



Divestco

Management's Discussion & Analysis

For the Three and Twelve Months Ended

December 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Divestco Inc. ("Divestco" or the "Company"), dated April 20, 2011, should be read in conjunction with the audited consolidated financial statements and notes for the years ended December 31, 2010 and 2009. All financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) 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 - provides and is responsible for development, maintenance and support of over 20 geological, geophysical and land applications used by oil and gas professionals, including geologists, geophysicists, engineers, land agents and land administrators worldwide. The Company offers customized software and data bundles to clients depending on their needs. It also offers the market over 120 datasets including drilling data and a full suite of exploration and production data (well, land, drilling, log and mapping). Data also provides ancillary document management services such as high-quality technical document digitizing and rasterizing and scanning services for customers' data management needs.
- Services - offers geomatics (seismic survey audit and custom mapping), seismic processing and database services to customers who require data quality assurance, processing and data management services for geophysical and geological information. It also offers land management services through Cavalier Land Ltd.
- Seismic Data - although the Company divested of its seismic assets in September 2010, Divestco has commenced rebuilding its seismic data library and offering the market proprietary seismic data. The segment also continues to provide seismic brokerage services through the largest division of its kind in Canada with 11 independent brokers.
- Corporate and Other - responsible for setting Divestco's overall strategic plan and allowing the segments to operate which includes providing finance, accounting, sales, marketing, human resources (HR) and information technology (IT) services to the Company. The segment is discussed under the "Results of Operations by Segment" section of the MD&A.

BUSINESS STRATEGY

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

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

FUTURE OPERATIONS AND SUBSEQUENT EVENT

The consolidated financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in the consolidated financial statements.

The Company divested its 2D and 3D seismic data library (the "Seismic Assets") which closed on September 29, 2010. A portion of the proceeds were used to retire the term loans, committed revolver and convertible debentures and attend to overdue vendor accounts at that time. In Q4 2010, the Company used a portion of the proceeds to pay a one-time special cash dividend of \$8.6 million (20 cents a share).

At December 31, 2010 the Company had working capital of \$251,000 including deferred revenue of \$3.4 million. The Company incurred losses of \$65 million for 2010, which included a loss of \$40.9 million on the disposition of the Seismic Assets and has a deficit of \$63.3 million. The net loss was in part due to the Company's lease for its new office space that commenced on May 1, 2010, whereby the Company is paying rental obligations on its current and new premises and also recognized a net expense of \$3 million related to two floors which are to be sublet out at a reduced rate. The double rent obligations will cease at various times throughout 2011. Additionally, the Company needs to re-establish positive earnings from its remaining operations and is looking at additional sources of capital to continue its activities and discharge its commitments as they become due. As a result in Q4 2010, management secured a new \$5 million operating line for working capital purposes, raised gross proceeds of \$3.5 million through a private placement, continues to review costs and evaluates all material capital expenditures before commencement to ensure they meet appropriate funding criteria. However as at December 31, 2010, the Company was in violation of its debt service coverage ratio covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant as at December 31, 2010. The Company and the lender are in discussions to amend the covenants going forward. These matters cast doubt on the ability of the Company to continue to achieve profitable operations and meet its obligations.

Management believes that the going concern assumption is appropriate for the consolidated financial statements. Adjustments to the carrying amounts of the balance sheet classifications used, assets and liabilities, and revenues and expenses, may be necessary should the going concern assumption be inappropriate.

FORWARD-LOOKING INFORMATION

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

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

- Company's ability to keep debt and liquidity at acceptable levels, improve, maintain its working capital position and maintain profitability in the current economy
- Availability of external and internal funding for future operations

- Relative future competitive position of the Company
- Nature and timing of growth
- Oil and natural gas production levels
- Planned capital expenditure programs
- Supply and demand for oil and natural gas
- Future demand for products/services
- Commodity prices
- Impact of Canadian federal and provincial governmental regulation on the Company
- Expected levels of operating costs, general administrative costs, costs of services 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 headings of this MD&A: "Overall Performance", "Outlook", and "Results of Operations by Segment", "Liquidity and Capital Resources", and "New Accounting Pronouncements".*

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

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

- General economic, market and business conditions
- Volatility in market prices for crude oil and natural gas
- Ability of Divestco's clients to explore for, develop and produce oil and gas
- Availability of financing and capital
- Fluctuations in interest rates
- Demand for the Company's product and services
- Weather and climate conditions
- Competitive actions by other companies
- Availability of skilled labour
- Failure to obtain regulatory approvals in a timely manner
- Adverse conditions in the debt and equity markets
- 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 and in the Company's Annual Information Form for the year ended December 31, 2010, incorporated here by reference.

NON-GAAP MEASURES

This MD&A uses the terms "EBITDA" (earnings before interest, income taxes, depreciation and amortization), "operating income", "funds from operations", and "funds from operations per share (basic and diluted)"; however, these terms are not measures that have any standardized meaning prescribed by

Canadian GAAP 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.

EBITDA AND OPERATING INCOME

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

EBITDA and operating income are not calculations based on Canadian GAAP and should not be considered alternatives to net income in measuring the Company's performance. As well, EBITDA and operating income should not be used as exclusive measures of cash flow, because they do not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. While EBITDA and operating income have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors should be cautioned that EBITDA and operating income as reported by Divestco may not be comparable in all instances to EBITDA and operating income as reported by other companies. Investors should also carefully consider the specific items included in Divestco's computation of EBITDA and operating income.

The following is a reconciliation of EBITDA and operating income with net income:

(Thousands)	Three months ended December		Year ended December 31	
	2010	2009	2010	2009
Net Loss	\$ (7,500)	\$ (7,291)	\$ (65,003)	\$ (6,197)
Income Tax Expense (Reduction)	(1)	(1,442)	(12,455)	(3,316)
Other Income (Loss) ⁽¹⁾	(10)	(19)	(41,416)	4,371
Operating Loss	\$ (7,491)	\$ (8,714)	\$ (36,042)	\$ (13,884)
Interest	703	473	3,028	2,941
Depreciation and Amortization	1,857	7,248	26,706	34,692
EBITDA (LOSS)	\$ (4,931)	\$ 122	\$ (6,308)	\$ 24,864

⁽¹⁾ Other income (loss) includes foreign exchange gains or losses, gains or losses on sales of property, plant and equipment/investments, and equity investment income or loss.

FUNDS FROM OPERATIONS

Divestco reports funds from operations because it is a key measure used by management to evaluate its performance and to assess the ability of the Company to finance operating and investing activities. Funds from operations excludes certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. It is not a calculation based on Canadian GAAP and should not be considered an alternative to the consolidated statements of cash flows. Funds from operations is a measure that can be used to gauge Divestco's capacity to generate discretionary cash flow. Investors should be cautioned that funds from operations as reported by Divestco may not be comparable in all instances to funds from operations as reported by other companies. While the closest GAAP measure is cash flows from operating activities, funds from operations is considered relevant because it provides an indication of how much cash generated by operations is available before proceeds from divested assets and changes in certain working capital items.

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

(Thousands)	Three months ended December		Year ended December 31	
	2010	2009	2010	2009
Cash Flows from (used in) Operating Activities	\$ (8,374)	\$ 4,538	\$ 3,846	\$ 23,822
Changes in Non-Cash Working Capital Balances related to operating activities	3,573	(4,520)	(10,264)	354
Decrease in Non-Current Deferred Revenue	-	-	-	263
Decrease in Long-Term Prepaid Expenses	-	(65)	(238)	(354)
Funds from Operations (Deficiency)	\$ (4,801)	\$ (47)	\$ (6,656)	\$ 24,085

BUSINESS RISKS AND ENVIRONMENT

DEMAND FOR PRODUCTS AND SERVICES

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).

Prior to the divestiture of its seismic assets in Q3 2010, Divestco historically received a significant portion of its revenue from the licensing of seismic data. The Company commenced rebuilding its seismic library in Q4 2010. 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. Revenue is recognized on the date the data is delivered to the client.

