Press Release

Divestco

Divestco Reports 2015 Q4 and Annual Results

April 27, 2016, Calgary, AB (TSX-V: DVT) – Divestco Inc. ("Divestco" or the "Company"), an exploration services company dedicated to providing a comprehensive and integrated portfolio of data, software and services to the oil and gas industry worldwide, today announced its financial and operating results for the three months and year ended December 31, 2015.

Financial Highlights

Overall Performance and Operational Results

Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended December 31				Year ended December 31			
	2015	2014	*$ Change*	*% Change*	**2015**	2014	*$ Change*	*% Change*
Revenue	**$ 2,863**	$ 19,012	*$ (16,149)*	*-85%*	**$ 18,314**	$ 36,120	*$ (17,806)*	*-49%*
Operating Expenses [(1)]	**3,256**	5,773	*(2,517)*	*-44%*	**15,754**	23,054	*(7,300)*	*-32%*
Other Income	**(21)**	(21)	*-*	*N/A*	**(5,517)**	(207)	*(5,310)*	*N/A*
EBITDA [(2)]	**(372)**	13,260	*(13,632)*	*N/A*	**8,077**	13,273	*(5,196)*	*-39%*
Finance Costs	**334**	479	*(145)*	*-30%*	**1,181**	1,663	*(482)*	*-29%*
Depreciation and Amortization	**1,438**	2,529	*(1,091)*	*-43%*	**11,403**	9,134	*2,269*	*25%*
Impairment of Intangibles	**1,222**	-	*1,222*	*N/A*	**1,222**	-	*1,222*	*N/A*
Income (Loss) before Income Taxes	**(3,366)**	10,252	(13,618)	N/A	**(5,729)**	2,476	(8,205)	N/A
Income Tax Recovery	**-**	-	*-*	*N/A*	**-**	(31)	*31*	*N/A*
Net Income (Loss)	**$ (3,366)**	$ 10,252	*$ (13,618)*	*N/A*	**$ (5,729)**	$ 2,507	*$ (8,236)*	*N/A*
Per Share - Basic and Diluted	**(0.05)**	0.15	*(0.20)*	*N/A*	**(0.09)**	0.04	*(0.13)*	*N/A*
Funds from (used in) Operations [(2)]	**$ (382)**	$ 13,274	*$ (13,656)*	*N/A*	**$ 2,648**	$ 13,181	*$ (10,533)*	*-80%*
Per Share - Basic and Diluted	**(0.01)**	0.20	*(0.21)*	*N/A*	**0.04**	0.20	*(0.16)*	*-80%*
Class A Shares Outstanding	**67,208**	67,096	*N/A*	*N/A*	**67,208**	67,096	*N/A*	*N/A*
Weighted Average Shares Outstanding Basic and Diluted	**67,126**	67,096	*N/A*	*N/A*	**67,117**	67,081	*N/A*	*N/A*

(1) Includes salaries & benefits, general & administrative expenses and share-based payments but excludes depreciation and amortization and other losses (income)

(2) See the "Non GAAP Measures and Additional GAAP Measure" sections of the Company's Management Discussion and Analysis filed on the Company's website and on SEDAR

Q4 2015 vs. Q4 2014

Divestco generated revenue of $2.9 million in Q4 2015 compared to $19 million in Q4 2014, a decrease of $16.1 million (85%) mainly related to the drop in commodity prices which has had a significant impact on upstream oil and gas activity levels. Revenue in the Software & Data segment ($1.1 million) decreased by $0.9 million (45%) mainly due to the sale of the land software assets in Q1 2015. Log data revenue was also down slightly. Revenue in the Seismic Data segment ($0.6 million) decreased by $13.1 million (95%) due to significantly reduced activity levels. During Q4 2014, the Company completed one seismic participation survey and commenced three additional surveys; there was no new seismic data acquired in Q4 2015. Revenue in the Services segment ($1.1 million) decreased by $2.2 million (66%) due to low commodity prices but was partially offset by the completion of certain international projects. Land management services experienced weaker demand for telecom services compared to Q4 2014 due to reduced capital spending while the demand for oil and gas services was weaker as this was also tied to lower commodity prices.

