Quarterly Report

Three Months Ended
March 31, 2014

Divestco

Management's Discussion & Analysis

Three Months Ended March 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is dated May 28, 2014, and should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2014 and 2013 and audited consolidated financial statements and notes of Divestco Inc. ("Divestco" or the "Company") as at and for the years ended December 31, 2013 and 2012. 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 provides innovative geoscience solutions to Energy and Service companies worldwide. Our customers predominantly operate in geology, geophysics, land and engineering and we work with our clients to ensure they have the right solutions, at the right time, to help them make more informed decisions. Commitment, innovation, accountability and agility form the cornerstone of our values and enable us to consistently provide reliable solutions and exceptional, personalized service in all of the core areas in which we operate. Divestco provides Software & Data, Seismic Processing, Geomatics Services, Seismic Data & Brokerage, and Land Services. Divestco is headquartered in Calgary and trades on the TSX Venture Exchange under the symbol "DVT".

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*:

- The 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.

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

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

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 exclude certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

The closest IFRS measure that can be used to gauge Divestco's capacity to generate discretionary cash flow is cash from operating activities.

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

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

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 20% of the Company's accounts receivable as at March 31, 2014, and five customers accounted for 40% of the Company's revenue for the three months ended March 31, 2014. 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 assets, Divestco has initiated actions against companies for breach of license agreement, copyright, and duty of confidentiality and for unauthorized sharing of its proprietary seismic data with third parties. Divestco will continue to enforce its proprietary rights using all methods at its disposal.

The policing of unauthorized use of any intellectual property and determining the extent of any such piracy, is difficult.

Divestco has no knowledge of infringing on any proprietary rights of third parties.

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.

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 39% 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 March 31			
	2014	2013	*$ Change*	*% Change*
Revenue	**$ 6,712**	$ 11,618	*$ (4,906)*	*-42%*
Operating Expenses (1)	**5,625**	6,655	*(1,030)*	*-15%*
Other Income	**(183)**	(4)	*(179)*	*N/A*
EBITDA (2)	**1,270**	4,967	*(3,697)*	*-74%*
Finance Costs	**259**	270	*(11)*	*-4%*
Depreciation and Amortization	**1,757**	2,613	*(856)*	*-33%*
Income (Loss) before Income Taxes	**(746)**	2,084	(2,830)	N/A
Income Tax Reduction	**(31)**	-	*(31)*	*N/A*
Net Income (Loss)	**$ (715)**	$ 2,084	*$ (2,799)*	*N/A*
Per Share - Basic and Diluted	**(0.01)**	0.03	*(0.04)*	*N/A*
Funds from Operations (2)	**$ 1,124**	$ 5,211	*$ (4,087)*	*-78%*
Per Share - Basic and Diluted	**0.02**	0.08	*(0.06)*	*-75%*
Class A Shares Outstanding	**67,085**	66,865	*N/A*	*N/A*
Weighted Average Shares Outstanding				
Basic and Diluted	**67,055**	66,811	*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 and Additional GAAP Measures" sections.

OVERVIEW OF FINANCIAL AND OPERATIONAL RESULTS

Q1 2014 vs. Q1 2013

Divestco had a net loss of $0.7 million for the first quarter of 2014 ($0.01 per share – basic and diluted) compared to a net income of $2.1 million ($0.03 per share – basic and diluted) for the same period in 2013. The Company generated revenue of $6.7 million compared to $11.6 million in Q1 2013, a decrease of $4.9 million (42%). Revenue in the Software and Data segment decreased by $0.3 million (14%) due to our disposition of support data to Canadian Western Data Inc. (a partially owned subsidiary of Divestco) in Q2 2013. Revenue in the Seismic Data segment decreased by $4.3 million (69%) due to a drop in seismic participation revenue. Revenue in the Services segment decreased by $0.3 million (10%) with geomatics, processing and land management services all experiencing weaker demand as compared to Q1 2013. Focus shifted from exploration to development activities throughout the industry and this had an impact on demand for some of Divestco's services.

Operating expenses decreased by $1.0 million (16%) to $5.6 million in Q1 2014 from $6.6 million in Q1 2013. Salaries and wages were down $0.6 million (13%) due to lower headcount and profit-share accrual. G&A expenses were down $0.4 million (19%) as occupancy costs decreased due to the surrendered office floor space in June 2013. Depreciation and amortization decreased by $0.9 million (33%) mainly due to lower depreciation on seismic data as the Company acquired a greater amount of data in Q1 2013 as compared to Q1 2014, and lower amortization of deferred development costs as certain projects were fully amortized in prior periods.

EBITDA was $1.3 million in Q1 2014, a $3.7 million (74%) decrease from $5 million for the same period in 2013. The Company generated funds from operations of $1.1 million ($0.02 per share – basic and diluted) for the first quarter of 2014, compared to $5.2 million ($0.08 per share – basic and diluted) for the same period in 2013, a decrease of $4.1 million (78%) primarily due to a lower seismic participation revenue in Q1 2014.

Outlook

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

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

Depreciation and Amortization

	Three months ended March 31			
(Thousands)	**2014**	2013	**$ Change**	**% Change**
Depreciation and Amortization	**$ 1,757**	$ 2,613	$ (856)	-33%

The decrease in depreciation and amortization of $0.9 million (33%) in the first quarter of 2014 was mainly due to a lower amortization of deferred development costs as certain projects were fully amortized in prior periods and lower depreciation of seismic data library as the Company acquired a greater amount of data in Q1 2013 as compared to Q1 2014. The Company amortizes 40% of its seismic data surveys on the date the data is delivered to the client.