Divestco depends on qualified contractors to complete the surveys on time and within budget. To help ensure this, Divestco obtains written cost estimates before a survey begins, and then regularly follows up with the contractor on the progress and costs incurred during the survey.

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 Software and Data segment typically experiences a slowdown during July and August, which is generally a slower period for the oil and gas industry in western Canada.

COMPETITION

The Company operates in a highly competitive, price-sensitive industry. In addition, Divestco 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.

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.

In addition to the "Business Risks and Environment" section in this MD&A, see the "Risk Factors" section in the Company's Annual Information Form (AIF) for the year ended December 31, 2010. A copy of the Company's AIF and other continuous disclosure documents can be viewed at www.sedar.com or on the Company's website at www.divestco.com.

OVERALL PERFORMANCE

Financial Results (Thousands, Except Per Share Amounts)								
	Three Months Ended December 31				Year ended December 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Revenue	\$ 8,235	\$ 10,268	\$ (2,033)	-20%	\$ 41,140	\$ 61,976	\$ (20,836)	-34%
Operating Expenses	13,166	10,146	3,020	30%	47,448	37,112	10,336	28%
EBITDA ⁽¹⁾	(4,931)	122	(5,053)	-4142%	(6,308)	24,864	(31,172)	-125%
Interest	703	473	230	49%	3,028	2,941	87	3%
Depreciation and Amortization	1,857	7,248	(5,391)	-74%	26,706	34,692	(7,986)	-23%
Impairment of Goodwill and Intangibles	-	1,115	(1,115)	-100%	-	1,115	(1,115)	-100%
Operating Loss ⁽¹⁾	(7,491)	(8,714)	1,223	-14%	(36,042)	(13,884)	(22,158)	160%
Other Income (Loss)	(10)	(19)	9	-47%	(41,416)	4,371	(45,787)	-1048%
Income Tax Expense Reduction	(1)	(1,442)	1,441	-100%	(12,455)	(3,316)	(9,139)	276%
Net Loss	\$ (7,500)	\$ (7,291)	\$ (209)	3%	\$ (65,003)	\$ (6,197)	\$ (58,806)	949%
Per Share - Basic	(0.17)	(0.17)	-	0%	(1.53)	(0.15)	(1.38)	920%
Per Share - Diluted	(0.17)	(0.17)	-	0%	(1.53)	(0.15)	(1.38)	920%
Funds from Operations ⁽¹⁾	\$ (4,801)	\$ (47)	\$ (4,754)	10115%	\$ (6,656)	\$ 24,085	\$ (30,741)	-128%
Per Share - Basic ⁽¹⁾	(0.11)	-	(0.11)	N/A	(0.16)	0.57	(0.73)	-128%
Per Share - Diluted ⁽¹⁾	(0.11)	-	(0.11)	N/A	(0.16)	0.57	(0.73)	-128%
Shares Outstanding	58,938	41,958	N/A	40%	58,938	41,958	N/A	40%
Weighted Average Shares Outstanding								
Basic	44,491	41,958	N/A	6%	42,601	41,958	N/A	2%
Diluted	44,491	41,958	N/A	6%	42,601	41,958	N/A	2%

Financial Position (Thousands)	Balance as at		
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
Total Assets	\$ 34,984	\$ 175,923	\$ 209,735
Working Capital ⁽²⁾	3,673	(6,250)	(9,737)
Long-Term Debt Obligations	556	30,504	48,085

⁽¹⁾ See the Non-GAAP Measures section.

⁽²⁾ Excluding the current portion of deferred revenue of \$3.4 million, the Company's working capital was \$3.7 million at December 31, 2010, compared to a deficit of \$6.3 million at December 31, 2009, excluding deferred revenue of \$5.5 million and a deficit of \$9.7 million as at December 31, 2008, excluding deferred revenue of \$11.2 million. The improvement in working capital in 2010 was mainly due to the cash proceeds received from sale of the seismic data library which closed in September 2010 and a \$3.5 million private placement that closed in December 2010.

EARNINGS VARIANCE ANALYSIS

Q4 2010 VERSUS Q4 2009

Divestco incurred a net loss of \$7.5 million (\$0.15 per share (basic and diluted)) for the fourth quarter of 2010 compared with a net loss of \$7.3 million (17 cent per share (basic and diluted)) in Q4 2009. There was a decline in revenue by \$2 million (20%) and an increase in occupancy costs as the Company's new office lease commenced in May 2010. This was offset by a decrease in depreciation and amortization by \$5.4 million (74%) due to sale of the Company's seismic data assets in Q4 2010.

Operating highlights included:

- Gross proceeds of \$3.5 million were raised by way of a private placement through the issuance of 15.8 million units at a price of \$0.22 per unit. Each unit consisted of a common share and a share purchase warrant to purchase a common share at price of \$0.32 until December 31, 2012.
- Obtained a new revolving credit facility of \$5 million
- Commenced rebuilding the seismic data library
- Positive working capital of \$3.7 million as at December 31, 2010 (excluding deferred revenue of \$3.4 million)

TWELVE MONTHS ENDED DECEMBER 31, 2010 VERSUS TWELVE MONTHS ENDED DECEMBER 31, 2009

Divestco incurred a net loss of \$65 million (\$1.50 per share (basic and diluted)) for the year ended December 31, 2010 compared with net loss of \$6.2 million (15 cent per share (basic and diluted)) for 2009. The increase in net loss was primarily due to a loss of \$40.9 million incurred on the sale of the Seismic Assets, a decline in revenue of \$20.8 million (34%) related to the sale of the Seismic Assets and an increase in operating expenses by \$10 million (27%) which included the Company's new office space lease which commenced in May 2010 and sublease loss accrual of \$3 million.

Operating highlights included:

- Gross proceeds of \$3.5 million were raised by way of a private placement through the issuance of 15.8 million units at a price of \$0.22 per unit. Each unit consisted of a common share and a share purchase warrant to purchase a common share at price of \$0.32 until December 31, 2012.
- Obtained a new revolving credit facility of \$5 million
- Divestiture of the Seismic Assets for \$55.7 million in cash (excluding a purchase price adjustment of \$0.5 million and transaction costs of \$1.8 million) and 14,285,000 shares of Pulse Data Inc. ("Pulse"). All the shares of Pulse received as part of the divestiture were distributed to the shareholders of Divestco.
- Commenced rebuilding the seismic data library in Q4 2010
- Retired bank debt and convertible debentures totalling \$29.2 million with proceeds of the sale of the Seismic Assets (including accrued interest)
- Paid a cash dividend of \$8.6 million (\$0.20 per share)
- Positive working capital of \$3.7 million as at December 31, 2010 (excluding deferred revenue)

OUTLOOK AND FUTURE OPERATIONS

On, September 29, 2010, Divestco closed the sale of the Seismic Assets. The purchase price was \$55.7 million cash (excluding a purchase price adjustment of \$0.5 million and transaction costs of \$1.8 million) plus 14,285,000 Pulse common shares. The effective date of the transaction was July 1, 2010, but the benefits of certain pending seismic data transactions were retained by Divestco or will be shared by Divestco and Pulse. Divestco has relentlessly focused its efforts to improve its balance sheet since the fall of 2008. This divestiture eliminated Divestco's bank debt and convertible debt, and restored the Company's working capital to a positive position. Furthermore, it also provides the Company's

shareholders the opportunity to participate in the combined upside of one of the largest and most successful seismic data libraries in Western Canada through the distribution of the Pulse shares. A recapitalized Divestco will allow its shareholders to take part in a well-focused software, data and service company going forward. To help rebuild its seismic data library, the Company also raised \$3.5 million in Q4 2010 through a private placement. Divestco commenced on its seismic field acquisition strategy in the end of the fourth quarter. In addition it secured a \$5 million operating line with a Canadian lender for operating purposes.

