telecom projects.

Amortization and depreciation decreased by \$0.2 million (121%) due to assets being fully amortized in prior periods and reduced capital spending.

Outlook

Processing continues to focus on developing new opportunities with existing clients and creating new ones with domestic and international companies. Work has been done on numerous test lines for clients in Colombia and Europe and there are several outstanding quotes for international as well as domestic projects. The division also continues to create and promote new product offerings such as joint venture diffraction Imaging process, used for fracture detection, proprietary converted wave processing (also used for fracture detection for unconventional plays) and proprietary angle weighted interpolation module. During Q3 2013, Processing attended the American Association of Petroleum Geologists (AAPG) International Conference and Exhibition (ICE) in Cartagena, Colombia and participated in the latter part of September with the Society of Exploration Geophysics (SEG) convention in Houston.

Geomatics continues to hold a strong client base and added fourteen new customers to date in 2013. New industry field activity was lower in Q3 2013 but is improving in Q4 2013 with the start of winter drilling season. Two members of the division attended the SEG in Houston this past September. International opportunities continue to be a primary focus throughout the balance of the year and will continue into 2014.

Cavalier Land continues to make strong inroads in the telecom sector realizing notable gains with our prime client in a new secondary region (British Columbia). Further gains in the telecom sector are expected in Q4 2013 with entry into other market areas and launching of a new multi-year program. The division experienced lower than normal activity levels in its surface and mineral departments during the first three quarters of 2013; however there was a marginal increase in activity in early September as prime clients kicked off Crown acquisition work associated with their upcoming drilling season. Land Services continues to focus on business development to leverage its provision of quality services in all areas. The division expects to realize a considerable uptick in activity in Q4 2013 and into Q1 2014 as cornerstone customers' busier activity cycles get underway.

SEISMIC DATA

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Revenue	\$ 400	\$ 562	\$ (162)	-29%	\$ 7,708	\$ 12,489	\$ (4,781)	-38%
Operating Expenses ⁽¹⁾	606	769	(163)	-21%	2,126	2,688	(562)	-21%
EBITDA ⁽²⁾	(206)	(207)	1	N/A	5,582	9,801	(4,219)	-43%
Finance Costs (Income)	146	140	6	4%	409	(196)	605	N/A
Depreciation and Amortization	583	62	521	840%	2,691	5,877	(3,186)	-54%
Income (Loss) Before Income Taxes	(935)	(409)	(526)	N/A	2,482	4,120	(1,638)	-40%

⁽¹⁾ Excludes depreciation and amortization

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

Seismic Data Library	Balance as at	
	Sep 30	Dec 31
	2013	2012
2D in Gross KM	49	49
2D in Net KM	49	49
3D in Gross KM ²	871	778
3D in Net KM ²	871	778

Q3 2013 vs. Q3 2012

Seismic Data had revenues of \$0.4 million for Q3 2013, compared to \$0.6 million for Q3 2012, a decrease of \$0.2 million (29%). Operating expenses were down \$0.2 million (21%). Loss before taxes was \$0.9 million compared to a loss of \$0.4 million in Q2 2012, a \$0.5 million decrease while EBITDA was flat quarter over quarter.

The reduction in revenue was primarily due to lower speculative survey and brokerage revenue as exploration activity levels were lower year-over-year. Operating expenses declined due to lower occupancy, advertising and promotion and consulting costs. Amortization increased by \$0.5 million (840%) due to the growth of the Company's seismic data library.

NINE MONTHS ENDED SEPTEMBER 30, 2013 vs. NINE MONTHS ENDED SEPTEMBER 30, 2012

Seismic Data had revenues of \$7.7 million for the nine months ended 2013, compared to \$12.5 million for the same period in 2012, a decrease of \$4.8 million (38%). Operating expenses were down \$0.6 million (21%). Income before taxes was \$2.5 million, compared with income of \$4.1 million in 2012, a decrease of \$1.6 million (40%) while EBITDA decreased by \$4.2 million (43%).

The decline in revenue was primarily due to lower speculative survey revenue and the proceeds from a lawsuit settlement recognized in 2012. Brokerage revenue was down slightly as exploration activity levels were lower year-over-year. These declines were partially offset by higher seismic data management revenue.

The decline in operating expenses was primarily due lower occupancy, advertising and promotion, consulting, and bad debt costs partially offset by slightly higher salaries. Amortization decreased by \$3.2 million (54%) due to 389 km² of seismic data being acquired in 2012 compared to 93 km² acquired in 2013.

Outlook

As expected, revenues for the third quarter of 2013 were down slightly from 2012 as a result of timing of data sales and acquisition activities. It is believed that data sales will pick up as a result of increased activity levels in Q4 2013. In addition we are currently in negotiations with industry partners to acquire new seismic data and add those assets to our data library.

In the third quarter of 2013, Brokerage saw the validation of the Micro-Seismic Brokering model as well as the signing of a number of new data management clients. These two business lines are expected to grow top line on an ongoing basis with full impact to be realized in Q4 2013 and Q1 2014. Brokerage was down due to decreased summer activity but is expected to recover in Q4 2013.

CORPORATE AND OTHER

(Thousands)	Three months ended September 30				Nine months ended September 30			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Operating Expenses ⁽¹⁾	874	940	(66)	-7%	3,256	3,087	169	5%
Other Loss (Income)	(24)	40	(64)	N/A	661	41	620	1512%
EBITDA ⁽²⁾	(850)	(979)	129	N/A	(3,917)	(3,128)	(789)	N/A
Depreciation and Amortization	107	121	(14)	-12%	373	442	(69)	-16%
Income (Loss) Before Income Taxes	(957)	(1,100)	143	N/A	(4,290)	(3,570)	(720)	N/A
Impairment of Property and Equipment	-	-	-	N/A	(678)	-	(678)	N/A

⁽¹⁾ Excludes depreciation and amortization

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

Q3 2013 vs. Q3 2012

Corporate operating expenses decreased by \$66,000 (7%). Salaries and benefits decreased by \$53,000 (12%), mainly due to a lower headcount. Stock-based compensation was also lower partially offset by higher professional fees. Amortization increased by \$14,000 (12%).

NINE MONTHS ENDED SEPTEMBER 30, 2013 vs. NINE MONTHS ENDED SEPTEMBER 30, 2012

Corporate operating expenses were \$3.3 million for the nine months ended September 30, 2013 compared to \$3.1 million in 2012, an increase of \$0.2 million (5%). Occupancy costs were higher due to an increase in deferred rent obligation (related to the Company recognizing its office space lease on a straight-line basis over the lease term as the lease rate escalates over the term). Professional fees and bad debts were also higher. These were partially offset by lower salaries and benefits due to a lower headcount. Amortization decreased by \$0.1 million (16%) due to reduced capital expenditures. The accounting loss relates to a write-down of leasehold improvements and tenant inducements associated with the surrender of office space in the quarter.