Finance Costs

	Three months ended March 31			
(Thousands)	**2014**	2013	**$ Change**	**% Change**
Interest on bank indebtedness and long-term debt obligations	**$ 216**	$ 243	$ (27)	-11%
Amortization of deferred finance charges	**37**	19	18	95%
Accretion of sublease loss	**6**	8	(2)	-25%
Finance costs (income)	**$ 259**	$ 270	$ (11)	-4%

The decrease in finance costs of $11,000 in Q1 2014 was mainly due to a lower cost of debt compared to Q1 2013.

Income Taxes

	Three months ended March 31			
(Thousands)	**2014**	2013	**$ Change**	**% Change**
Current	**(31)**	-	(31)	N/A

A refund of income tax was recorded in Q1 2014 of $31,000. No current tax provision was recorded in Q1 2014 or Q1 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, 2013, there were approximately $35 million in Federal and $21 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 $2.6 million in federal scientific research and experimental development investment tax credits to reduce taxes payable in the future, which begin to expire in 2028.

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

Divestco ended Q1 2014 with a working capital deficit of $3.8 million (December 31, 2013: $2.3 million deficit), excluding deferred revenue of $2.7 million (December 31, 2013 - $2.8 million). The increase in working capital deficit from the end of 2013 was primarily due to an unpredictably slow quarter and cost overrun related to weather in our Alder East seismic program which was completed in Q1 2014. The Company's funded debt to equity ratio was 0.60:1 at March 31, 2014 compared to 0.61:1 at December 31, 2013.

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

[1] See the "Non GAAP and Additional GAAP Measures" sections.
[2] Excludes the current portion of deferred revenue of $2.7 million (December 31, 2013: $2.8 million; December 31, 2012: $2.4 million).
[3] Includes long-term debt obligations (both current and long-term portions), sublease loss provision (both current and long-term portions) and deferred rent obligations.

SELECTED QUARTERLY INFORMATION

	2014	2013				2012		
(Thousands, Except Per Share Amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 6,712**	$ 10,395	$ 4,883	$ 7,083	$ 11,618	$ 7,270	$ 6,409	$ 11,483
EBITDA [1]	**1,270**	5,127	(312)	(559)	4,967	311	356	4,282
Income (Loss) before Income Taxes	**(746)**	3,458	(1,985)	(2,230)	2,084	(1,232)	(1,131)	940
Net Income (Loss)	**(715)**	3,458	(1,985)	(2,230)	2,084	(1,232)	(1,080)	940
Per Share - Basic and Diluted	**(0.01)**	0.05	(0.03)	(0.03)	0.03	(0.02)	(0.02)	0.01
Funds from (used in) Operations [1]	**1,124**	5,189	(291)	1,173	5,211	10	191	4,266
Per Share - Basic and Diluted	**0.02**	0.08	0.00	0.02	0.08	0.00	0.00	0.06

[1] *See the "Non GAAP and Additional GAAP Measures" 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 starting in Q2 2011. The Company began to realize the economic benefit of this in Q4 2011 and throughout 2013 as well as significant savings going forward.

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 March 31, 2014 (Thousands)					
	Software & Data	**Services**	**Seismic Data**	**Corporate & Other**	**Total**
Revenue	**$ 1,915**	**$ 2,855**	**$ 1,942**	**$ -**	**$ 6,712**
Operating Expenses (1)	**1,383**	**2,620**	**685**	**937**	**5,625**
Other Income	**-**	**-**	**-**	**(183)**	**(183)**
EBITDA (2)	**532**	**235**	**1,257**	**(754)**	**1,270**
Finance Costs	**73**	**36**	**150**	**-**	**259**
Depreciation and Amortization	**468**	**151**	**1,033**	**105**	**1,757**
Income (Loss) Before Income Taxes	**(9)**	**48**	**74**	**(859)**	**(746)**

For the three months ended March 31, 2013 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	$ 2,232	$ 3,183	$ 6,203	$ -	$ 11,618
Operating Expenses (1)	1,615	2,921	802	1,317	6,655
Other Income	-	-	-	(4)	(4)
EBITDA (2)	617	262	5,401	(1,313)	4,967
Finance Costs	84	42	144	-	270
Depreciation and Amortization	702	155	1,638	118	2,613
Income (Loss) Before Income Taxes	(169)	65	3,619	(1,431)	2,084

(1) *Excludes depreciation and amortization*
(2) *See the "Non GAAP and Additional GAAP Measures" sections*

SOFTWARE AND DATA

	Three months ended March 31			
(Thousands)	**2014**	**2013**	**$ Change**	**% Change**
Revenue	**$ 1,915**	$ 2,232	$ (317)	-14%
Operating Expenses (1)	**1,383**	1,615	(232)	-14%
EBITDA (2)	**532**	617	(85)	-14%
Finance Costs	**73**	84	(11)	-13%
Depreciation and Amortization	**468**	702	(234)	-33%
Loss Before Income Taxes	**(9)**	(169)	160	N/A

(1) *Excludes depreciation and amortization*
(2) *See the "Non GAAP and Additional GAAP Measures" sections*

Q1 2014 vs. Q1 2013

Software and Data had revenues of $1.9 million in Q1 2014, compared to $2.2 million in Q1 2013. The decrease of $0.3 million (14%) was primarily due our disposition of support data to Canadian Western Data Inc. (a partially owned subsidiary of Divestco) in Q3 of 2013.

In Q1 2014, Software and Data recorded a loss before taxes of $9,000, compared to a loss of $169,000 in Q1 2013, an improvement of $160,000 while EBITDA decreased by $85,000 (14%). Operating expenses decreased by $0.2 million (14%) mainly due to decrease in occupancy costs and headcount. Salaries and benefits decreased by $168,000 (16%) while G&A costs decreased by $64,000 (11%). Depreciation and amortization decreased by $0.2 million (33%) as amortization of deferred development costs was lower as certain projects are now fully amortized.