SELECTED QUARTERLY INFORMATION

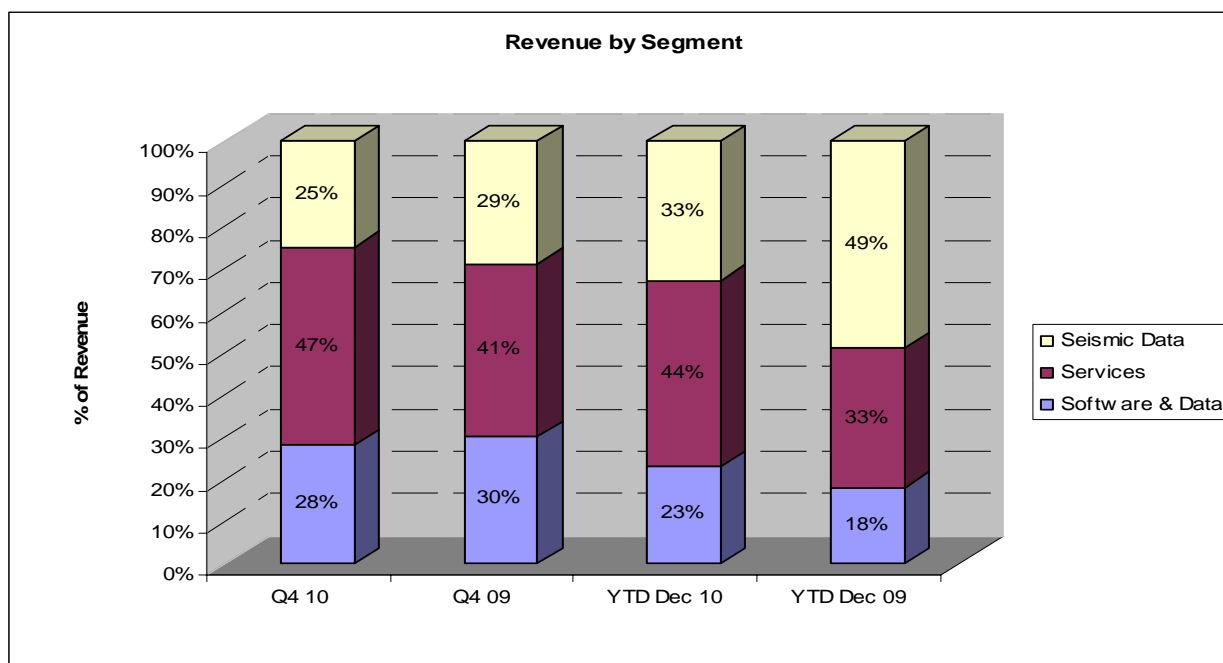
(Thousands, Except Per Share Amounts)	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 8,235	\$ 8,516	\$ 10,648	\$ 13,741	\$ 10,268	\$ 13,411	\$ 19,532	\$ 18,765
EBITDA ⁽¹⁾	(4,931)	(9,009)	2,389	5,239	122	5,903	10,683	8,152
Operating Income (Loss) ⁽¹⁾	(7,491)	(17,995)	(5,991)	(4,566)	(8,714)	(2,740)	1,818	(4,250)
Net Income (Loss)	(7,500)	(49,883)	(4,577)	(3,043)	(7,291)	(1,245)	1,558	781
Per Share - Basic	(0.17)	(1.19)	(0.11)	(0.07)	(0.17)	(0.03)	0.04	0.02
Per Share - Diluted	(0.17)	(1.19)	(0.11)	(0.07)	(0.17)	(0.03)	0.04	0.02
Funds from Operations ⁽¹⁾	(4,801)	(6,970)	1,970	3,143	(47)	9,984	6,719	7,427
Per Share - Basic	(0.11)	(0.17)	0.05	0.07	0.00	0.24	0.16	0.18
Per Share - Diluted	(0.11)	(0.17)	0.05	0.07	0.00	0.24	0.16	0.18

⁽¹⁾ See the Non-GAAP Measures section.

The trend illustrated in the table above is a result of divestments made by Divestco, unanticipated negative regional and global market conditions including a worldwide economic recession, depressed equity and credit markets and low natural gas.

RESULTS OF OPERATIONS BY SEGMENT

FINANCIAL SUMMARY BY SEGMENT



For the three months ended December 31, 2010 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 2,303	\$ 3,896	\$ 2,036	\$ -	\$ 8,235
EBITDA ⁽¹⁾	838	93	(1,075)	(4,787)	(4,931)
Interest (Net of Interest Revenue)	-	(1)	(1)	705	703
Depreciation and Amortization	1,251	414	47	145	1,857
Operating Loss ⁽¹⁾	(413)	(320)	(1,121)	(5,637)	(7,491)

For the three months ended December 31, 2009 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 3,086	\$ 4,244	\$ 2,938	\$ -	\$ 10,268
EBITDA ⁽¹⁾	1,621	141	553	(2,193)	122
Interest (Net of Interest Revenue)	-	-	-	473	473
Depreciation and Amortization	351	496	5,991	410	7,248
Impairment of Goodwill and Intangibles	-	1,115	-	-	1,115
Operating Income (Loss) ⁽¹⁾	1,270	(1,470)	(5,438)	(3,076)	(8,714)

For the year ended December 31, 2010 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 9,386	\$ 18,044	\$ 13,710	\$ -	\$ 41,140
EBITDA ⁽¹⁾	3,265	2,247	4,484	(16,304)	(6,308)
Interest (Net of Interest Revenue)	-	(1)	(1)	3,030	3,028
Depreciation and Amortization	3,327	1,658	20,940	781	26,706
Operating Income (Loss) ⁽¹⁾	(62)	590	(16,455)	(20,115)	(36,042)

For the year ended December 31, 2009 (Thousands)					
	Software & Data	Services	Seismic Data	Corporate & Other	Total
Revenue	\$ 11,224	\$ 20,333	\$ 30,419	\$ -	\$ 61,976
EBITDA ⁽¹⁾	5,036	1,875	25,808	(7,855)	24,864
Interest (Net of Interest Revenue)	17	-	20	2,904	2,941
Depreciation and Amortization	2,298	2,670	28,187	1,537	34,692
Impairment of Goodwill and Intangibles	-	1,115	-	-	1,115
Operating Income (Loss) ⁽¹⁾	2,721	(1,910)	(2,399)	(12,296)	(13,884)

⁽¹⁾ See the Non-GAAP Measures section.

SOFTWARE AND DATA

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Revenue	\$ 2,303	\$ 3,086	\$ (783)	-25%	\$ 9,386	\$ 11,224	\$ (1,838)	-16%
EBITDA ⁽¹⁾	838	1,621	(783)	-48%	3,265	5,036	(1,771)	-35%
Interest (Net of Interest Revenue)	-	-	-	N/A	-	17	(17)	-100%
Depreciation and Amortization	1,251	351	900	256%	3,327	2,298	1,029	45%
Operating Income (Loss) ⁽¹⁾	(413)	1,270	(1,683)	-133%	(62)	2,721	(2,783)	-102%

⁽¹⁾ See the Non-GAAP Measures section.

Q4 2010 VERSUS Q4 2009

In the fourth quarter of 2010, Software and Data recorded operating loss of \$413,000, compared with operating income of \$1.3 million in the fourth quarter of 2009.

The decrease in revenue of \$783,000 (25%) is primarily due to two consulting and license revenue sales completed in Q4 2009 which were not replicated in 2010. Excluding these non-recurring sales, revenues were steady or experienced slight declines across several core software product lines.

The \$783,000 (48%) decrease in EBITDA was mainly attributable to a decrease in revenue offset by a marginal decrease in salaries and benefits of \$18,000 (12%) and decrease of \$25,000 (9%) in G&A expenses compared to Q4 2009. Amortization of deferred development costs increased by \$984,000 (2116%) due to the completion of projects for which amortization commenced in the quarter.

YEAR ENDED DECEMBER 31, 2010 VERSUS YEAR ENDED DECEMBER 31, 2009

In the year ended December 31, 2010, Software and Data recorded operating loss of \$62,000, compared with operating income of \$2.7 million in the year ended December 31, 2009. The decrease is primarily related to lower revenues and a significant increase in amortization of deferred development costs due to a two large projects that were completed during 2010.