Outlook

Divestco continues to reduce its corporate overhead costs. Effective June 1, 2013, the Company surrendered an additional floor of office space bringing the total to six floors since 2011. As compared to 2011, this will save the Company approximately \$6 million in 2013 and \$7 million annually going forward until the lease expires in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Financial Position (Thousands, except as otherwise indicated)	Balance as at		Increase (Decrease)	Explanation of change
	Sep 30 2013	Dec 31 2012		
Working Capital ⁽¹⁾				
Current Assets				
Cash	\$ 292	\$ 1,320	\$ (1,028)	Free cash applied to service debt and reduce payables
Funds held in trust	-	18	(18)	Lower land sale activities at the end of June 2013
Accounts receivable	6,591	7,134	(543)	Pre-funding on a new seismic survey offset by lower revenues in the remaining segments
Prepaid expenses, supplies and deposits	258	357	(99)	Lower activity levels
Income taxes receivable	438	196	242	Related to scientific research and development tax credits
Total Current Assets	\$ 7,579	\$ 9,025	\$ (1,446)	
Current Liabilities ⁽²⁾				
Bank indebtedness	2,606	4,450	(1,844)	Restructure of debt in Q2 2013 with a greater portion of the debt being classified as long-term. Line used to support working capital requirements
Accounts payable and accrued liabilities	2,742	9,624	(6,882)	Lower activity levels and payment of seismic acquisition invoices from new survey nearly completed in Q1 2013.
Current loss on sublease loss provision	326	326	-	N/A
Current portion of long-term debt obligations	1,853	1,986	(133)	Restructure of debt in Q2 2013. Subordinated loan which matured in May 2013 was repaid with the proceeds from a new three-year term loan and additional shareholder loans. Shareholder loans are interest-only until March 2014.
Current portion of tenant inducement	72	122	(50)	N/A
Total Current Liabilities ⁽²⁾	7,599	16,508	(8,909)	
Working Capital ⁽¹⁾	\$ (20)	\$ (7,483)	\$ 7,463	
Funded Debt to Equity Ratio ⁽¹⁾⁽⁵⁾				
Funded Debt ⁽³⁾	\$ 10,600	\$ 10,551	\$ 49	Additional proceeds from shareholder loans offset by debt payments
Shareholders' Equity ⁽⁴⁾	14,354	16,318	(1,964)	Net income and share-based transactions for the nine months ended September 30, 2013
Funded Debt to Equity Ratio ⁽¹⁾⁽⁵⁾	0.74	0.65	0.09	

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

(2) Excludes deferred revenue of \$4.1 million (December 31, 2012 - \$2.4 million)

(3) Includes bank indebtedness (operating line), shareholder and subordinated loans, and finance leases for both current and long-term portions

(4) Includes equity instruments, contributed surplus and deficit

(5) Funded debt divided by shareholders' equity

LIQUIDITY

For the nine months ended September 30, 2013, Divestco generated funds from operations of \$6.1 million compared to \$11.7 million in 2012. The decrease of \$5.6 million (48%) was mainly due to lower revenues, and higher finance costs partially offset by lower operating costs. Funds from operations were disbursed as follows from January to September 2013: \$0.2 million in additions to intangibles (net of changes in participation surveys in progress) and PP&E, \$1.7 million on deferred development costs, \$0.2 million towards an investment in a new affiliate and payment of seismic acquisition costs incurred in Q4 2012.

While management believes that the Company's funds from operations will provide the capital to continue to operate in the short-term, it is dependent upon future financial performance that is subject to financial, business, and other risk factors, including elements beyond the Company's control. To mitigate these risks, the Company secured a new senior credit facility of up to \$11 million in May 2013. The facility has an expanded operating line (\$8 million as compared to \$5 million under its previous facility) based on receivables aged less than 90 days and \$3 million in term debt as well as a financial covenant that is better suited to the Company's business (see the "Financial Instruments" section of the MD&A for more details about the facility). The Company also received \$1 million in new shareholder loans just prior to the closing of the new facility. The proceeds were used to repay bank and subordinated debt totaling approximately \$6 million. The Company currently has approximately \$0.9 million in availability on its operating line.

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

Management ensures that Divestco's credit facilities, combined with its working capital and funds from operations, will be sufficient in the short-term and long-term to meet planned growth and to fund future capital expenditures. This is achieved through careful monitoring of cash flow. The Company has implemented significant cost-cutting measures, which has included the elimination of unused office space and utilizing salary austerity measures during seasonally slow periods. In addition, the Company evaluates all material capital expenditures, mainly seismic participation surveys, before commencement to ensure they meet appropriate funding levels.

The Company is required to meet a fixed charge coverage ratio of not less than 1.00:1 under its credit facility on a trailing 12-month basis (see the "Financial Instruments" section of the MD&A). The Company was in compliance with its covenant for the trailing 12 months ended September 30, 2013.

Working capital

As at September 30, 2013, Divestco had a slight working capital deficit of \$20,000 (excluding deferred revenue of \$3.4 million), compared to a working capital deficit of \$7.5 million (excluding deferred revenue of \$2.4 million) as at December 31, 2012. The improvement in working capital from the end of 2012 was as a direct result of debt restructuring, strong seismic cash sales and significant reductions in operating costs. However, the industry continued to experience lower than anticipated activity levels with respect to exploration which had a negative impact on the Company's services divisions; geomatics, processing and land management services for the nine months ended September 30, 2013.

Funded Debt to Equity

Divestco had a funded debt to equity ratio of 0.74:1 as at September 30, 2013. The Company's practice is to utilize an appropriate mix of debt and equity to finance its current capital expenditures and growth initiatives. Consistent with the year ended December 31, 2012, the strategy of the Board of Directors and management is to operate the Company with the lowest possible debt load in reaction to the volatility of the industry. This is to ensure adequate financial flexibility to meet the financial obligations, both current

and long-term and as part of the Company's effort to maintain a healthy statement of financial position. The Company's strategy is to maintain a funded debt to equity ratio of less than 1:1.

Contractual Obligations

Below is a summary of Divestco's contractual obligations, including principal and interest:

(Thousands)	Carrying amount	Contractual cash flows	<1 year	1-2 years	2-5 years	Thereafter	Total
Operating Line	2,606	2,606	2,606	-	-	-	\$ 2,606
Debt Obligations ⁽¹⁾	7,766	9,569	2,448	1,957	2,255	3,145	9,805
Finance Leases	257	293	52	52	88	101	293
Operating Leases ⁽²⁾	N/A	35,412	2,902	2,845	8,492	21,173	35,412
Other Obligations ⁽³⁾	1,087	1,127	356	356	415	-	1,127
Total	\$ 11,716	\$ 49,007	\$ 8,364	\$ 5,210	\$ 11,250	\$ 24,419	\$ 49,243

(1) Includes subordinated loan, shareholder loans and debentures

(2) See "Off Balance Sheet Arrangements" section

(3) Includes sublease loss liability

SELECTED CASH FLOW ITEMS

(Thousands)	Nine months ended Sep 30	
	2013	2012
Operating Activities		
Funds from Operations ⁽¹⁾	\$ 6,093	\$ 11,664
Changes in Non-Cash Working Capital Balances	(601)	3,323
Interest Paid (Recovered)	(678)	(155)
Income Taxes Refunded	-	215
Cash From (Used in) Operating Activities	4,814	15,047
Financing Activities		
Bank Indebtedness	(1,844)	650
Long-Term Debt Obligations	1,986	403
Deferred Finance Costs	(298)	-
Cash From (Used in) Financing Activities	(156)	1,053
Investing Activities		
Additions to intangible assets	(3,600)	(14,460)
Participation Surveys in Progress	3,508	5,108
Additions to Property, Plant and Equipment	(128)	(1,054)
Additions to Tenant Inducements	-	118
Lease Incentive	144	-
Payments Towards Sublease Loss Provision	(267)	(268)
Investment in equity-accounted investees	(200)	-
Advances from equity-accounted investees	470	14
Deferred Development Costs	(1,683)	(1,770)
Changes in Non-Cash Working Capital Balances	(3,930)	(2,369)
Cash From (Used in) Investing Activities	(5,686)	(14,681)
Change in Cash	\$ (1,028)	\$ 1,419

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

Operating Activities

During the nine months ended September 30, 2013, funds from operations were \$6.1 million (\$0.09/share (basic and diluted)), compared with \$11.7 million (\$0.17/share (basic and diluted)) for the same period in 2012. The decrease of \$5.6 million (48%) was mainly due to lower revenues and higher finance costs partially offset by reduction of operating expenses due to lower salaries, occupancy costs and bad debts.