Outlook

Software has a number of major releases planned throughout 2014. In the first half of the year, GeoCarta, GeoVista, iLand and LandRite will be released with major advancements such as the industry leading 3D directional well profiler in GeoVista and the integration of data from iLand to LandRite allowing producers to move seamlessly from acquiring their land rights to managing them. In the second half of 2014, the Company will be introducing its new geophysical interpretation product that received excellent reviews at the Houston SEG conference in fall 2013 and the May 2014 CSEG Conference in Calgary.

Log data business is expected to remain similar to 2013 levels but Divestco is expecting to see increases throughout the year of sales of its new directional survey data and software. The sales team continues to focus on major subscription renewals and educating the market on our high quality and low cost digitizing services.

SERVICES

	Three months ended March 31			
(Thousands)	**2014**	2013	$ Change	% Change
Revenue	**$ 2,855**	$ 3,183	$ (328)	-10%
Operating Expenses [1]	**2,620**	2,921	(301)	-10%
EBITDA [2]	**235**	262	(27)	-10%
Finance Costs	**36**	42	(6)	-14%
Depreciation and Amortization	**151**	155	(4)	-3%
Income Before Income Taxes	**48**	65	(17)	-26%

[1] *Excludes depreciation and amortization*
[2] *See the "Non GAAP and Additional GAAP Measures" sections*

Q1 2014 vs. Q1 2013

Services generated revenues of $2.9 million in Q1 2014, compared to $3.2 million in Q1 2013, a decrease of $0.3 million (11%). 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 Q1 2014, Services recorded income before taxes of $48,000, compared to $65,000 in Q1 2013, a decrease of $17,000 (26%) while EBITDA decreased by $27,000 (10%). Operating expenses were $2.6 million in Q1 2014 compared to $2.9 million in Q1 2013, a decrease of $0.3 million (10%). Salaries and benefits decreased by $0.2 million (10%) due to reduced headcounts and a lower profit share accrual. G&A expenses decreased by $0.1 million (11%), mainly due to a decrease in occupancy costs. Amortization and depreciation was approximately at the same level, decreasing by $4,000 (3%).

Outlook

Processing in Q1 of 2014 continued to expand its client base by creating new client relations both domestically and internationally. Promotion of the divisions' specialized software and processing algorithms support increasing success in highly structural areas, multi-component processing and other new offerings. The division is winning international projects and is working on numerous test lines for international clients as it continues to broaden its client base.

Geomatics continues to maintain a strong client base with its leading products and services. New seismic field activity has been lower in Q1 2014 than in previous years and most indications point to a similar activity level for the rest of 2014. Focus remains on existing customers working domestically and internationally as well as offering combined services through the processing division for those customers located in different countries.

Cavalier Land continues to make strong inroads in the telecom sector realizing notable gains with prime clients in Western Canada. Further gains in the telecom sector are expected in 2014 with entry into other market areas, as well as expanding the scope of services to be provided. Land Services continues to focus on business development to leverage its provision of quality services in all areas. The division expects to realize considerable gains within the energy business segment in 2014 as key leadership roles are filled and capabilities are expanded upon.

The land division continues to focus on business development to leverage its provision of quality services in all areas. Effective management of the division's operating expenses will ensure this business unit continues to contribute to the Company's overall profitability. The division expects to maintain current work levels throughout the second and third quarters of the year as cornerstone customer's busier activity cycles are offset by seasonal slow-downs.

SEISMIC DATA

	Three months ended March 31			
(Thousands)	**2014**	**2013**	**$ Change**	**% Change**
Revenue	**$ 1,942**	$ 6,203	$ (4,261)	-69%
Operating Expenses (1)	**685**	802	(117)	-15%
EBITDA (2)	**1,257**	5,401	(4,144)	-77%
Finance Costs	**150**	144	6	4%
Depreciation and Amortization	**1,033**	1,638	(605)	-37%
Income Before Income Taxes	**74**	3,619	(3,545)	-98%

(1) Excludes depreciation and amortization
(2) See the "Non GAAP and Additional GAAP Measures" sections.

	Balance as at	
Seismic Data Library	**Mar 31**	**Dec 31**
	2014	**2013**
2D in Gross KM	**49**	49
2D in Net KM	**49**	49
3D in Gross KM^2	**1,052**	871
3D in Net KM^2	**1,052**	871

Q1 2014 vs. Q1 2013

Seismic Data had revenues of $1.9 million for Q1 2014, compared to $6.2 million for Q1 2013. The decrease of $4.3 million (69%) was mainly due to a decrease in seismic participation revenue. There were no new seismic participation revenue projects initiated in Q1 2014, and all revenue in Q1 2014 was attributable to the projects carried forward from Q4 2013. Brokerage revenue was $528,000 in Q1 2014 compared to $603,000 in Q1 2013 as activity levels were relatively flat year-over-year.

For Q1 2014, Seismic Data recorded income before taxes of $74,000, compared with $3.6 million in Q1 2013, and EBITDA decreased by $4.1 million (77%) due to lower revenues. Operating expenses were down by $117,000 (15%). Salaries and benefits increased by $161,000 (85%) but were offset by a decrease in G&A expenses of $278,000 (45%). Finance costs were relatively flat and were up by $6,000 (4%) from $144,000 in Q1 2013 to $150,000 in Q1 2014. Amortization decreased by $0.6 million (37%) due to less seismic data being acquired in Q1 2014 compared to Q1 2013.

Outlook

Although seismic participation revenues were low in Q1 2014, the steady growth of the proprietary library has given the Company a strong foundation to build on. Strong client relationships are anticipated to boost both shooting opportunities and licensing activities. The recent increases in industry merger and acquisition activity are expected to help as well.

Brokerage will continue to aggressively pursue data management and micro-seismic opportunities throughout 2014. The climate for trade data purchases is tight, but with a revamped low-cost structure and third-party licensing opportunities stemming from alliances in the company's core areas, Brokerage plans to deliver high performance and meet budget expectations.