Revenue decreased by \$1.8 million (16%) in 2010. Non-recurring revenue suffered through a tight year, dropping by nearly \$500,000. This was particularly prevalent in the scanning and log digitizing areas where long-time clients reduced their activity or internalized some activities. In addition, there were larger one-time sales in 2009. A number of large development projects wrapped up in 2010, revenues from which should be realized in 2011 onward. There was also a significant decrease in general data sales as many redistributors of Divestco data, within the local market, exited out of that business line. Lastly, the business suffered some erosion in recurring revenue as core small business clients continued to consolidate or cease operations.

The \$1.8 million (35%) decrease in EBITDA was mainly attributable to the decrease in revenue and a marginal increase in salaries and benefits of \$127,000 (3%) offset by a decrease of \$115,000 (9%) in G&A expenses compared to Q4 2009. Amortization of deferred development costs increased by \$1.3 million (134%) due to the completion of projects for which amortization commenced in the quarter.

OUTLOOK

2010 was an extremely challenging year for the Data and Software segment. However, expectations for 2011 remain positive and it is expected that several core service lines will pick up rapidly as activity in the oil and gas industry increases. There are also several new products which will be released into the market this year.

The continued commitment to growing existing product lines remains and there have been several key releases in Q1 2011 including improvements to Landrite, WinPICS, GeoWiz and GeoCarta. With the recent changes to EnerGISite, the segment should be well positioned to grow its log subscription product lines and related services.

SERVICES

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Revenue	\$ 3,896	\$ 4,244	\$ (348)	-8%	\$ 18,044	\$ 20,333	\$ (2,289)	-11%
EBITDA ⁽¹⁾	93	141	(48)	-34%	2,247	1,875	372	20%
Interest (Net of Interest Revenue)	(1)	-	(1)	N/A	(1)	-	(1)	N/A
Depreciation and Amortization	414	496	(82)	-17%	1,658	2,670	(1,012)	-38%
Impairment of Intangibles	-	1,115	(1,115)	-100%	-	1,115	(1,115)	-100%
Operating Income (Loss) ⁽¹⁾	(320)	(1,470)	1,150	-78%	590	(1,910)	2,500	-131%

⁽¹⁾ See the Non-GAAP Measures section.

Q4 2010 VERSUS Q4 2009

In the fourth quarter of 2010, Services recorded an operating loss of \$320,000, compared to an operating loss of \$1.5 million in the fourth quarter of 2009. There was an intangible impairment charge of \$1.1 million in Q4 2009. Excluding this charge, the operating loss would have been \$355,000 in Q4 2009.

Geomatics revenue in Q4 2010 decreased by \$143,000 (14%) compared to Q4 2009 mainly due to decreases in audit services of \$81,000 (13%) and rig activity maps of \$29,000 (84%) due to the decrease in seismic acquisition activity. Other revenue areas in Geomatics also showed slight decreases except for spatial data which remained unchanged. Processing division revenue increased only marginally by \$22,000 (1%) due to the prolonged slump in natural gas prices and lower customer budgets. Land management services division revenue was up \$320,000 (37%) due to an increase in land acquisition activity over the comparative quarter. Overall, the Services segment revenue decreased by \$348,000 (8%) in the quarter compared to Q4 2009.

While revenue decreased, salaries and benefits also decreased by \$103,000 (4%) mainly due to reductions in gross pay, vacation pay and commissions compared to Q4 2009. G&A expenses decreased by 163,000 (13%) mainly due to the sale of the Business Consulting division in March 2010. Amortization of R&D increased by \$140,000 due to completion of new projects and this was offset by a decrease in amortization and depreciation by \$230,000 due to a decrease in capital spending and certain intangibles being fully amortized at the end of 2009.

YEAR ENDED DECEMBER 31, 2010 VERSUS YEAR ENDED DECEMBER 31, 2009

For the year ended December 31, 2010, Services recorded operating income of \$590,000 compared with operating loss of \$1.9 million in the year ended December 31, 2009. There was an intangible impairment charge of \$1.1 million in Q4 2009. Excluding this charge, the operating loss would have been \$795,000.

Geomatics division revenue was \$4.3 million in 2010 compared to \$4.5 million in 2009, a decrease of \$179,000 (4%). An increase of \$221,000 (9%) in audit services was attributed to the onset of an economic recovery as well as the introduction of rate increases at the end of 2009. This was offset by a decrease of \$407,000 (27%) in spatial data services, geospatial mapping and rig activity maps as some clients moved to producing maps and reports in-house. Processing division revenue decreased by \$410,000 (5%) mainly due to lower exploration activity levels caused by low natural gas prices and continued economic uncertainty which restricted clients' budgets early on 2010. Archive and technical records had no revenue in 2010 compared to revenue of \$731,000 in 2009 as these divisions were sold in March 2009. Business consulting revenue was down \$969,000 (14%) as the division was sold in March 2010. Land management services revenue was up \$945,000 (23%) largely due to an increase in land acquisition activity over the comparative year.

Offsetting the decline in revenue, salaries and benefits decreased \$1.7 million (14%) mainly due to overall reductions in staffing levels, disposition of the Archive and Technical Records divisions in March 2009 and disposition of the Business Consulting division in March 2010. G&A expenses decrease by \$798,000 (14%) mainly due to the sale of the Archive and Technical Records divisions and Business Consulting division. The decrease in amortization by \$1 million (38%) was the result of the segment's intangible assets being fully amortized by the end of 2009 and a change in the useful lives of property and equipment in 2009 which accelerated depreciation.

OUTLOOK

Seismic processing work levels have been steady throughout 2010 as revenue from international projects continues to bolster weak domestic activity. One positive emerging trend is that historical customers who were inactive during the downturn are now returning, albeit with modest work levels. Looking forward, the expectation is a slow but steady increase in work levels until the end of the year. Reduced costs, especially in terms of salary, have placed the Services division in a stable position relative to market

conditions, and poised to take advantage when seismic processing levels return to historically higher levels.

Geomatics expects a strong Q1 2011 as is typical for the winter season. However these results are not expected to be better than what was experienced prior to the economic downturn. Survey Audit will continue to lead the way and will be offset by a small decline in Spatial Data Services. Geomatics is expected to get under way with Phase II of a large NAD Consulting project for a major oil and gas client in the latter part of Q1 2011 with a second client expected to begin in either Q2 or Q3 2011. The SynerGISite product is expected to pick up traction in Q1 2011 and should also have a beneficial impact on other Geomatics services.

For Divestco's Land Management Services division (Cavalier Land), sales volumes are expected to rise due to a few key factors. First, the continued rise and stability of oil and gas prices is expected to lead to increased exploration and production among many clients. Second, the hiring of a professional account representative in January 2010 led to the addition of 14 new clients and this trend is expected to continue. Third, Cavalier has expanded into other markets, including telecommunications and environmental assessments. The telecommunications market is expected to provide the greatest growth for Cavalier in 2011 as there has been an emergence of new providers in the market. Finally, a significant contract with a major utility supplier signed in 2009 will continue throughout 2011 which will lead to increased field agent work across Alberta. On the expense side, the division continues to monitor labour and G&A costs very closely. This will continue throughout the year.

Divestco's Consulting segment (Land Management Services and Business Consulting) was consolidated into the Services segment effective January 1, 2010. This reorganization will better position the Land Management division with the Company's other oil and gas focused service offerings. As previously announced, Divestco is pursuing a more focused strategy and as such the Business Consulting division was divested in March 2010.

SEISMIC DATA

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Revenue	\$ 2,036	\$ 2,938	\$ (902)	-31%	\$ 13,710	\$ 30,419	\$ (16,709)	-55%
EBITDA ⁽¹⁾	(1,075)	553	(1,628)	-294%	4,484	25,808	(21,324)	-83%
Interest (Net of Interest Revenue)	(1)	-	(1)	N/A	(1)	20	(21)	-105%
Depreciation and Amortization	47	5,991	(5,944)	-99%	20,940	28,187	(7,247)	-26%
Operating Income (Loss) ⁽¹⁾	(1,121)	(5,438)	4,317	-79%	(16,455)	(2,399)	(14,056)	586%

⁽¹⁾ See the Non-GAAP Measures section.