Financing Activities

During the nine months ended September 30, 2013, Divestco restructured its debt. The Company received a total of \$6 million in proceeds from a new revolving credit facility (\$2 million), term (\$3 million) and shareholder loans (\$1 million) which were used to repay the previous operating line (\$4.5 million) and subordinated bridge loan (\$1.5 million) excluding the portion which was held by two of the Company's directors. The director's portion being \$2 million was consolidated with the Company's outstanding shareholder loans.

Investing Activities

During the nine months ended September 30, 2013, Divestco incurred \$0.2 million in additions to intangible assets and PP&E, \$0.2 million as investment in a new affiliated company and \$1.7 million in deferred development costs. The Company also paid the costs associated with a seismic survey it completed Q1 2013 with most of the costs being incurred in Q4 2012. These were offset by \$0.1 million received as part of an agreement to surrender a portion of its office space lease.

FINANCIAL INSTRUMENTS

New Senior Debt Facility

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

Revolving credit facility

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

Term Loan

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

In July 2013, the Company was issued a notice of default by the lender as the maximum allowable revolving advances under the credit agreement exceeded the applicable borrowing base at that time. As

a result, the lender amended the credit agreement to increase the rate on the facility by 2%. The Company has repaid the excess advances and the lender has waived the breach.

Debentures

The Company has \$1.2 million in secured debentures with a royalty interest. Four directors of the Company subscribed for \$1 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated as follows: 50% of the net revenues generated by certain of the Company's seismic data on or after July 1, 2012, multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Company. Net revenues equal 90% of the gross revenues generated by the seismic data as the Company retains 10% of the gross revenues as a management fee. The seismic data is comprised of the seismic surveys acquired by the Company prior to July 1, 2012. Principal payments are postponed if the Company is in breach of any of its senior debt covenants. As at September 30, 2013, there was \$0.3 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the nine months ended September 30, 2013. The payments were postponed due to the debt covenant violation. The Company plans to make these payments in Q4 2013.

Upon full repayment of the principal amount of the debentures and all accrued interest, the royalty interest becomes effective and will be paid as a royalty indefinitely. Royalty payments are calculated as follows: 25% of the net revenues generated by the seismic data multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Company. Net revenues will equal 90% of the gross revenues generated by the seismic data as the Company will retain 10% of the gross revenues as a management fee. Royalty payments are postponed if the Company is in breach of any of its senior debt covenants.

The principal amount of the debentures and accrued interest, but not the royalty interest, is secured against the seismic data by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's existing and future senior debt.

Loans from shareholders

As at September 30, 2013, the Company had \$4.1 million in secured loans from three of the Company's directors. This included \$1 million in proceeds received in April 2013 and \$0.3 million received in July 2013. In conjunction with the repayment of the subordinated bridge loan in May 2013, the portion of the loan held by the Company's directors, being \$2 million, was restructured into two promissory notes of \$1 million each. The notes were then consolidated with the existing loans. The consolidated loan bears interest of 10% per annum and payments are interest-only until March 2014.

The loan is secured by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's senior debt.

Finance leases

As at September 30, 2013, equipment under finance lease is computer hardware and office equipment. Interest rates are fixed, ranging between 1.8% to 12.4% and expire between 2013 and 2016.

OFF-BALANCE SHEET ARRANGEMENTS

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately \$170,000 per month (including operating costs) for 2013. In April 2013, the Company and its landlord agreed to the partial surrender of its main office lease as it relates to approximately 22,000 square feet of office space effective June 1, 2013. This reduced the above commitment by approximately \$100,000 per month. As part of the agreement to surrender the space, Company received \$0.1 million in proceeds from the new tenant and wrote-off \$1.4 million in leasehold improvements and \$0.7 million in tenant inducements for an accounting loss of \$0.7 million. The annual

square foot rate increases in 2016, 2018, 2020 and 2023. The lease includes a monthly commitment of \$30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling \$83,000 are expected to be received in 2013. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately \$63,000 including operating costs for 2013.

Since 2011, the Company has surrendered six floors of space in its current office premises was assumed by another company. This will save the Company approximately \$6 million in 2013 and \$7 million annually going forward until the lease expires in 2025.

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

	Balance as at	
	Sep 30 2013	Dec 31 2012
Less than one year	\$ 2,215	\$ 3,839
Between one and five years	11,321	16,350
More than five years	21,876	34,779
	\$ 35,412	\$ 54,968

Movement in the commitments for the nine months ended September 30, 2013:

Balance, January 1, 2013	\$ 54,968
Payments (net of subleases)	(2,524)
Surrender of office space	(17,032)
Balance, September 30, 2013	\$ 35,412

CONTINGENCIES

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

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

OUTSTANDING SHARE DATA

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

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

(Thousands)	Balance as at		
	Nov 15, 2013	Sep 30, 2013	Dec 31, 2012
Class A shares			
Outstanding	67,029	66,921	66,758
Weighted Average Outstanding			
Basic – YTD	N/A	66,896	66,679
Diluted – YTD ⁽¹⁾	N/A	66,896	66,679
Stock Options			
Outstanding	3,423	3,436	4,061
Exercise Price Range	\$0.17 to \$0.68	\$0.17 to \$1.30	\$0.17 to \$1.30
Performance Share Units			
Outstanding	-	-	1,310

⁽¹⁾ Basic net income per share is computed using the weighted-average number of Class A Shares outstanding during the nine months ended September 30, 2013, being 66,896,000 (September 30, 2012 – 66,657,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the nine months ended September 30, 2013 as there was a net loss for the period. For the nine months ended September 30, 2012, no shares were added as the options and warrants were out of the money.

Long-Term Service Awards

The Company issues 5 and 10 year service awards (“Service Awards”) to eligible employees in the form of Class A Shares issued from treasury. The value for a 5-year award is \$750 and \$1,250 for a 10-year award. The number of Class A Shares issued is based on the closing price on the last trading day prior to the issuance of the Service Award. Service Awards are issued at the end of the month in which the employee has their 5 or 10 year anniversary. During the nine months ended September 30, 2013, \$28,000 (September 30, 2012: \$18,000) was included in salaries and benefits in the consolidated statements of income (loss) and comprehensive income (loss) for the value of awards issued based on the share price on the date of issuance.