CORPORATE AND OTHER

	Three months ended March 31			
(Thousands)	**2014**	**2013**	**$ Change**	**% Change**
Operating Expenses [1]	**937**	1,317	(380)	-29%
Other Income	**(183)**	(4)	(179)	N/A
EBITDA [2]	**(754)**	(1,313)	559	N/A
Depreciation and Amortization	**105**	118	(13)	-11%
Loss Before Income Taxes	**(859)**	(1,431)	572	N/A

[1] *Excludes depreciation and amortization*
[2] *See the "Non GAAP and Additional GAAP Measures" sections.*

Q1 2014 vs. Q1 2013

Corporate operating expenses were $0.9 million in Q1 2014 compared to $1.3 million in Q1 2013, a decrease of $0.4 million (29%). Salaries and benefits increased by $0.3 million (66%) and were offset by a decrease in G&A expenses of $0.7 million (88%), mainly due to a decrease in occupancy costs related to surrender of office space in 2013. Amortization decreased by $13,000 (11%) due to reduced capital expenditures.

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. This will save $7 million in 2014 and annually going forward until the lease expires in 2025.

LIQUIDITY AND CAPITAL RESOURCES

	Balance as at			
Summary of Financial Position	**Mar 31**	**Dec 31**	**Increase**	
(Thousands, except as otherwise indicated)	**2014**	**2013**	**(Decrease)**	**Explanation of change**
Working Capital (1)				
Current Assets				
Cash	**$ 564**	$ 417	$ 147	Not a significant difference
Accounts receivable	**6,384**	9,136	(2,752)	Lower revenues in Q1 2014 compared to Q4 2013
Prepaid expenses, supplies and deposits	**317**	300	17	Not a significant difference
Income taxes receivable	**326**	502	(176)	Tax refund related to scientific research and experimental development has been received by the Company
Total Current Assets	**$ 7,591**	$ 10,355	$ (2,764)	
Current Liabilities (2)				
Bank indebtedness	**2,591**	2,996	(405)	Operating loan repayment
Accounts payable and accrued liabilities	**5,954**	6,935	(981)	Lower activity levels in Q1 2014 compared to Q4
Current loss on sublease loss provision	**336**	336	-	N/A
Current portion of long-term debt obligations	**2,454**	2,311	143	Increase for capital lease of $37, increase in term loan at $16, and reclassification of $90 of shareholders' loan from long-term into short-term.
Current portion of tenant inducement	**72**	72	-	N/A
Total Current Liabilities (2)	**11,407**	12,650	(1,243)	
Working Capital (Deficit)(1)	**$ (3,816)**	$ (2,295)	$ (1,521)	
Funded Debt to Equity Ratio (1)(5)				
Funded Debt (3)	**$ 10,360**	$ 10,898	$ (538)	Decrease in bank indebtedness ($405) and long-term obligations ($276) offset by increase in a short-term portion of long-term obligations $143.
Shareholders' Equity (4)	**17,167**	17,855	(688)	Net income and share-based transactions for Q1 2014.
Funded Debt to Equity Ratio (1)(5)	**0.60**	0.61	(0.01)	

(1) See the “Non GAAP and Additional GAAP Measures” sections
(2) Excludes deferred revenue of $2.7 million (December 31, 2013 - $2.8 million)
(3) Includes bank indebtedness (operating line) and long-term debt obligations (both current and long-term portions)
(4) Includes equity instruments, contributed surplus and deficit
(5) Funded debt divided by shareholders' equity

LIQUIDITY

As at March 31, 2014, the Company had current assets of $7.6 million and $0.1 million of availability on its operating line to settle current liabilities of $11.4 million (excluding deferred revenue of $2.7 million) and $2.8 million in operating lease commitments. The Company will settle the remaining liabilities and commitments using funds from operations. The Company continues to review additional sources of capital to continue its activities and discharge its commitments as they become due.

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 of $8 million based on receivables aged less than 90 days and $3 million in term debt (see the "Financial Instruments" section of the MD&A for more details about the facility).

Management believes 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. It is the ratio of (a) EBITDA (defined in the credit agreement as net income and the following added back: interest, cash taxes and depreciation and amortization) 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 (also see the "Financial Instruments" section of the MD&A). The Company was in compliance with its covenant for the trailing 12 months ended March 31, 2014.

Subsequent to quarter end, the Company received a notice of default with respect to the revolving credit facility borrowing base (the amount drawn exceeded the senior lender's calculated available borrowing base at April 30, 2014). The Company is currently in discussions with its senior lender with respect to the eligibility of certain accounts receivable for consideration in the borrowing base and, in addition, the Company is currently negotiating (with execution expected around June 2, 2014) an amending agreement to the revolving credit facility.

Working capital

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

Funded Debt to Equity

Divestco had a funded debt to equity ratio of 0.60:1 as at March 31, 2014. 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, 2013, 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	2,591	2,591	2,591	-	-	-	**$ 2,591**
Debt Obligations (1)	7,345	9,805	2,448	1,957	2,255	3,145	**9,805**
Finance Leases	424	468	202	66	134	66	**468**
Operating Leases (2)	N/A	33,482	2,755	2,869	8,371	19,487	**33,482**
Other Obligations (3)	920	1,127	356	356	415	-	**1,127**
Total	**$ 11,280**	**$ 47,473**	**$ 8,352**	**$ 5,248**	**$ 11,175**	**$ 22,698**	**$ 47,473**

(1) Includes secured term loan, shareholder loans and debentures
(2) See "Off Balance Sheet Arrangements" section
(3) Includes sublease loss liability