Seismic Data Library	Balance as at		
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
2D in Gross KM	49	103,848	103,848
2D in Net KM	49	82,802	82,802
3D in Gross KM ²	-	16,319	15,961
3D in Net KM ²	-	15,122	14,764

Q4 2010 VERSUS Q4 2009

In the fourth quarter of 2010, Seismic Data recorded an operating loss of \$1.1 million compared with operating loss of \$5.4 million in the fourth quarter of 2009. Total seismic revenue in Q4 2010 was \$1.2 million compared to \$2.4 million in Q4 2009. These results were expected by management as they were due to the sale of the Seismic Assets in Q3 2010. Seismic revenue includes seismic data library sales and participation survey revenue. Brokerage revenue was \$799,000 in Q4 2010 compared to \$529,000 in

Q4 2009. The increase of 270,000 (51%) was due to three large data management sales in December sales.

Seismic data library sales were \$1.2 million in Q4 2010 compared to \$2.4 million in Q4 2009, a decrease of \$1.2 million (50%). There was no participation survey revenue in Q4 2010 or in the comparative quarter. Again, due to the seismic database divestiture, these results were expected by management.

Salaries and benefits increased by marginally \$40,000 (10%) due to one-time salary adjustments related to austerity measures that had been in place until August 2010. The austerity measures were mainly unpaid leave-of-absence (LOA) days (suspended in August 2010), a 5% cut in salary (suspended in January 2010) and reduction of staff. G&A expenses increased by \$672,000 (34%) mainly due to an increase in bad debt expense. Amortization of data libraries decreased by \$5.9 million primarily due to the sale of the Seismic Assets in Q3 2010.

YEAR ENDED DECEMBER 31, 2010 VERSUS YEAR ENDED DECEMBER 31, 2009

For the year ended December 31, 2010, Seismic Data recorded an operating loss of \$16.5 million, compared with an operating loss of \$2.4 million for the year ended December 31, 2009. Total seismic data division revenue in 2010 was \$10.7 million compared to \$29 million in 2009. Seismic division revenue includes seismic data library sales and participation survey revenue. The decrease in seismic library revenue was due to the sale of Seismic Assets in Q3 2010. Brokerage revenue was \$3 million in 2010 compared to \$1.4 million in the comparative period. The increase (114%) in the year was due to a bounce back in the brokerage market, maintaining a large staff of brokers and large sales in Q3 and Q4.

Participation survey revenue was \$2 million in 2010 compared to \$5.7 million in 2009, a decrease of \$3.7 million (65%). This was due to a smaller survey being shot in 2010 compared to the survey that was shot in 2009. In addition, demand for new data was down as clients did not have the budget funds available to participate in any new programs.

Salaries and benefits increased by \$400,000 (30%) due to one-time salary adjustments related to austerity measures that had been in place till August 2010. The austerity measures were mainly unpaid leave-of-absence (LOA) days (suspended in August 2010), a 5% cut in salary (suspended in January 2010) and reduction of staff. G&A expenses increased by \$4.2 million (132%) mainly due an increase in bad debt expense of \$3.5 million and higher commissions associated with higher brokerage revenue and third party archive costs as the Company sold its archive division and therefore had to outsource this service. Amortization of data libraries decreased by \$6.4 million (24%) due to the sale of the Seismic Assets while amortization of intangibles decreased by \$830,000 as these assets were fully amortized at the end of 2009.

OUTLOOK

On September 30, 2010, the Company announced that it had successfully closed the disposition of the Seismic Assets to Pulse. The purchase price for Divestco's seismic data library was \$55.7 million cash (excluding a purchase price adjustment of \$0.5 million and transaction costs of \$1.8 million) plus 14,285,000 Pulse common shares. The effective date of the transaction was July 1, 2010, but the benefits of certain pending seismic data transactions were retained by Divestco or will be shared by Divestco and Pulse.

Divestco has relentlessly focused its efforts to improve its balance sheet since the fall of 2008. The asset divestiture eliminated Divestco's bank and convertible debt and restored the Company working capital to a positive position. Furthermore, it also provided the Company's shareholders the opportunity to participate in the combined upside of one of the largest and most successful seismic data libraries in Western Canada. A recapitalized Divestco allows its shareholders to take part in a well focused software, data and service company going forward.

Although the Company divested the Seismic Assets in September 2010, Divestco commenced to rebuild its seismic data library in Q4 2010 and completed its first survey, since the disposition, in Q1 2011. The segment continues to provide seismic brokerage services through the largest division of its kind in Canada with 13 independent brokers.

CORPORATE AND OTHER

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Revenue	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	N/A
EBITDA ⁽¹⁾	(4,787)	(2,193)	(2,594)	118%	(16,304)	(7,855)	(8,449)	108%
Interest (Net of Interest Revenue)	705	473	232	49%	3,030	2,904	126	4%
Depreciation and Amortization	145	410	(265)	-65%	781	1,537	(756)	-49%
Operating Loss ⁽¹⁾	(5,637)	(3,076)	(2,561)	83%	(20,115)	(12,296)	(7,819)	64%

⁽¹⁾ See the Non-GAAP Measures section.

Q4 2010 VERSUS Q4 2009

Salaries and benefits increased by \$117,000 (13%) due to restoring salaries to pre-austerity levels earlier in the year, certain one-time salary adjustments and retention incentives granted to key employees. The austerity measures were comprised of unpaid leave-of-absence (LOA) days (commenced on April 1, 2009 and suspended in August 2010), a 5% cut in salary (commenced on April 1, 2009 and suspended in January 2010) in addition to staff reductions. G&A expenses increased by \$2.5 million (160%) mainly due to a \$2.7 million (656%) increase in occupancy costs as Divestco's new building lease commenced on May 1, 2010 but the related space was vacant up to the end of 2010 due to a delay in the build out. Therefore 2010 included double rent which will end in 2011 once the entire Company is moved into the new location. Bad debt expense went down by \$524,000 (74%) as the general provision booked by the Company for accounts over 120 days old was lower due to a reduction in the related receivables through improved collections efforts. Interest expense increased by \$232,000 (49%) mainly due to the accruing interest owed to creditors. Amortization decreased by \$265,000 (65%) due to a reduction in overall capital spending.

YEAR ENDED DECEMBER 31, 2010 VERSUS YEAR ENDED DECEMBER 31, 2009

Salaries and benefits increased by \$599,000 (15%) due to restoring salaries to pre-austerity levels earlier in the year, certain one-time salary adjustments and retention incentives granted to key employees. The austerity measures were comprised of unpaid leave-of-absence (LOA) days (commenced on April 1, 2009 and suspended in August 2010), a 5% cut in salary (commenced on April 1, 2009 and suspended in January 2010) in addition to staff reductions. G&A expenses increased by \$7.6 million (152%) mainly due to an \$8.1 million (530%) increase in occupancy costs as Divestco's new building lease commenced on May 1, 2010 but the related space was vacant up to the end of 2010 due to a delay in the build out. In addition, \$3 million related to an estimated loss on subleasing unused office space in the Company's new premises and its related accretion was included in G&A expenses during the year. Therefore 2010 included double rent which will end in 2011 once the entire Company is moved into the new location. Stock compensation costs also increased due to all of the outstanding stock options vesting as part of the sale of the Seismic Assets. This increase was offset by decreases in advertising and promotion by \$142,000 (93%), professional fees by \$139,000 (14%) and bad debt expense went down by \$845,000 (89%) as the general provision booked by the Company for accounts over 120 days old was lower due to a reduction in the related receivables through improved collections efforts. Interest expense was up by \$127,000 (4%) due to the accruing interest owed to creditors. Amortization decreased by \$756,000 (49%) due to a reduction in overall capital spending.