Employee Stock Purchase Plan

The Company’s employee stock ownership plan (“ESOP”) allows each employee to contribute up to 25% of their regular salary towards the purchase of Class A Shares. The Company matches the employee’s contribution through a combination of cash and Class A Shares issued from treasury up to 4.5% of their monthly regular salary to a maximum of \$450 per month. All cash contributions are used to purchase Class A Shares of the Company through the facilities of the TSX-V and all share contributions are issued from treasury. During the six months ended September 30, 2013, \$138,000 (September 30, 2012: \$137,000) was included in salaries and benefits in the consolidated statements of income (loss) and comprehensive income (loss) for the value of the Company’s contributions. All of the employer contributions were in the form of cash.

Stock Options

As at September 30, 2013, there were 6,676,000 Class A common shares reserved for grants of stock options combined with all other forms of stock-based compensation.

During the nine months ended September 30, 2013, 625,000 options were forfeited with exercise prices ranging from \$0.17 to \$1.30 per option. From October 1, 2013 to November 15, 2013, 13,000 options were forfeited with exercise prices ranging from \$0.17 to \$0.21 per option.

Performance share units

The Company has a performance share unit (“PSU”) plan whereby each PSU awarded conditionally entitles the eligible unit holder to the delivery of one Class A Share of the Company upon attainment of the PSUs’ non-market performance vesting conditions approved by the Board of Directors. As the

Company plans to settle these obligations with Class A Shares of the Company, it has classified these awards as equity in the consolidated statement of financial position. These PSUs vest if the performance conditions for the current fiscal year are met.

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

No PSUs were granted for during the nine months ended September 30, 2013 and no PSUs were outstanding as at September 30, 2013.

RELATED PARTY TRANSACTIONS

Loans from directors and shareholders

As at September 30, 2013, the Company had \$4.1 million in secured loans from three directors (see the "Financial Instruments" section of the MD&A).

\$1 million of the debentures was subscribed for by three directors and \$0.2 million was subscribed for by shareholders (see the "Financial Instruments" section of the MD&A).

Key management personnel compensation

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

Key management personnel and director transactions

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

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

Name	Position	Transaction	Transaction value for the nine months ended Sep 30		Balance due from (to) as at Sep 30	Balance due from (to) as at Dec 31
			2013	2012	2013	2012
W. Brillon	Director and shareholder	Consulting fees and commissions ⁽¹⁾	\$ 137	\$ 138	\$ (137)	\$ (82)
W. Tobman	Director and shareholder	Seismic data management services ⁽²⁾	1	219	-	-
B. Gough	Director and shareholder	Seismic processing and geomatics services ⁽³⁾	-	10	-	-
Affiliated company	Company owns 1/3 of affiliate	Software license ⁽⁴⁾	338	-	(70)	

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

⁽²⁾ The Company managed a seismic data survey for a company controlled by Mr. Tobman. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

- ⁽³⁾ The Company provided seismic processing and geomatics services to a company where Mr. Gough is the Vice President, Operations. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.
- ⁽⁴⁾ The Company sold a perpetual software license to an affiliated company. The transaction value includes the elimination of the Company's share in the entity being \$0.4 million for a gross sale of \$1.2 million. The affiliated company charged the Company \$62,000 in data license fees.

NEW IFRS STANDARDS AND AMENDMENTS

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

The Company also adopted IFRS 11 Joint Arrangements. Joint arrangements are classified as either joint operations or joint ventures. Parties to a joint operation retain the rights and obligations to individual assets and liabilities of the operation, while parties to a joint venture have rights to the net assets of the venture. Joint operations are accounted for in a manner consistent with jointly controlled assets and operations whereby the Company's contractual share of the arrangement's assets, liabilities, revenues and expenses is included in the consolidated financial statements. Any arrangement structured through a separate vehicle that does effectively results in separation between the Company and the arrangement shall be classified as a joint venture and accounted for using the equity method of accounting. The Company entered into a new joint arrangement during the nine months ended September 30, 2013.



Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended
September 30, 2013

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Divestco Inc.

Condensed Consolidated Interim Statements of Financial Position

(Thousands - Unaudited)	Note	At Sep 30 2013	At Dec 31 2012
Assets			
Current Assets			
Cash		\$ 292	\$ 1,320
Funds held in trust		-	18
Accounts receivable		6,591	7,134
Prepaid expenses, supplies and deposits		258	357
Income taxes receivable		438	196
Total current assets		7,579	9,025
Equity-accounted investees	5	188	137
Participation surveys in progress		-	3,508
Property and equipment	6	2,863	4,607
Intangible assets	7	23,537	24,668
Total assets		\$ 34,167	\$ 41,945
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank indebtedness	10	\$ 2,606	\$ 4,450
Accounts payable and accrued liabilities		2,742	9,624
Deferred revenue		4,111	2,420
Current loss on sublease loss provision		326	326
Current portion of long-term debt obligations	11	1,853	1,986
Current portion of tenant inducements		72	122
Total current liabilities		11,710	18,928
Deferred rent obligations		433	189
Long-term debt obligations	11	6,141	4,115
Sublease loss provision		761	1,006
Tenant Inducements		768	1,389
Total liabilities		19,813	25,627
Shareholders' Equity			
Equity instruments		7,244	7,216
Contributed surplus		7,968	7,829
Retained earnings (deficit)		(858)	1,273
Total shareholders' equity		14,354	16,318
Operating leases	14		
Total liabilities and shareholders' equity		\$ 34,167	\$ 41,945

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

Divestco Inc.

**Condensed Consolidated Interim Statements of Income (Loss) and
Comprehensive Income (Loss)**

(Thousands, Except Per Share Amounts - Unaudited)	Note	Three months ended September		Nine months ended	
		2013	2012	2013	2012
Revenue		\$ 4,883	\$ 6,409	\$ 23,584	\$ 32,358
Operating expenses					
Salaries and benefits		3,376	4,054	11,614	13,314
General and administrative		1,803	1,845	6,069	6,555
Depreciation and amortization	6,7	1,372	1,178	5,435	9,354
Other loss (income)	9	(24)	40	1,666	41
Share-based payments		40	114	139	360
Total operating expenses		6,567	7,231	24,923	29,624
Finance costs	8	301	309	792	280
Income (loss) before income taxes		(1,985)	(1,131)	(2,131)	2,454
Income taxes					
Current		-	(51)	-	(51)
Net income (loss) and comprehensive income (loss) for the period		\$ (1,985)	\$ (1,080)	\$ (2,131)	\$ 2,505
Net income (loss) per share					
Basic and Diluted	12	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ 0.04

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

Divestco Inc.
Condensed Consolidated Interim Statements of Changes in Equity

(Thousands - Unaudited)	Number of Shares Issued	Share Capital	Number of Warrants Issued	Warrants	Equity Instruments	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2012	66,610	\$ 74,571	16,280	\$ 1,860	\$ 76,431	\$ 5,663	\$ (67,383)	\$ 14,711
Reduction of stated capital and deficit		\$ (67,383)			\$ (67,383)		\$ 67,383	\$ -
Net income (loss) and comprehensive income (loss) for the period							2,505	2,505
Distribution of Pulse shares to Divestco shareholders								-
Dividends paid								-
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issuance of Class A common shares as service awards	87	18			18			18
Issuance of Class A common shares on exercise of PSUs	20	3			3			3
Reclassification on exercise of PSUs						(3)		(3)
Share-based payments						360		360
Share issue costs					-			-
Balance as at September 30, 2012	66,717	\$ 7,209	16,280	\$ 1,860	\$ 9,069	\$ 6,020	\$ 2,505	\$ 17,594
Balance as at January 1, 2013	66,758	\$ 7,216	-	\$ -	\$ 7,216	\$ 7,829	\$ 1,273	\$ 16,318
Net income (loss) and comprehensive income (loss) for the period							(2,131)	(2,131)
Transactions with owners, recorded in equity contributions by and distributions to owners:								
Issuance of Class A common shares as service awards	163	28			28			28
Issuance of Class A common shares on exercise of PSUs					-			-
Reclassification on exercise of PSUs					-			-
Reclassification on expiry of warrants					-			-
Share-based payments						139		139
Share issue costs					-			-
Balance as at September 30, 2013	66,921	\$ 7,244	-	\$ -	\$ 7,244	\$ 7,968	\$ (858)	\$ 14,354