SELECTED CASH FLOW ITEMS

	Three months ended March 31	
(Thousands)	**2014**	2013
Operating Activities		
Funds from Operations (1)	**$ 1,124**	$ 5,211
Changes in Non-Cash Working Capital Balances	**3,064**	(980)
Interest Recovered	**(216)**	(243)
Income Taxes Refunded	**251**	-
Cash From Operating Activities	**4,223**	3,988
Financing Activities		
Bank Indebtedness	**(405)**	-
Long-Term Debt Obligations	**(291)**	(299)
Cash Used in Financing Activities	**(696)**	(299)
Investing Activities		
Additions to intangible assets	**(1,156)**	(3,563)
Participation Surveys in Progress	**(466)**	3,508
Additions to Property, Plant and Equipment	**(12)**	(55)
Payments Towards Sublease Loss Provision	**(89)**	(89)
Deferred Development Costs	**(306)**	(590)
Changes in Non-Cash Working Capital Balances	**(1,351)**	(3,268)
Cash From (Used in) Investing Activities	**(3,380)**	(4,057)
Change in Cash	**$ 147**	$ (368)

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

Operating Activities

In Q1 2014, funds from operations were $1.1 million ($0.02/share (basic and diluted)), compared with $5.2 million ($0.08/share (basic and diluted)) in Q1 2013. The decrease of $4.1 million (79%) was mainly due to lower revenues partially offset by a reduction of operating expenses due to lower occupancy costs.

Financing Activities

In Q1 2014, the Company made $291,000 in principal payments on its secured term loan and finance leases and $405,000 in payments on its operating line.

Investing Activities

In Q1 2014, Divestco incurred $1.2 million in additions to intangible assets and PP&E, and $0.3 million in deferred development costs. The Company also paid $0.5 million associated with a seismic survey it performed during the period.

FINANCIAL INSTRUMENTS

Senior Debt Facility

In May 2013, the Company secured an $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 a quarterly 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. At March 31, 2014, $0.1 million was available to be drawn on the revolving credit facility.

Term Loan

The $3 million term loan bears interest at Canadian prime plus 4.50% per annum. The term loan is repayable over three years in equal monthly principal installments of $83,333 that commenced June 1, 2013.

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 March 31, 2014, there was $0.5 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the year ended December 31, 2013. The Company was in compliance of the debt covenant as at March 31, 2014.

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 March 31, 2014, the Company had $4.1 million in secured loans from three of the Company's directors. The loans bear interest of 10% per annum and payments are interest-only until March 2014. The loan will be repaid starting March 2014 in eighty five monthly equal installments. Should the Company be late in the repayment schedule or if the senior debt covenant is violated, the shareholders agreed not to demand repayment until subsequent to April 15, 2016.

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 March 31, 2014, equipment under finance lease is computer hardware and office equipment. Interest rates are fixed, ranging between 1.8% to 12.4% and expire between 2014 and 2017.

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 and property taxes) for 2014. 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. 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 and property taxes for 2014.

Since 2011, the Company has surrendered six floors of space, and its current office premises were assumed by another company. This will save $7 million in 2014 and annually going forward until the lease expires in 2025.

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

	Balance as at	
	Mar 31 2014	**Dec 31 2013**
Less than one year	**$ 2,755**	$ 2,724
Between one and five years	**11,240**	14,026
More than five years	**19,487**	17,414
	$ 33,482	$ 34,164

Movement in the commitments for the three months ended March 31, 2014:

Balance, January 1, 2014	**$ 34,164**
Payments (net of subleases)	**(682)**
Balance, March 31, 2014	**$ 33,482**

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. 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. Claims made by the Company that are probable of a favourable outcome are not accrued until the realization of income is virtually certain.

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.

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:

	Balance as at		
(Thousands)	**May 28, 2014**	**Mar 31, 2014**	Dec 31, 2013
Class A shares			
Outstanding	67,085	**67,085**	67,050
Weighted Average Outstanding			
Basic – YTD		**67,055**	66,989
Diluted - YTD (1)		**67,055**	67,000
Stock Options			
Outstanding	3,192	**3,192**	3,381
Exercise Price Range	$0.17 to $0.68	**$0.17 to $0.68**	$0.17 to $0.68

(1) Basic net income/loss per share is computed using the weighted-average number of Class A Shares outstanding during the three months ended March 31, 2014, being 67,055,000 (March 31, 2013 – 66,775,000). 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 March 31, 2014 as there was a loss for the period. For the three months ended March 31, 2013, 36,000 shares were added to the weighted average number of Class A shares outstanding.

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 three months ended March 31 2014, $4,000 (March 31, 2013: $19,000) was included in salaries and benefits in the consolidated statements of income and comprehensive income for the value of awards issued based on the share price on the date of issuance.

Employee Stock Ownership 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 Class A Shares of the Company purchased through the facilities of the TSX-V up to

4.5% of their monthly regular salary to a maximum of $450 per month. During the three months ended March, 2014, $38,000 (March 31, 2013: $51,000) 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.

Stock Options

As at March 31, 2014, there were 6,709,000 Class A common shares reserved for grants of stock options combined with all other forms of stock-based compensation.

During the three months ended March 31, 2014, 189,000 options were forfeited with exercise prices ranging from $0.12 to $0.56 per option. From April 1, 2013 to May 28, 2014, no options were forfeited.

RELATED PARTY TRANSACTIONS

Loans from directors and shareholders

As at March 31, 2014, 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 and ESOP.

All executive officers have employment contracts. Upon resignation at the Company's request, they are entitled to termination benefits of up to 24 months' gross salary.

Key management personnel and director transactions

Directors and officers of the Company control 39% 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:

			Transaction value for the three months ended Mar 31		**Balance due from (to) as at Mar 31**	**Balance due from (to) as at Dec 31**
Name	**Position**	**Transaction**	**2014**	**2013**	**2014**	**2013**
W. Brillon	Director and shareholder	Consulting fees and commissions(1)	**$ 46**	$ 46	**$ 228**	$ 182
CWD Inc.	Company owns 1/3 of the affiliate	Software and data licenses	**-**	-	**(99)**	(106)

(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.