OUTLOOK

The Company continues to look for ways to reduce costs and appropriately manage corporate overhead.

DEPRECIATION AND AMORTIZATION

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Depreciation and Amortization	\$ 1,857	\$ 7,248	\$ (5,391)	-74%	\$ 26,706	\$ 34,692	\$ (7,986)	-23%

In the fourth quarter of 2010, depreciation and amortization was \$1.9 million, compared with \$7.2 million of depreciation and amortization in the fourth quarter of 2009, a decrease of \$5.4 million (74%). Amortization of deferred development costs increased by \$1.1 million (1039%) due to certain major projects being completed and the related amortization commencing in Q4 2010. Amortization of data libraries decreased by \$6 million (98%) due to sale of Seismic Assets in Q3 2010 and no new surveys being completed in Q4 2010. Amortization of property and equipment (PP&E) and intangibles was down by \$638,000 (60%). For PP&E, overall capital expenditures were down due to reductions in spending. With the exception of software code, the Company's remaining intangibles were fully amortized by the end of 2009.

In 2010, depreciation and amortization was \$26.7 million, compared with \$34.7 million in depreciation and amortization in 2009, a decrease of \$8 million (23%). Amortization of deferred development costs increased \$1.4 million (93%) due to the completion of certain large projects for which amortization commenced in 2010. Amortization of data libraries decreased by \$6.5 million (23%) due to the sale of the data libraries in Q3 2010. Amortization of PP&E and intangibles decreased \$3 million (54%). For PP&E, overall capital expenditures were down. For amortization of intangible assets, with the exception of software code, the Company's remaining intangibles were fully amortized by the end of 2009.

INCOME TAXES

(Thousands)	Three months ended Dec 31				Year ended Dec 31			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Current	(1)	(217)	216	-100%	(113)	(4,685)	4,572	-98%
Future (Reduction)	-	(1,225)	1,225	-100%	(12,342)	1,369	(13,711)	-1002%
Income Taxes (Reduction)	\$ (1)	\$ (1,442)	\$ 1,441	-100%	\$ (12,455)	\$ (3,316)	\$ (9,139)	276%

In the fourth quarter of 2010, the Company recorded a current tax recovery of \$1,000 and a future tax reduction of nil as the Company recorded a valuation allowance for the full amount of its tax pools.

In 2010, the Company recorded a current tax recovery of \$113,000 and a future tax reduction of \$12.3 million as the Company recorded a valuation allowance for the full amount of its tax pools.

As at December 31, 2010, Divestco and its Canadian subsidiaries had \$3.4 million in undepreciated capital cost pools, \$40.2 million in Federal and \$25.7 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 had \$1.3 million in federal scientific research and experimental development investment tax credits to reduce taxes payable in the future which expire in 2029.

MAJOR TRANSACTIONS**SEISMIC RELATED**

In Q4 2010, Divestco commenced a 130 km² 3D seismic survey which was completed in Q1 2011 at a cost of \$2.1 million. The Company also signed an agreement during the quarter whereby in exchange for a license to the survey it commenced acquiring in Q4 2010, it obtained the ownership rights to an existing 3D survey in Q1 2011 covering an area of 67 km².

In 2010, Divestco completed a 3D seismic participation survey for \$2 million covering an approximate area of 41 km² and acquired 140 km of 2D and 145 km² of existing 3D seismic for \$1.9 million. Except for \$144,000, the existing data was acquired by way of a data exchange whereby the Company sold \$2.5 million of seismic data licenses and related services in exchange for the seismic data. In addition the Company recorded favourable adjustments to its reclamation cost accruals for certain surveys. The Company also commenced a new 3D seismic program and signed an agreement to exchange a licence to this new program for the ownership rights in another existing 3D survey.

On September 29, 2010, the Company completed the sale of the Seismic Assets to Pulse for total consideration of \$73.4 million including \$53.4 million in cash (net of purchase price adjustments of \$0.5 million and transaction costs of \$1.8 million) and 14,285,000 shares of Pulse valued at \$1.40 per share or \$20 million for accounting purposes. This resulted in an accounting loss on the transaction of \$40.9 million. All the shares of Pulse received as part of the divestiture were distributed to the shareholders of Divestco. Prior to the sale to Pulse and excluded from the deal, a client exercised a right to acquire the ownership interest in a 3D seismic data set that was shot by Divestco for the client and as a result, the Company received \$1 million. An accounting loss of \$591,000 was recognized on the transaction.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Financial Position (Thousands, except as otherwise indicated)	Balance as at December 31		
	2010	2009	2008
Current Assets	\$ 15,994	\$ 21,151	\$ 32,120
Current Liabilities ⁽¹⁾	12,321	27,401	41,857
Working Capital (Deficiency)	3,673	(6,250)	(9,737)
Funded Debt ⁽²⁾	556	30,504	48,085
Shareholders' Equity	17,675	106,350	111,973
Funded Debt to Equity ⁽³⁾ - %	3%	29%	43%

⁽¹⁾ Excludes deferred revenue

⁽²⁾ Current and long-term portion of debt obligations and convertible debentures

⁽³⁾ Funded debt divided by shareholders' equity

WORKING CAPITAL

Divestco's working capital at the end of December 2010, excluding deferred revenue of \$3.4 million was \$3.7 million, compared to a deficit of \$6.3 million at the end of 2009, excluding deferred revenue of \$5.5 million. The improvement was due to the sale of the Seismic Assets in Q3 2010 and closing of the private placement in Q4 2010. Of the proceeds received on sale, Divestco used \$29.2 million to repay its bank loans and convertible debentures, \$15.5 million to pay vendors and transaction costs and in October 2010, the Company paid a special cash dividend of \$8.6 million (\$0.20 per share). The proceeds of the private placement were used to acquire new seismic data in Q1 2011 and for working capital purposes.

While the Company has focused on collection of its receivables, especially those that are greater than 90 days old, the Company records an allowance for doubtful accounts of 20% of balances over 120 days old. In 2010, the Company recorded a \$4.5 million (2009 - \$1.2 million) bad debt write-off on two large receivables totalling \$5.9 million which were over 120 days past due. The Company continues with its collections efforts, however there are indications that legal action may be required which could further delay the process. As outlined in the Seismic Data Purchase Agreement incorporated by reference in the August 26, 2010 Information Circular and filed on SEDAR, Divestco retained the right to litigate and retain in whole or in part the proceeds of past breaches in regards to certain of the disposed seismic assets. 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. Despite Divestco's efforts to protect its proprietary rights, unauthorized parties may or have attempted to copy aspects of its technology or to obtain and use information that Divestco regards as proprietary such as its current and past seismic data library. In an effort to protect the Company's seismic data asset both past

and present, Divestco has commenced (or is contemplating) legal action(s) against companies for breaches of its license agreement(s), copyright and duty of confidentiality for unauthorized sharing of its proprietary seismic data with third parties and will continue to enforce its proprietary rights using all methods at its disposal. These actions commenced or contemplated could have a material financial impact to the firm. Given the nuances it is difficult to quantify the timing or potential financial impact of any legal action commenced or contemplated.

To mitigate further economic pressure the Company remains committed to limiting capital expenditures unless they are well funded (mainly seismic participation surveys) and implemented further cost-cutting measures to reduce aggregate labour costs. The Company also secured a new \$5 million operating line in Q4 2010 for working capital purposes.

Divestco's debt summary for fiscal 2010:

	Balance as at January 1, 2010	Payments (net of advances)	Balance as at December 31, 2010	Expected payments	Forecasted balance as at December 31, 2011
Operating Line ⁽¹⁾	-	2,050	2,050	-	2,050
Term Loans & committed revolver	26,545	(26,545)	-	-	-
Promissory Notes	67	(67)	-	-	-
Capital Leases	718	(162)	556	(368)	188
	27,330	(24,724)	2,606	(368)	2,238

⁽¹⁾ Included in bank indebtedness on the consolidated balance sheets

COMMITMENTS AND CONTINGENCIES

On May 1, 2010, the Company's lease for its new premises commenced. The lease term is 15 years. The monthly commitment was approximately \$612,000 including operating costs for 2010. The annual square foot rate increases in years 3, 6, 9, 11 and 14. All other leases expire in 2011 except for approximately 9,500 square feet of space that occupies the Company's IT infrastructure.