Operating expenses decreased by $2.5 million (44%) to $3.3 million in Q4 2015 from $5.8 million in Q4 2014. Salaries declined due to reduced staffing levels and the austerity measures put in place in response to current economic conditions. G&A expenses declined due to less reliance on third party contractors.

Finance costs decreased by $0.2 million (30%) to $0.3 million in Q4 2015 from $0.5 million in Q4 2014 mainly related to lower debt levels. A $4.5 million bridge loan was repaid on March 2015 and a new $3.2 million bridge loan was secured in September 2015.

Depreciation and amortization ($1.4 million) decreased by $1.1 million (43%) mainly due to the growth of the Company's seismic data library (Divestco's accounting policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

There was an impairment charge of $1.2 million in Q4 2015. The impairment was the result of reduced exploration activity levels due to low commodity prices and diminished capital budgets along with uncertainty over the timing of any improvement. The impairment specifically related to three cash generating units; Geomatics ($0.1 million – proprietary software and code), Processing ($0.4 million – proprietary software and code) and Geophysical Software $0.7 million – deferred development costs).

Year Ended December 31, 2015 vs. Year Ended December 31, 2014

Divestco generated revenue of $18.3 million during 2015 compared to $36.1 million in 2014, a decrease of $17.8 million (49%) mainly related to the significant fall in commodity prices compared to 2014. Due to the fall in activity levels, the demand for domestic seismic-related services was drastically impacted. In Q4 2014, the Company completed a seismic survey and commenced three additional surveys that were completed in Q1 2015. No other seismic data was acquired in 2015. The Company also sold its land software assets in March 2015.

Revenue in the Software & Data segment ($5.4 million) decreased by $2.3 million (30%) mainly due to the sale of its land software assets in Q1 2015. Log data revenue was down slightly. Revenue in the Seismic Data segment ($6.2 million) decreased by $11.2 million (65%) due to less seismic data being acquired and lower seismic brokerage revenue. Revenue in the Services segment ($6.8 million) decreased by $4.1 million (38%) due to lower commodity prices partially offset by the completion of some larger international projects. Land management services experienced weaker demand for telecom services compared to 2014 due to reduced capital spending while the demand for oil and gas services was weaker due to low commodity prices. The increase in other income is mainly related to a $5.4 million accounting gain recognized on the sale of the Company's land software assets for net proceeds of $6.1 million. A portion of the total proceeds from this disposition was used to fully repay a bridge loan in the amount of $4.5 million with the remaining proceeds being used for working capital purposes.

Operating expenses decreased by $7.3 million (32%) to $15.8 million in 2015 from $23.1 million in 2014. Salaries declined due to reduced staffing levels and austerity measures put in place in response to current economic conditions. G&A expenses declined due to less reliance on the third party contractors.

Finance costs decreased by $0.5 million (29%) to $1.2 million 2015 from $1.7 in 2014 mainly related to lower debt. A $4.5 million bridge loan was repaid on March 2015 and a new $3.2 million bridge loan was secured in September 2015.

Depreciation and amortization ($11.4 million) increased by $2.3 million (25%) mainly due to the completion of three seismic surveys in Q1 2015 (Divestco's accounting policy is to amortize 40% of participation survey costs immediately upon delivery of new seismic data to participants and the balance over six years straight-line).

There was an impairment charge of $1.2 million in Q4 2015. The impairment was the result of reduced exploration activity levels due to low commodity prices and diminished capital budgets along with uncertainty over the timing of any improvement. The impairment specifically related to three cash generating units; Geomatics ($0.1 million – proprietary software and code), Processing ($0.4 million – proprietary software and code) and Geophysical Software $0.7 million – deferred development costs).