NEW IFRS STANDARDS AND AMENDMENTS

On January 1, 2014, the Company adopted the following new accounting standards that were previously issued by the International Accounting Standards Board with no material effect on the financial statements:

- Offsetting Financial Assets and Liabilities, Amendments to IAS 32
- Levies, IFRIC 12

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 Company

AUDITORS
KPMG LLP

LEGAL COUNSEL
Field LLP

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Condensed Consolidated Interim Financial Statements

Three Months Ended
March 31, 2014

Contents

Divestco Inc.
Condensed Consolidated Interim Statements of Financial Position

		At March 31	At Dec 31
(Thousands - Unaudited)	**Note**	**2014**	**2013**
Assets			
Current Assets			
Cash		**$ 564**	$ 417
Accounts receivable		**6,384**	9,136
Prepaid expenses, supplies and deposits		**317**	300
Income taxes receivable		**326**	502
Total current assets		**7,591**	10,355
Equity-accounted investees		**311**	133
Participation surveys in progress		**5,199**	4,733
Property and equipment		**2,827**	2,869
Intangible assets	5	**22,461**	22,631
Total assets		**$ 38,389**	$ 40,721
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank indebtedness	7	**$ 2,591**	$ 2,996
Accounts payable and accrued liabilities		**5,954**	6,935
Deferred revenue		**2,715**	2,756
Current loss on sublease loss provision		**336**	336
Current portion of long-term debt obligations	8	**2,454**	2,311
Current portion of tenant inducements		**72**	72
Total current liabilities		**14,122**	15,406
Deferred rent obligations		**469**	451
Long-term debt obligations	8	**5,315**	5,591
Sublease loss provision		**584**	668
Tenant Inducements		**732**	750
Total liabilities		**21,222**	22,866
Shareholders' Equity			
Share capital		**7,270**	7,266
Contributed surplus		**8,012**	7,989
Retained earnings		**1,885**	2,600
Total shareholders' equity		**17,167**	17,855
Operating leases	11		
Total liabilities and shareholders' equity		**$ 38,389**	$ 40,721

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)

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

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

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

Divestco Inc.
Condensed Consolidated Interim Statements of Cash Flows

		Three months ended March 31	
(Thousands - Unaudited)	**Note**	**2014**	**2013**
Cash from operating activities			
Net income (loss) for the period		**$ (715)**	$ 2,084
Items not affecting cash:			
Equity investment income		**(171)**	(2)
Depreciation and amortization	5	**1,757**	2,613
Amortization of tenant inducements		**(18)**	(30)
Deferred rent obligations		**18**	210
Income taxes		**(31)**	-
Unrealized foreign exchange loss		**(2)**	(2)
Non-cash employment benefits		**4**	19
Share-based payments		**23**	49
Finance costs	6	**259**	270
Funds from operations	14	**1,124**	5,211
Changes in non-cash working capital balances	10	**3,064**	(980)
Interest paid		**(216)**	(243)
Income taxes received		**251**	-
Net cash from operating activities		**4,223**	3,988
Cash from (used in) financing activities			
Bank indebtedness	7	**(405)**	-
Repayment of long-term debt obligations	8	**(291)**	(299)
Net cash used in financing activities		**(696)**	(299)
Cash from (used in) investing activities			
Additions to intangible assets	5	**(1,156)**	(3,563)
Decrease (increase) in participation surveys in progress		**(466)**	3,508
Purchase of property and equipment		**(12)**	(55)
Payments towards sublease loss provision		**(89)**	(89)
Deferred development costs		**(306)**	(590)
Changes in non-cash working capital balances	10	**(1,351)**	(3,268)
Net cash used in investing activities		**(3,380)**	(4,057)
Increase (decrease) in cash		**147**	(368)
Cash, beginning of the period		**417**	1,320
Cash, end of the period		**$ 564**	$ 952

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

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 months ended March 31, 2014 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 months ended March 31, 2014 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, 2013 except as discussed 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.

These condensed consolidated interim financial statements were authorized for issuance by the Company's Audit Committee on May 28, 2014, and should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

(i) Adoption of new or amended IFRS

On January 1, 2014, the Company adopted the following new accounting standards that were previously issued by the International Accounting Standards Board with no material effect on the financial statements:

- Offsetting Financial Assets and Liabilities, Amendments to IAS 32
- Levies, IFRIC 12

(ii) Performance Share Unit Plan

Performance Share Unit (PSU) Plan was not used in fiscal year 2013 and was canceled by the Board of Directors in April 2014. No PSUs were granted for during the three months ended March 31, 2014 and no PSUs were outstanding as at March 31, 2014.

(b) 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. 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, 2013.

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.

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 through out 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 providing a full suite of support data layers.
- Services: includes providing geomatics, processing and land management services.
- Seismic Data: includes providing seismic brokerage and data management 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, 2013. There are varying levels of integration between the Services and Seismic Data reportable segments. This integration includes the 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.

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

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 and comprehensive income 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, shareholder loans and subordinated debt. 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 March 31, 2014	**Software & Data**	**Services**	**Seismic Data**	**Corporate & Other**	**Total**
Revenue from external customers	**$ 1,915**	**$ 2,855**	**$ 1,942**	**$ -**	**$ 6,712**
Inter-segment revenue	**-**	**66**	**(66)**	**-**	**-**
Reportable segment income (loss) before tax	**(9)**	**48**	**74**	**(859)**	**(746)**
Finance costs	**73**	**36**	**150**	**-**	**259**
Depreciation and amortization	**468**	**151**	**1,033**	**105**	**1,757**
Share of profit of equity-accounted investees	**-**	**-**	**-**	**171**	**171**
Reportable segment assets	**10,236**	**5,060**	**21,352**	**1,741**	**38,389**
Reportable segment liabilities	**6,996**	**5,619**	**7,157**	**1,450**	**21,222**
Equity-accounted investees	**-**	**-**	**-**	**311**	**311**
Capital expenditures (1)	**2**	**17**	**1,609**	**6**	**1,634**
Deferred development costs	**306**	**-**	**-**	**-**	**306**