In 2010, management anticipated that the Company would not occupy all of the space in its new premises and as such began negotiating with various potential subtenants. In accordance with the Emerging Issues Committee Abstract EIC-135, Accounting for Costs Associated with Exit and Disposal Activities, although nothing had been formalized as at December 31, 2010 and based on current market conditions, a liability of \$3 million was accrued towards the estimated sub-lease loss, which is calculated as the present value of the difference between estimated current day sublease rental rates that could be reasonably obtained for the property and those which the Company is committed to pay to the landlord. The Company recorded accretion of \$65,000 in 2010. In Q1, 2011, the Company finalized an agreement whereby a new tenant would take over the lease on two floors for 10 years after which time the Company will be no longer be responsible for the lease obligations for that space. The lease commences on April 1, 2010 and includes an eight month rent-free period and additional tenant inducements to match with current inducement rates. The total savings to the Company is approximately \$2 million per year after 2011.

Below is a summary of capital leases and the new building lease commitment net of (estimated) sub-leases combined with the Company's commitment on its current premises until the leases expire:

(Thousands)	2011	2012	2013	2014	2015+	Total
Capital Leases	413	185	92	48	46	784
Operating Leases ⁽¹⁾	8,727	6,348	6,668	6,820	87,109	115,672
Total Contractual Obligations	\$ 9,140	\$ 6,533	\$ 6,760	\$ 6,868	\$ 87,155	\$ 116,456

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. Such accruals are based on information known about the matters, the Company's estimates of the outcomes of such matters 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.

On February 25, 2011, the plaintiff in a lawsuit against the Company was awarded judgement in the amount of \$500,000. In addition to the principal amount, the Company is liable for costs and interests in the estimated total amount of \$42,000. Steps are being taken to satisfy the judgment which included the transfer of securities and cash held in trust pending the resolution of this matter. An accrual has been recorded in 2010 for the amount of settlement plus costs and interest less the approximate value of the securities. The lawsuit relates to \$500,000 in convertible debentures issued by BlueGrouse Seismic Solutions Ltd. ("BlueGrouse") to the plaintiff on November 21, 2005 at a conversion price of \$4.48 (post acquisition of BlueGrouse). BlueGrouse was acquired by the Company in 2007.

SELECTED CASH FLOW ITEMS

(Thousands)	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Operating Activities				
Funds from operations ⁽¹⁾	\$ (4,801)	\$ (47)	\$ (6,656)	\$ 24,085
Non-Cash Working Capital Change (Current and Long-Term Portions)	(3,573)	4,585	10,502	(263)
Cash Flows From (Used in) Operating Activities	(8,374)	4,538	3,846	23,822
Financing Activities				
Bank Indebtedness	2,050	-	2,050	-
Long-Term Debt Obligations	(190)	(8,423)	(30,896)	(21,543)
Proceeds from Debenture Issue	-	3,750	-	3,750
Issue of Common Shares, Net of Repurchases	3,452	-	4,180	-
Dividends paid	(8,623)	-	(8,623)	-
Other - Net	-	(98)	(50)	(173)
Cash Flows From (Used in) Financing Activities	(3,311)	(4,771)	(33,339)	(17,966)
Investing Activities				
Acquisition of Data Libraries	-	(56)	(2,195)	(7,246)
Surveys in Progress	(1,201)	(1,978)	933	2,522
Additions to Property, Plant and Equipment	(1,058)	(81)	(1,760)	(1,500)
Acquisitions	-	-	-	-
Proceeds on sale of data libraries	-	-	54,434	-
Proceeds on sale of property and equipment	-	-	93	3,340
Other - Net	(4,844)	1,763	(19,086)	(4,015)
Cash Flows From (Used in) Investing Activities	(7,103)	(352)	32,419	(6,899)
Foreign Exchange Gain on Cash Held in a Foreign Currency	(1)	2	2	-
Change in Cash	\$ (18,789)	\$ (583)	\$ 2,928	\$ (1,043)

⁽¹⁾ See the Non-GAAP Measures section.

OPERATING ACTIVITIES

In Q4 2010, funds from operations were a negative \$4.8 million ((\$0.11) /share (basic and diluted)), compared with a negative \$47,000 ((\$0.00) /share (basic and diluted)) in Q4 2009. The decrease was mainly due to a \$2 million (20%) decrease in revenue caused primarily by the sale of the Seismic Assets and a \$2.7 million (26%) increase in operating expenses caused primarily by the lease on the Company's new premises which commenced in May 2010.

In 2010, funds from operations were a negative \$6.7 million ((\$0.16) /share (basic and diluted)), compared with \$24.1 million ((\$0.57) /share (basic and diluted)) in 2009. The \$20.8 million (34%) decrease in revenue was primarily due to the drop in services and seismic data revenue as clients did not have budgeted funds available for their winter exploration programs as they would have normally had in prior years in addition to the sale of Seismic Assets in Q3 2010. The \$10 million (27%) increase in operating expenses resulted mainly from the lease on the Company's new premises which commenced in May 2010, including a related estimated sublease loss accrual of \$3 million, and an additional bad debt expense of \$3 million. There were offset by \$542,000 decrease in salaries and benefits due to the cost reduction strategies which remained in place until August 2010 (except for salary roll-backs that were reversed on January 1, 2010).

FINANCING ACTIVITIES

In Q3 2010, the Company paid off the term loan and committed revolving credit facilities with the proceeds from the sale the Seismic Assets and in Q4 2010, the Company used a portion of the proceeds to pay a cash dividend of \$8.6 million (20 cents per share).

In Q4 2010, the Company secured a new operating \$5 million credit facility of which \$2 million was drawn as at December 31, 2010. The facility is subject to the Company meeting certain debt covenants as follows: current ratio cannot fall below 1.25:1; funded debt to equity ratio cannot exceed 1.75:1; and debt service coverage ratio cannot fall below 3:1. As at December 31, 2010, the Company was in violation of its debt service coverage ratio covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant as at December 31, 2010. In addition, the Company and the lender are in discussions to amend the covenants going forward.

On December 23, 2010, the Company closed a private placement whereby it sold 15,825,217 units ("Units") at a price of \$0.22 per Unit for total gross proceeds of \$3,481,548. Each Unit was comprised of one Class A share of Divestco (the "Share") and one non-transferable share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one Share on or before December 31, 2012 at an exercise price of \$0.32 per Share. The shares and the warrants, and any shares issued on exercise of the warrants are subject to a hold period under applicable Canadian securities laws and policies of the TSX Venture Exchange. Directors and officers subscribed for 9,865,214 Units for gross proceeds of \$2,170,347.

INVESTING ACTIVITIES

On September 29, 2010, the Company completed the sale of its 2D and 3D seismic data library to Pulse for net proceeds of \$73.4 million. This included cash of \$53.4 million after taking into consideration purchase price adjustments and transaction costs of \$1.8 million. The Company also received 14.285 million Pulse shares valued at \$20 million on the closing date. The Company also sold a seismic survey prior to the sale to Pulse for proceeds of \$1 million giving total net cash proceeds of \$54.4 million for 2010.

During Q4 2010, the Company acquired \$1.1 million of property, plant and equipment (excluding \$54,000 in computer equipment acquired under capital lease) mainly related to build out costs for the Company's new office space. The Company commenced a new 130 km² 3D seismic survey in Q4 2010 and incurred costs of \$1.2 million during the quarter. It was completed in Q4 2010 and was fully funded with pre-sale commitments. The Company also signed an agreement during the quarter whereby in exchange for a

license to the seismic survey it commenced in Q4 2010, it obtained the ownership rights to an existing 3D survey in Q1 2011 covering an area of 67 km². No revenue or costs were recognized as the net cash paid/received was zero.