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

Divestco Inc.
Condensed Consolidated Interim Statements of Cash Flows

(Thousands - Unaudited)	Note	Nine months ended September	
		2013	2012
Cash from (used in) operating activities			
Net income (loss) for the period		\$ (2,131)	\$ 2,505
Items not affecting cash:			
Equity investment loss		(21)	(16)
Depreciation and amortization	6,7	5,435	9,354
Amortization of tenant inducements		(75)	(86)
Deferred rent obligations		245	(703)
Income taxes		-	(51)
Loss on disposal of intangibles	5,9	1,005	-
Impairment of property and equipment	9,14	678	-
Unrealized foreign exchange loss		(2)	3
Non-cash employment benefits		28	18
Share-based payments		139	360
Finance costs	8	792	280
Funds from operations	17	6,093	11,664
Changes in non-cash working capital balances	13	(601)	3,323
Interest paid		(678)	(155)
Income taxes paid		-	215
Net cash from operating activities		4,814	15,047
Cash from (used in) financing activities			
Bank indebtedness	10	(1,844)	650
Repayment of long-term debt obligations	11	(2,339)	(1,657)
Deferred financing costs		(298)	-
Proceeds received from long-term debt obligations	11	4,325	2,060
Net cash from (used in) financing activities		(156)	1,053
Cash from (used in) investing activities			
Additions to intangible assets	7	(3,600)	(14,460)
Decrease in participation surveys in progress		3,508	5,108
Purchase of property and equipment	6	(128)	(1,054)
Additions to tenant inducements		-	118
Lease incentive	14	144	-
Payments towards sublease loss provision		(267)	(268)
Investment in equity-accounted investees	5	(200)	-
Advances from equity-accounted investees		470	14
Deferred development costs		(1,683)	(1,770)
Changes in non-cash working capital balances	13	(3,930)	(2,369)
Net cash from (used in) investing activities		(5,686)	(14,681)
Increase (decrease) in cash		(1,028)	1,419
Cash, beginning of period		1,320	1,547
Cash, end of period		\$ 292	\$ 2,966

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

Notes to Condensed Consolidated Interim Financial Statements**September 30, 2013****(Tabular amounts in thousands, unless otherwise stated - Unaudited)**

1. Reporting Entity

Divestco Inc. (the "Company") is a company domiciled in Canada. The address of the Company's registered office is 400, 604 – 1st Street S.W., Calgary, Alberta, Canada. The Company is publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol "DVT". The condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2013 are comprised of the Company and its subsidiaries (together referred to as the "Company") and the Company's interest in entities where the Company holds a significant influence. The Company primarily offers its customers the ability to access and analyze information and make business decisions to optimize their success in the upstream oil and gas industry through the following operating segments: Software & Data, Services and Seismic Data. The Corporate and Other segment provides support services to the operating segments.

2. Basis of Presentation

(a) Statement of Compliance

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34").

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2012, except as disclosed below. The disclosures below are incremental to those included with annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. Certain comparative amounts in the notes to the condensed consolidated interim financial statements have been changed to conform to current period presentation.

These condensed consolidated interim financial statements were authorized for issuance by the Company's Audit Committee on November 15, 2013, and should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

(b) New Accounting Policies

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

The Company also adopted IFRS 11 Joint Arrangements. Joint arrangements are classified as either joint operations or joint ventures. Parties to a joint operation retain the rights and obligations to individual assets and liabilities of the operation, while parties to a joint venture have rights to the net assets of the venture. Joint operations are accounted for in a manner consistent with jointly controlled assets and operations whereby the Company's contractual share of the arrangement's assets, liabilities, revenues and expenses is included in the consolidated financial statements. Any arrangement structured through a separate vehicle that does effectively result in separation between the Company and the arrangement shall be classified as a joint venture and accounted for using the equity method of accounting. The Company entered into a new joint arrangement in 2013 (Note 5).

Notes to Condensed Consolidated Interim Financial Statements**September 30, 2013****(Tabular amounts in thousands, unless otherwise stated - Unaudited)**

(c) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Therefore, actual results may differ from these estimates. This note should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. At September 30, 2013, the fair value of the financial assets and liabilities approximated their carrying value due to their short term to maturity.

3. Seasonality of Operations

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

Other segments of the Company, such as Services, normally exhibit a noticeable reduction in sales from mid-April through to the end of September and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. Divestco tries to minimize these fluctuations by performing specific types of contract work appropriate for lower-activity months. The Company's Software and Data segment has recurring revenue throughout the year due to its license and subscription sales.

4. Operating Segments

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

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

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

The accounting policies of the segments are the same as those described in the consolidated financial statements of the Company for the year ended December 31, 2012. There are varying levels of integration between the Services and Seismic Data reportable segments. This integration includes the

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2013

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

provision of geomatics and processing services to the seismic data division. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation.

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

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

As at and for the three months ended September 30, 2013					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 2,099	\$ 2,384	\$ 400	\$ -	\$ 4,883
Inter-segment revenue	-	-	-	-	-
Reportable segment income (loss) before tax	214	(307)	(935)	(957)	(1,985)
Finance costs	104	51	146	-	301
Depreciation and amortization	531	151	583	107	1,372
Share of profit (loss) of equity-accounted investees	-	-	-	28	28
Other material non-cash items:					
Loss on sale of intangibles	-	-	-	-	-
Impairment of property and equipment	-	-	-	-	-
Reportable segment assets	10,428	5,198	16,814	1,727	34,167
Reportable segment liabilities	6,535	4,230	7,613	1,435	19,813
Equity-accounted investees	-	-	-	188	188
Capital expenditures ⁽¹⁾	2	27	1	5	35
Deferred development costs	515	-	-	-	515

As at and for the three months ended September 30, 2012					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 4,203	\$ 1,643	\$ 562	\$ 1	\$ 6,409
Inter-segment revenue	-	5	-	-	5
Reportable segment income (loss) before tax	1,671	(1,293)	(409)	(1,100)	(1,131)
Finance costs	128	41	140	-	309
Depreciation and amortization	772	223	62	121	1,178
Share of profit (loss) of equity-accounted investees	-	-	-	21	21
Reportable segment assets	12,383	6,783	17,411	2,681	39,258
Reportable segment liabilities	4,217	2,581	2,517	12,349	21,664
Equity-accounted investees	-	-	-	143	143
Capital expenditures ⁽¹⁾	83	143	54	287	567
Deferred development costs	580	-	-	-	580