As at and for the three months ended March 31, 2013	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue from external customers	$ 2,232	$ 3,183	$ 6,203	$ -	$ 11,618
Inter-segment revenue	-	79	-	-	79
Reportable segment income (loss) before tax	(169)	65	3,619	(1,431)	2,084
Finance costs	84	42	144	-	270
Depreciation and amortization	702	155	1,638	118	2,613
Share of profit of equity-accounted investees	-	-	-	2	2
Reportable segment assets	11,551	5,763	20,267	2,696	40,277
Reportable segment liabilities	6,423	3,919	9,635	1,830	21,807
Equity-accounted investees	-	-	-	139	139
Capital expenditures (1)	9	23	48	30	110
Deferred development costs	590	-	-	-	590

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

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

5. Intangible Assets

	Data Libraries								
	Seismic Data Library	Datasets	Log, Support and Drilling Data Library	Reference Library	Map Library	Sub-Total	Proprietary Software and Code	Deferred Development Costs[1]	Total
Cost									
At January 1, 2013	$ 22,469	$ 632	$ 7,209	$ 445	$ 239	$ 30,994	$ 9,057	$ 15,428	$ 55,479
Additions	3,546	-	-	-	-	3,546	58	1,825	5,429
Disposals	-	(193)	(1,936)	-	(239)	(2,368)	-	-	(2,368)
At December 31, 2013	26,015	439	5,273	445	-	32,172	9,115	17,253	58,540
Additions	1,142	-	-	-	-	1,142	14	262	1,418
At March 31, 2014	**$ 27,157**	**$ 439**	**$ 5,273**	**$ 445**	**$ -**	**$ 33,314**	**$ 9,129**	**$ 17,515**	**$ 59,959**
Accumulated depreciation									
At January 1, 2013	$ 9,207	$ 573	$ 3,180	$ 445	$ 136	$ 13,540	$ 6,607	$ 10,663	$ 30,810
Amortization	3,251	10	313	-	8	3,582	565	2,013	6,160
Disposals	-	(144)	(774)	-	(144)	(1,061)	-	-	(1,061)
At December 31, 2013	12,458	439	2,719	445	-	16,061	7,172	12,676	35,909
Amortization	1,030	-	66	-	-	1,096	143	350	1,589
At March 31, 2014	**$ 13,488**	**$ 439**	**$ 2,785**	**$ 445**	**$ -**	**$ 17,157**	**$ 7,315**	**$ 13,026**	**$ 37,498**
Carrying amount									
At December 31, 2013	$ 13,557	$ -	$ 2,554	$ -	$ -	$ 16,111	$ 1,943	$ 4,577	$ 22,631
At March 31, 2014	**13,669**	**-**	**2,488**	**-**	**-**	**16,157**	**1,814**	**4,489**	**22,461**

(1) During the three months ended March 31, 2014, the Company expensed $350,000 (March 31, 2013: $430,000) in research costs.

The Company's operating 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 7). The Company's shareholders' 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 (Note 8).

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

6. Finance costs

		Three months ended Mar 31	
	Note	**2014**	**2013**
Interest expense on debt		**$ 216**	$ 243
Amortization of deferred finance charges	8	**37**	19
Accretion of sublease loss		**6**	8
		$ 259	$ 270

7. Bank Indebtedness

The Company has a revolving credit facility of up to $8 million. 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 accounts receivable calculated as 50% or more past due based on the previous month's balance. As at March 31, 2014, the Company had approximately $0.1 million in availability on its operating line. 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 3.75% per annum, with a non-refundable stand-by fee of 0.25% per annum being charged on the unused portion of the facility.

The 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 (defined in the credit agreement as net income and the following added back: interest, cash taxes and depreciation and amortization) 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 March 31, 2014, the Company was in compliance with its debt covenant.

Subsequent to quarter end, the Company received a notice of default with respect to the revolving credit facility borrowing base (the amount drawn exceeded the senior lender's calculated available borrowing base at April 30, 2014). The Company is currently in discussions with its senior lender with respect to the eligibility of certain accounts receivable for consideration in the borrowing base and, in addition, the Company is currently negotiating (with execution expected around June 2, 2014) an amending agreement to the revolving credit facility.

8. 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 13.

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

	Balance as at	
	31-Mar-14	31-Dec-13
Non-current liabilities		
Term Loan	**$ 1,167**	**$ 1,417**
Secured subordinated bridge loan	**-**	-
Debentures	**669**	669
Shareholder loans	**3,285**	3,375
Finance lease liabilities	**241**	199
Deferred finance charges	**(47)**	(69)
	$ 5,315	$ 5,591
Current liabilities		
Term Loan	**$ 1,000**	$ 1,000
Secured subordinated bridge loan	**-**	-
Debentures	**541**	541
Shareholder loans	**840**	750
Finance lease liabilities	**183**	146
Deferred finance charges	**(110)**	(126)
	$ 2,454	$ 2,311
Total	**$ 7,769**	$ 7,902

	Nominal interest rate	Year of maturity	31-Mar-14 Face value	31-Mar-14 Carrying amount	31-Dec-13 Face value	31-Dec-13 Carrying amount
Secured term loan	Prime + 4.50%	2016	**$ 2,167**	**$ 2,010**	$ 2,417	$ 2,222
Debenture	8%	N/A	**1,210**	**1,210**	1,210	1,210
Shareholder loans	10%	2016	**4,125**	**4,125**	4,125	4,125
Finance lease obligations	1.8-12.4%	2014-2017	**468**	**424**	385	345
Total interest-bearing liabilities			**$ 7,970**	**$ 7,769**	$ 8,137	$ 7,902

Secured term loan

In May 2013, the Company secured a $3 million term loan bearing interest at Canadian prime plus 4.5% 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 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 (defined in the credit agreement as net income and the following added back: interest, cash taxes and depreciation and amortization) 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 March 31, 2014, 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 the 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 March 31, 2014, there was $0.5 million in principal payments owing to the debenture holders based on revenues generated by the Seismic Data for the year ended December 31, 2013. There was no debenture qualifying revenue for the three months ended March 31, 2014.