Business Seasonality

Although the Company's Software & Data segment has relatively constant recurring revenue throughout the year from its license and subscription sales, some of the Company's other segments experience revenue fluctuations due to seasonal influences in oil and gas industry activities.

Seismic data acquisitions are usually completed in the winter season when the ground is frozen allowing access by heavy equipment with minimal surface disruption. This affects the timing of revenue recognition in the Seismic Data segment. Additionally, the Services segment normally exhibits a noticeable reduction in sales in the spring and summer months and an increase in sales during the fall and winter months when under normal circumstances, significant drilling and exploration activities are underway in North America. To the extent possible, Divestco minimizes these fluctuations by performing specific types of contract work appropriate for lower-activity months.

Financial Position

As at December 31, 2015, Divestco had an adjusted working capital deficiency(1) of $2.1 million (December 31, 2014: $10.7 million deficiency). The decrease in the adjusted working capital deficiency from the end of 2014 was primarily due to the following: the Company repaid a $4.5 million bridge loan and augmented working capital with the proceeds from an asset sale in March 2015; the Company secured a new bridge loan in September 2015 and used the proceeds to partially repay its shareholder loans and augment working capital. The loan is repayable on March 31, 2017 and is therefore classified as long-term debt at December 31, 2015; and the Company entered into a new shareholder loan agreement with fixed repayment terms that commence in April 2017. This excludes a new $0.3 million shareholder loan that was received in November 2015 and is due on demand. The remaining shareholder loans are classified entirely as long-term as at December 31, 2015.

(1) *See the "Non GAAP Measures and Additional GAAP Measure" sections of the Company's Management Discussion and Analysis filed on the Company's website and on SEDAR*

Operations Update and Outlook

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to considerably reduce their capital spending. This has resulted in increased pressure being put on North American oil and gas service companies to further reduce fees for services. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. Further salary reductions were implemented on June 1, 2015 and again on July 1, 2015; these austerity measures are currently in place and will likely continue throughout 2016.

Mr. Stephen Popadynetz, CEO and President commented: "2015 was the most challenging year for Divestco since we started; as a result, we took substantial steps to reduce our operating expenses early on in the year and we have continued and enhanced these austerity programs into 2016. To further augment working capital in 2015, we entered into a $3.2 million bridge loan during the third quarter with no financial covenants on this loan. We also restructured our shareholder loans (including paying down a small portion of the loans) which substantially improved our adjusted working capital deficiency from the end of 2014. As a result, we were able to reign in our expenditures and had only slightly negative funds from operations in the fourth quarter of $0.4 million (positive $2.7 million for fiscal 2015). While the domestic market remains challenged, we are continuing our efforts to expand our international markets. By executing on the following strategies, we expect to have positive funds from operations for 2016:

1) Controlling our expenses
2) Expanding our markets
3) Taking advantage of downturn opportunities

We have taken the necessary steps to survive the current downturn and position ourselves for growth once the markets recover. This recession has been extremely hard on Divestco and many of its competitors. Surviving it and restructuring the Company has been a great challenge but presents a great opportunity. The recent upswing in oil prices is expected to bring some relief to the domestic market and when the current recession ends, we will be poised to take full advantage of it".

About the Company

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

Additional information on the Company is available on its website at Divestco.com and on SEDAR at sedar.com.

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

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

These forward-looking statements are based upon assumptions including: future prices for crude oil and natural gas; future interest rates and future availability of debt and equity financing will be at levels and costs that allow the Company to manage, operate and finance its business and develop its software products and various oil and gas datasets including its seismic data library, and meet its future obligations; the regulatory framework in respect of royalties, taxes and environmental matters applicable to the

Company and its customers will not become so onerous on both the Company and its customers as to preclude the Company and its customers from viably managing, operating and financing its business and the development of its software and data; and that the Company will continue to be able to identify, attract and employ qualified staff and obtain the outside expertise as well as specialized and other equipment it requires to manage, operate and finance its business and develop its properties.

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