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

September 30, 2013

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

As at and for the nine months ended September 30, 2013					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 7,431	\$ 8,445	\$ 7,708	\$ -	\$ 23,584
Inter-segment revenue	-	79	-	-	79
Reportable segment income (loss) before tax	(31)	(292)	2,482	(4,290)	(2,131)
Finance costs (income)	256	127	409	-	792
Depreciation and amortization	1,902	469	2,691	373	5,435
Share of profit (loss) of equity-accounted investees	-	-	-	21	21
Other material non-cash items:					
Loss on sale of intangibles	(1,005)	-	-	-	(1,005)
Impairment of property and equipment	-	-	-	(678)	(678)
Reportable segment assets	10,428	5,198	16,814	1,727	34,167
Reportable segment liabilities	6,535	4,230	7,613	1,435	19,813
Equity-accounted investees	-	-	-	188	188
Capital expenditures ⁽¹⁾	21	77	52	70	220
Deferred development costs	1,683	-	-	-	1,683

As at and for the nine months ended September 30, 2012					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	\$ 8,423	\$ 11,446	\$ 12,489	\$ -	\$ 32,358
Inter-segment revenue	-	298	-	-	298
Reportable segment income (loss) before tax	854	1,050	4,120	(3,570)	2,454
Finance costs (income)	308	168	(196)	-	280
Depreciation and amortization	2,363	672	5,877	442	9,354
Share of profit (loss) of equity-accounted investees	-	-	-	16	16
Reportable segment assets	12,383	6,783	17,411	2,681	39,258
Reportable segment liabilities	4,217	2,581	2,517	12,349	21,664
Equity-accounted investees	-	-	-	143	143
Capital expenditures ⁽¹⁾	170	377	9,275	584	10,406
Deferred development costs	1,770	-	-	-	1,770

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

5. Equity-Accounted Investees

On June 28, 2013, the Company subscribed for 500,000 shares of a newly incorporated entity in exchange for \$0.2 million in cash and a portion of its data library it transferred to the new entity with a fair value of \$0.3 million for a total investment of \$0.5 million. Concurrently, two private companies (dealing at arm's length with the Company) subscribed for 1 million shares for \$1 million in cash. As a result each company became a 1/3 shareholder of the new entity. Immediately thereafter, the Company granted a software license to the new entity for \$1.2 million. The Company recognized \$0.8 million of revenue on this transaction after eliminating the Company's share in the new entity. The new entity has granted each shareholder a data licence for \$250,000 per annum payable on a monthly basis.

As a result of the non-monetary contribution made by the Company, a loss on disposal of \$1 million was recognized for the difference between the net book value and fair value of the assets contributed.

Divestco Inc.
Notes to Condensed Consolidated Interim Financial Statements

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

6. Property and equipment

	Computer Hardware and Software	Office Furniture and Equipment	Leasehold Improvements	Assets under Finance Leases	Land	Total
Cost:						
At January 1, 2012	\$ 7,666	\$ 1,326	\$ 6,816	\$ 4,129	\$ 30	\$ 19,967
Additions	277	9	1,034	-	-	1,320
At December 31, 2012	7,943	1,335	7,850	4,129	30	21,287
Additions	70	24	34	112	-	240
Impairment	-	-	(2,593)	-	-	(2,593)
At September 30, 2013	\$ 8,013	\$ 1,359	\$ 5,291	\$ 4,241	\$ 30	\$ 18,934
Accumulated depreciation:						
At January 1, 2012	\$ 6,931	\$ 1,281	\$ 3,843	\$ 3,765	\$ -	\$ 15,820
Depreciation	430	16	220	194	-	860
At December 31, 2012	7,361	1,297	4,063	3,959	-	16,680
Depreciation	266	9	206	86	-	567
Impairment	-	-	(1,176)	-	-	(1,176)
At September 30, 2013	\$ 7,627	\$ 1,306	\$ 3,093	\$ 4,045	\$ -	\$ 16,071
Carrying amounts:						
At December 31, 2012	582	38	3,787	170	30	4,607
At September 30, 2013	386	53	2,198	196	30	2,863

Divestco Inc.
Notes to Consolidated Financial Statements

September 30, 2013

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

7. Intangible Assets

	Data Libraries						Proprietary Software and Code	Deferred Development Costs ⁽¹⁾	Total
	Seismic Data Library	Datasets	Log, Support and Drilling Data Library	Reference Library	Map Library	Sub-Total			
Cost									
At January 1, 2012	\$ 8,420	\$ 632	\$ 7,209	\$ 445	\$ 239	\$ 16,945	\$ 8,909	\$ 13,295	\$ 39,149
Additions	14,049	-	-	-	-	14,049	148	2,133	16,330
At December 31, 2012	22,469	632	7,209	445	239	30,994	9,057	15,428	55,479
Additions	3,553	-	-	-	-	3,553	47	1,442	5,042
Disposals	-	(193)	(1,936)	-	(239)	(2,368)	-	-	(2,368)
At September 30, 2013	\$ 26,022	\$ 439	\$ 5,273	\$ 445	\$ -	\$ 32,179	\$ 9,104	\$ 16,870	\$ 58,153
Accumulated depreciation									
At January 1, 2012	\$ 3,355	\$ 554	\$ 2,819	\$ 445	\$ 120	\$ 7,293	\$ 6,055	\$ 7,678	\$ 21,026
Amortization	5,852	19	361	-	16	6,248	552	2,985	9,785
At December 31, 2012	9,207	573	3,180	445	136	13,541	6,607	10,663	30,811
Amortization	2,676	10	247	-	8	2,941	422	1,504	4,867
Disposals	-	(144)	(774)	-	(144)	(1,062)	-	-	(1,062)
At September 30, 2013	\$ 11,883	\$ 439	\$ 2,653	\$ 445	\$ -	\$ 15,420	\$ 7,029	\$ 12,167	\$ 34,616
Carrying amount									
At December 31, 2012	\$ 13,262	\$ 59	\$ 4,029	\$ -	\$ 103	\$ 17,453	\$ 2,450	\$ 4,765	\$ 24,668
At September 30, 2013	14,139	-	2,620	-	-	16,759	2,075	4,703	23,537

⁽¹⁾ During the nine months ended September 30, 2013, the Company expensed \$1.3 million (September 30, 2012: \$1.2 million) in research costs.

The Company's senior lender has a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company (Note 10). The Company's shareholder loans are also secured by a general security agreement over all present and after acquired personal property and a floating charge on all lands of the Company but are postponed and subordinated to the senior lender (Note 11).

Divestco Inc.
Notes to Consolidated Financial Statements

September 30, 2013

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

8. Finance Costs

	Three months ended Sep 30		Nine months ended Sep 30	
	2013	2012	2013	2012
Interest expense on debt	\$ 248	\$ 273	\$ 678	\$ 155
Amortization of deferred finance charges	46	28	92	97
Accretion of sublease loss	7	8	22	28
	\$ 301	\$ 309	\$ 792	\$ 280

9. Other Loss (Income)

	Three months ended Sep 30		Nine months ended Sep 30	
	2013	2012	2013	2012
Foreign exchange loss	\$ 4	\$ 61	\$ 4	\$ 57
Loss on disposal of intangible assets	-	-	1,005	-
Impairment of property and equipment	-	-	678	-
Equity investment loss (gain)	(28)	(21)	(21)	(16)
	\$ (24)	\$ 40	\$ 1,666	\$ 41

10. Bank Indebtedness

In May 2013, the Company secured a new revolving credit facility of up to \$8 million with a new lender. Advances on the operating line are limited to the lesser of the maximum principal of the facility and the aggregate of 85% of accounts receivable of the Company aged less than 90 days from invoice date and cross-aged on the basis of 50% or more past due based on the previous month's balance. Progress billings originating from seismic data surveys are also deducted from eligible accounts receivable plus applicable reserves. The interest rate on this facility is at Canadian prime plus 1.75% per annum, with a non-refundable stand-by fee of 0.25% per annum being charged on the unused portion of the facility. The facility is also subject to an annual review. The next review is in May 2014.