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 March 31, 2014, the Company had $4.1 million in secured loans from three of the Company's directors. The consolidated loan bears interest of 10% per annum and payments are interest-only until March 2014. The loan is to be repaid starting March 2014 in eighty five equal monthly installments. Should the Company be late in the repayment schedule, the shareholders agreed not to demand repayment until subsequent to August 15, 2016.

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.

9. Equity Instruments and Net Income 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 March 31, 2014, being 67,055,000 (March 31, 2013 – 66,775,000). 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 March 31, 2014 as there was a loss for the period. 36,000 shares were added to the weighted average number of Class A Shares outstanding for the three months ended March 31, 2013.

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

10. Supplement to Statements of Cash Flows

	Three months ended March	
	2014	**2013**
Changes in non-cash working capital balances		
Funds held in trust	**$ -**	$ (16)
Accounts receivable	**2,752**	(570)
Prepaid expenses, supplies and deposits	**(17)**	(24)
Accounts payable and accrued liabilities	**(981)**	(5,436)
Deferred revenue	**(41)**	1,798
	$ 1,713	$ (4,248)
Changes in non-cash working capital balances related to operating activities	**$ 3,064**	$ (980)
Changes in non-cash working capital balances related to investing activities	**(1,351)**	(3,268)
	$ 1,713	$ (4,248)

11. Operating Leases

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

	Balance as at	
	Mar 31 2014	**Dec 31 2013**
One year	**$ 2,755**	$ 2,724
Between one and five years	**11,240**	14,026
More than five years	**19,487**	17,414
	$ 33,482	$ 34,164

Movement in the commitments for the three months ended March 31, 2014:

Balance, January 1, 2014	**$ 34,164**
Payments (net of subleases)	**(682)**
Balance, March 31, 2014	**$ 33,482**

The Company's main office lease has a term of 15 years expiring in 2025. Excluding subleases, the commitment is approximately $171,000 per month (including operating costs and property taxes) for 2014. 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 2014. 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 and property taxes for 2014.

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

12. Related Parties

Transactions with key management personnel

Loans from directors

As at March 31, 2014, the Company had $4.1 million in secured loans from three directors (see Note 8).

$1 million of the debentures was subscribed for by three directors who are also shareholders and the remaining $210,000 was subscribed for by non-director shareholders (see Note 8).

The above was transacted on terms equivalent to those that prevail in arm's length transactions.

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 and ESOP.

All executive officers have employment contracts. Upon resignation at the Company's request, they are entitled to termination benefits of up to 24 months' gross salary.

Key management personnel and director transactions

Directors and officers of the Company control approximately 39% 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 including 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.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

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:

			Transaction value for the three months ended Mar 31		**Balance due from (to) as at Mar 31**	**Balance due from (to) as at Dec 31**
Name	**Position**	**Transaction**	**2014**	**2013**	**2014**	**2013**
W. Brillon	Director and shareholder	Consulting fees and commissions[(1)]	**$ 46**	$ 46	**$ 228**	$ 182
CWD Inc.	Company owns 1/3 of the affiliate	Software and data licenses	**-**	-	**(99)**	(106)

(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.

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

13. 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.

As at March 31, 2014 the Company had current assets of $7.6 million and $0.1 million of availability on its operating line to settle current liabilities of $11.4 million (excluding deferred revenue of $2.7 million) and $2.8 million in operating lease commitments. The Company will settle the remaining liabilities and commitments using funds from operations. The Company continues to review additional sources of capital to continue its activities and discharge its commitments as they become due.

Subsequent to quarter end, the Company received a notice of default with respect to the revolving credit facility borrowing base (the amount drawn exceeded the senior lender's calculated available borrowing base at April 30, 2014). The Company is currently in discussions with its senior lender with respect to the eligibility of certain accounts receivable for consideration in the borrowing base and, in addition, the Company is currently negotiating (with execution expected around June 2, 2014) an amending agreement to the revolving credit facility.

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

As at March 31, 2014	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	$ 2,591	$ 2,591	$ 2,591	$ -	$ -	$ -	$ -	$ 2,591
Accounts payable and accrued liabilities	5,954	5,954	5,954	-	-	-	-	5,954
Deferred rent obligations	469	469	-	-	-	-	469	469
Long-term debt obligations (excluding finance lease obligations)	7,345	9,805	1,128	1,320	1,957	2,255	3,145	9,805
Finance lease obligations	424	468	101	101	66	134	66	468
Loss on sublease	920	1,127	178	178	356	415	-	1,127
Total	$ 17,703	$ 20,414	$ 9,952	$ 1,599	$ 2,379	$ 2,804	$ 3,680	$ 20,414

March 31, 2014 (Tabular amounts in thousands, unless otherwise stated - Unaudited)

As at December 31, 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	$ 2,996	$ 2,996	$ 2,996	$ -	$ -	$ -	$ -	$ 2,996
Accounts payable and accrued liabilities	6,935	6,935	6,935	-	-	-	-	6,935
Deferred rent obligations	451	451	-	-	-	-	451	451
Long-term debt obligations (excluding finance lease obligations)	7,557	9,219	661	1,576	2,297	1,968	2,717	9,219
Finance lease obligations	345	385	73	73	164	75	-	385
Loss on sublease	1,004	1,038	168	168	376	326	-	1,038
Total	$ 19,288	$ 21,024	$ 10,833	$ 1,817	$ 2,837	$ 2,369	$ 3,168	$ 21,024

14. 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.