In July 2013, the Company was issued a notice of default by the lender as the maximum allowable revolving advances under the credit agreement exceeded the applicable borrowing base at that time. As a result, the lender amended the credit agreement to increase the rate on the facility by 2%. The Company has repaid the excess advances and the lender has waived the breach.

The senior lender has a general security agreement over all present and after acquired personal property of the Company. The facility is subject to the Company meeting a fixed charge coverage ratio of 1.00:1 on a trailing 12-month basis. It is the ratio of (a) EBITDA (as defined in the credit agreement) plus the net cash proceeds from any private or public equity offering of shares of the Company, minus (i) any unfinanced capital expenditures, (ii) cash dividends and distributions paid by the Company; and (iii) any cash taxes paid by the Company during such period to (b) all senior debt payments. As at September 30, 2013, the Company was in compliance with its debt covenant.

Divestco Inc.
Notes to Consolidated Financial Statements

September 30, 2013

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

11. Long-term Debt Obligations

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

	Balance as at	
	30-Sep-13	31-Dec-12
Non-current liabilities		
Term Loan	\$ 1,667	\$ -
Secured subordinated bridge loan	-	2,000
Debentures	916	1,210
Shareholder loans	3,510	800
Finance lease liabilities	142	105
Deferred finance charges	(94)	-
	\$ 6,141	\$ 4,115
Current liabilities		
Term Loan	\$ 1,000	\$ -
Secured subordinated bridge loan	-	1,920
Debentures	294	-
Shareholder loans	615	-
Finance lease liabilities	86	96
Deferred finance charges	(142)	(30)
	\$ 1,853	\$ 1,986
Total	\$ 7,994	\$ 6,101

	Nominal interest rate	Year of maturity	30-Sep-13		31-Dec-12	
			Face value	Carrying amount	Face value	Carrying amount
Secured term loan	Prime + 2.50%	2016	\$ 2,667	\$ 2,431	\$ -	\$ -
Secured subordinated bridge loan	12%	2013	-	-	1,920	1,890
Secured subordinated bridge loan (portion due to Directors)	12%	2016	-	-	2,000	2,000
Debenture	8%	N/A	1,210	1,210	1,210	1,210
Shareholder loans	10%	2016	4,125	4,125	800	800
Finance lease obligations	1.8-12.4%	2013-2016	259	228	227	201
Total interest-bearing liabilities			\$ 8,261	\$ 7,994	\$ 6,157	\$ 6,101

Secured term loan

In May 2013, the Company secured a \$3 million new term loan bearing interest at Canadian prime plus 2.50% per annum. The term loan and the revolving credit facility are with the same lender. The term loan is repayable over three years in equal monthly principal installments of \$83,333 which commenced on June 1, 2013. The proceeds were used to repay the secured subordinated loan.

In July 2013, the Company was issued a notice of default by the lender as the maximum allowable revolving advances under the credit agreement exceeded the applicable borrowing base at that time. As a result, the lender amended the credit agreement to increase the rate on the facility by 2%. The

Divestco Inc.
Notes to Consolidated Financial Statements

September 30, 2013

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

Company has repaid the excess advances and the lender has waived the breach.

The senior lender has a general security agreement over all present and after acquired personal property of the Company. The facility is subject to the Company meeting a fixed charge coverage ratio of 1.00:1 on a trailing 12-month basis. It is the ratio of (a) EBITDA (as defined in the credit agreement) plus the net cash proceeds from any private or public equity offering of shares of the Company, minus (i) any unfinanced capital expenditures, (ii) cash dividends and distributions paid by the Company; and (iii) any cash taxes paid by the Company during such period to (b) all senior debt payments. As at September 30, 2013, the Company was in compliance with its debt covenant.

Debentures

The Company has \$1.2 million in secured debentures with a royalty interest. Four directors, who are also shareholders of the Company, subscribed for \$1 million of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated as follows: 50% of the net revenues generated by certain of the Company's seismic data (the "Seismic Data"), multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Company. Net revenues equal 90% of the gross revenues generated by the Seismic Data as the Company retains 10% of the gross revenues as a management fee. The Seismic Data is comprised of the seismic surveys acquired by Corporation prior to July 1, 2012. Principal payments are postponed if the Company is in breach of any of its senior debt covenants. As at September 30, 2013, there was \$0.3 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the nine months ended September 30, 2013.

Upon full repayment of the principal amount of the debentures and all accrued interest, the royalty interest becomes effective and will be paid as a royalty indefinitely. Royalty payments are calculated as follows: 25% of the net revenues generated by the Seismic Data multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Company. Net revenues will equal 90% of the gross revenues generated by the Seismic Data as the Company will retain 10% of the gross revenues as a management fee. Royalty payments will be postponed if the Company is in breach of any of its senior debt covenants.

The principal amount of the debentures and accrued interest, but not the royalty interest, is secured against the Seismic Data by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's senior debt.

Secured loans from shareholders

As at September 30, 2013, the Company had \$4.1 million in secured loans from three of the Company's directors. This included \$1.3 million in proceeds received in 2013. In conjunction with the repayment of the subordinated bridge loan in May 2013, the portion of the loan held by the Company's directors, being \$2 million, was restructured into two promissory notes of \$1 million each. The notes were then consolidated with the existing loans. The consolidated loan bears interest of 10% per annum and payments are interest-only until March 2014.

The loan is secured by way of a registered security interest pursuant to the Personal Property Security Act (Alberta) but is subordinated to the Company's senior debt.

Divestco Inc.
Notes to Consolidated Financial Statements

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12. Equity Instruments and Net Income (Loss) per Share

Authorized share capital

Unlimited number of voting Class A shares.

Net income (loss) per share

Basic net income (loss) per share is computed using the weighted-average number of Class A Shares outstanding during the three months ended September 30, 2013, being 66,909,000 (September 30, 2012 – 66,718,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the three months ended September 30, 2013 as there was a loss for the period. For the three months ended September 30, 2012, no shares were added as there was net loss for the period.

Basic net income (loss) per share is computed using the weighted-average number of Class A Shares outstanding during the nine months ended September 30, 2013, being 66,896,000 (September 30, 2012 – 66,657,000). In computing diluted net loss per share, no shares were added to the weighted average number of Class A Shares outstanding for the nine months ended September 30, 2013 as there was a loss for the period. For the nine months ended September 30, 2012, no shares were added as the options and warrants were out of the money.

13. Supplement to Statements of Cash Flows

	Nine months ended Sep 30	
	2013	2012
Changes in non-cash working capital balances		
Funds held in trust	\$ 18	\$ (68)
Accounts receivable	543	6,226
Prepaid expenses, supplies and deposits	99	(77)
Accounts payable and accrued liabilities	(6,882)	(3,359)
Deferred revenue	1,691	(1,768)
	\$ (4,531)	\$ 954
Changes in non-cash working capital balances related to operating activities	\$ (601)	\$ 3,323
Changes in non-cash working capital balances related to investing activities	(3,930)	(2,369)
	\$ (4,531)	\$ 954

14. Operating Leases

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

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

	Balance as at	
	Sep 30 2013	Dec 31 2012
One year	\$ 2,902	\$ 3,839
Between one and five years	11,337	16,350
More than five years	21,173	34,779
	\$ 35,412	\$ 54,968

Movement in the commitments for the nine months ended September 30, 2013:

Balance, January 1, 2013	\$ 54,968
Payments (net of subleases)	(2,524)
Surrender of office space	(17,032)
Balance, September 30, 2013	\$ 35,412

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately \$170,000 per month (including operating costs) for 2013. The annual square foot rate increases in 2016, 2018, 2020 and 2023. The lease includes a monthly commitment of \$30,000 until November 2016 related to a portion of the lease the Company surrendered in 2011. A portion of the current space is subleased on a month-to-month basis. Sublease payments totalling \$83,000 are expected to be received in 2013. The Company also leases approximately 15,000 square feet of office space in another location with the lease expiring in 2025. The monthly commitment is approximately \$63,000 including operating costs for 2013.

In April 2013, the Company and its landlord agreed to the partial surrender of its main office lease as it relates to approximately 22,000 square feet of office space effective June 1, 2013. This reduced the above commitment by approximately \$100,000 per month. As part of the agreement to surrender the space, Company received \$144,000 in proceeds from the new tenant. As a result, the Company wrote-off \$1.4 million in leasehold improvements and \$0.7 million in tenant inducements and recorded an impairment of \$0.7 million.

15. Related Parties

Transactions with key management personnel

Loans from directors and shareholders

As at September 30, 2013, the Company had \$4.1 million in secured loans from three directors (see Note 11).

\$1 million of the debentures was subscribed for by three directors and \$0.2 million was subscribed for by shareholders (see Note 11).

Key management personnel compensation

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

Key management personnel and director transactions

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

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

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

Name	Position	Transaction	Transaction value for the nine months ended Sep 30		Balance due from (to) as at Sep 30	Balance due from (to) as at Dec 31
			2013	2012	2013	2012
W. Brillon	Director and shareholder	Consulting fees and commissions ⁽¹⁾	\$ 137	\$ 138	\$ (137)	\$ (82)
W. Tobman	Director and shareholder	Seismic data management services ⁽²⁾	1	219	-	-
B. Gough	Director and shareholder	Seismic processing and geomatics services ⁽³⁾	-	10	-	-
Affiliated company	Company owns 1/3 of the affiliate	Software and data licenses ⁽⁴⁾	338	-	(70)	

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

⁽²⁾ The Company managed a seismic data survey for a company controlled by Mr. Tobman. The contract terms were made on terms equivalent to those that prevail in arm's length transactions.

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

⁽⁴⁾ The Company sold a perpetual software license to an affiliated company. The transaction value includes the elimination of the Company's share in the entity being \$0.4 million for a gross sale of \$1.2 million. The affiliated company charged the Company \$62,000 in data license fees.

16. Liquidity Risk

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

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

- Closed a new senior credit facility on May 9, 2013 of up to \$11 million including a revolving credit facility of up to \$8 million and a \$3 million term loan with a three-year term. Interest on the revolver is payable at prime plus 3.75% and prime plus 4.5% on the term loan. The proceeds were used to retire existing bank and subordinated debt with the remainder to be used for working capital purposes and capital expenditures.
- Received proceeds of \$1.3 million from shareholders in 2013 which were used to partially retire the subordinated debt.

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September 30, 2013

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

- Generated \$6.1 million in funds from operations for the nine months ended September 30, 2013.

As at September 30, 2013 the Company had a cash balance of \$0.3 million, \$6.6 million in accounts receivable, \$0.1 million of availability on its operating line and \$6.1 million in funds from operations (nine months ended September 30, 2013) totalling \$13.1 million to settle current liabilities of \$7.6 million (excluding deferred revenue of \$4.1 million) and \$2.9 million in operating lease commitments totalling \$10.5 million. The restructuring of the Company's debt in May 2013 provided additional liquidity and improved working capital. The Company continues to review additional sources of capital to continue its activities and discharge its commitments as they become due.

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

As at September 30, 2013	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Bank indebtedness	\$ 2,606	\$ 2,606	\$ 2,606	\$ -	\$ -	\$ -	\$ -	\$ 2,606
Accounts payable and accrued liabilities	2,742	2,742	2,742	-	-	-	-	2,742
Deferred rent obligations	433	433	-	-	-	-	433	433
Long-term debt obligations (excluding finance lease obligations)	7,766	9,805	1,128	1,320	1,957	2,255	3,145	9,805
Finance lease obligations	228	259	47	47	83	82	-	259
Loss on sublease	1,087	1,127	178	178	356	415	-	1,127
Total	\$ 14,862	\$ 16,972	\$ 6,701	\$ 1,545	\$ 2,396	\$ 2,752	\$ 3,578	\$ 16,972

As at December 31, 2012	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Bank indebtedness	\$ 4,450	\$ 4,450	\$ 4,450	\$ -	\$ -	\$ -	\$ -	\$ 4,450
Accounts payable and accrued liabilities	9,624	9,624	9,624	-	-	-	-	9,624
Deferred rent obligations	189	189	-	-	-	-	189	189
Long-term debt obligations (excluding finance lease obligations)	5,900	6,701	2,151	160	2,443	737	1,210	6,701
Finance lease obligations	201	227	51	51	64	61	-	227
Loss on sublease	1,332	1,394	178	178	356	682	-	1,394
Total	\$ 21,696	\$ 22,585	\$ 16,454	\$ 389	\$ 2,863	\$ 1,480	\$ 1,399	\$ 22,585

17. Additional GAAP Measure

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Stephen Popadynetz

Brent Gough^{2,3,4}

Wade Brillon

Bill Tobman^{2,3,4}

¹ Chairman of the Board

² Member of the Audit Committee

³ Member of the Compensation Committee

⁴ Member of the Corporate Governance Committee

OFFICERS

Stephen Popadynetz – Chief Executive Officer, Chief Financial Officer and President

Steve Sinclair-Smith – Chief Operating Officer

Lonn Hornsby – Senior VP Operations – Divestco Seismic

Danny Chiarastella – VP Finance

CORPORATE SECRETARY

Faralee A. Chanin

STOCK EXCHANGE LISTING

TSX-V: DVT

REGISTRAR AND TRANSFER AGENT

CST Trust Company

AUDITORS

KPMG LLP

LEGAL COUNSEL

Field LLP

HEAD OFFICE

300, 520 – 3rd Avenue SW

Calgary, Alberta, Canada T2P 0R3

Phone: (587) 952-8000

Toll free: 1-888-294-0081

Fax: (587) 952-8374

Website: www.divestco.com

Investor Relations: investor.relations@divestco.com

For more information: info@divestco.com

Sales: sales@divestco.com

CAVALIER LAND AND LANDMASTERS

400, 440 – 2 Avenue SW

Calgary, Alberta, Canada T2P 5E9

Phone: (587) 952-8282

Fax: (587) 952-8371