During 2010, the Company acquired \$1.7 million of property, plant and equipment (excluding \$372,000 in computer equipment acquired under capital lease) mainly related to build out costs for the Company's new office space. In addition, the Company completed a 3D seismic participation survey for \$2 million covering an approximate area of 41 km² and acquired 140 km of 2D and 145 km² of existing 3D seismic for \$1.9 million. Except for \$144,000, the existing data was acquired by way of a data exchange. In Q4 2010, Divestco commenced a 130 km² 3D seismic survey which was completed in Q1 2011 at a cost of \$2.1 million. The Company also signed an agreement during the quarter whereby in exchange for a license to the seismic survey it commenced in Q4 2010, it obtained the ownership rights to an existing 3D survey in Q1 2011 covering an area of 67 km².

OUTSTANDING SHARE DATA

As a result of the sale of its seismic data library, Divestco's shares were delisted from the Toronto Stock Exchange (TSX) on October 5, 2010. Divestco's Class A shares were listed on the TSX Venture Exchange (TSXV) on October 6, 2010 and trade under the symbol DVT. The Company is authorized to issue an unlimited number of voting Class A shares.

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

	Balance as at (thousands)		
	Apr 20, 2011	Dec 31, 2010	Dec 31, 2009
Class A shares			
Outstanding	59,392	58,938	41,958
Weighted Average Outstanding			
Basic		42,601	41,958
Diluted ⁽¹⁾		42,601	41,958
Stock Options			
Outstanding	835	907	2,137
Exercise Price Range	\$0.68 to \$6.10	\$0.68 to \$6.10	\$0.60 to \$6.10
Share Purchase Warrants			
Outstanding	16,280	15,825	-
Exercise Price	\$0.32	\$0.32	-

⁽¹⁾ In calculating diluted weighted average outstanding shares, conversion or exercise of equity instruments is assumed only if the effect is dilutive. For the twelve months ended December 31, 2010, options to purchase 907,000 Class A common shares have been excluded from the calculation of diluted weighted average outstanding shares as they were anti-dilutive.

PRIVATE PLACEMENT

On December 23, 2010, the Company closed a private placement whereby it sold 15,825,217 units ("Units") at a price of \$0.22 per Unit for total gross proceeds of \$3,481,548. Each Unit was comprised of one Class A share of Divestco (the "Share") and one non-transferable share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one Share on or before December 31, 2012 at an exercise price of \$0.32 per Share. The shares and the warrants, and any shares issued on exercise of the warrants are subject to a hold period under applicable Canadian securities laws and policies of the TSX Venture Exchange. Directors and officers subscribed for 9,865,214 Units for gross proceeds of \$2,170,347.

On January 10, 2011, the Company issued an additional 454,546 Units at a price of \$0.22 per Unit for gross proceeds of \$100,000.

STOCK OPTIONS

As at December 31, 2010, there were 5,893,777 Class A common shares reserved for grants of stock options.

During the year ended December 31, 2010:

- 615,000 options were granted with exercise prices ranging from \$0.68 to \$0.78
- 689,852 options were forfeited with exercise prices ranging from \$0.60 to \$6.10 including 187,500 options that were forfeited by former directors, an officer and a former officer.
- 1,155,000 options were exercised with exercise prices ranging from \$0.60 to \$0.78 including 850,000 options that were exercised by directors, officers and a former officer.

From January 1, 2011 to April 20, 2011:

- 72,333 options were forfeited with exercise prices ranging from \$1.30 to \$6.00

RELATED PARTY TRANSACTIONS

Divestco had the following related party transactions for the twelve months ended December 31, 2010:

- In 2010, the Company incurred \$286,000 (2009 - \$268,000) in seismic consulting fees and brokerage commissions from a company controlled by a Director. Included in accounts payable as at December 31, 2010 was \$147,000 (December 31, 2009 - \$101,000) related to these fees and commissions.
- In 2010, the Company incurred \$453,000 (2009 - \$423,000) in legal fees from the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at December 31, 2010 was \$74,000 (December 31, 2009 - \$26,000) related to these legal fees.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

CRITICAL ACCOUNTING ESTIMATES

SEISMIC DATA LIBRARIES

The costs associated with purchasing or creating the seismic data library are capitalized. Purchases of existing seismic data are capitalized and amortized on a straight-line basis over 10 years. The Company also creates seismic data and capitalizes the costs paid to third parties for the acquisition of data, permitting, surveying, and other related costs. Created seismic may be acquired without pre-sale commitments or with pre-sale commitments that include an exclusive data use period. Created seismic, without pre-sale commitments, is amortized on a straight-line basis over a seven-year period. Created seismic with pre-sale commitments is initially amortized at 40% on delivery of the data to the customer, with the remaining balance on a straight-line basis over the next six-year period. Some of the created seismic is acquired jointly with others. The Company's financial statements reflect only its proportionate share of the costs of the jointly-created seismic data library.

STOCK-BASED COMPENSATION

The fair value of share options granted in 2010 were estimated using the Black-Scholes option pricing model, with the following assumptions: an average expected volatility of 92%, an average risk free interest rate of 2.2%, no dividend rate and an expected life of five years. The value of the stock options is recognized as a compensation expense over the three-year vesting period.

NEW ACCOUNTING PRONOUNCEMENTS

BUSINESS COMBINATIONS, CONSOLIDATED FINANCIAL STATEMENTS AND NON-CONTROLLING INTERESTS

As of January 1, 2011, the Company will be required to adopt the following new Canadian accounting standards for:

Business combinations, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future business combinations.

Consolidated financial statements, together with the new rules on non-controlling interests, replace the former consolidated financial statements standard. This standard establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard should not have a material impact on Divestco's consolidated financial statements.

Non-controlling interests, which establishes the accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard should not have a material impact on Divestco's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Canadian Accounting Standards Board (AcSB) has confirmed that accounting standards in Canada will converge with IFRS. Entities will be required to adopt IFRS effective January 1, 2011 with a restatement of the comparative periods for 2010 including an opening balance sheet as at January 1, 2010. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies and increased note disclosures which must be addressed.

The Company has commenced the process to transition from current Canadian GAAP to IFRS. It has established a project plan and a project team. The project team is led by finance and includes representatives from operations to plan for and achieve an efficient transition to IFRS. The project plan consists of three phases: initiation, detailed assessment and design, and implementation. The Company completed the first phase in 2009, initiation, which involved the development of a detailed timeline for assessing resources and training and the completion of a high level review of the major differences between current Canadian GAAP and IFRS. Education and training sessions for employees within finance and accounting and discussions with the Company's external auditors commenced in 2010 and will continue throughout the final phase. Regular reporting is provided to the Company's senior executive management and to the Audit Committee.

The detailed assessment and design phase involved establishing work teams to complete a comprehensive analysis of the impact of the IFRS differences identified in the initial scoping assessment. The Company's detailed assessment and design phase of the project was expected to be completed by June 30, 2010. In addition, an initial evaluation of IFRS 1, First-time Adoption of IFRS, transition exemptions and the analysis of financial systems was also expected to be completed by September 30, 2010. These were completed by the end of November 2010.

The Company commenced the last phase, implementation, in 2010, which was expected to be completed by the end of 2010. However, a small portion of the external audit of the Company's opening IFRS balance sheet is yet to be completed as of the date of this MD&A. The Company has executed the

required changes to business processes, financial systems, accounting policies and needs to finalize its disclosure controls and internal controls over financial reporting. The Company will be ready to publish IFRS compliant financial statements by the required deadline.

On a qualitative basis, the Company has identified the key areas where changes are anticipated as follows:

IFRS 1 – First-time Adoption of IFRS

IFRS 1 generally requires that an entity apply all IFRS standards effective at the end of its first IFRS reporting period retrospectively, with specific mandatory exemptions, and a limited number of optional exemptions. A preliminary assessment of the available exemptions has been completed. The Company intends to finalize this assessment and disclose the options selected once its IFRS opening balance sheet has been audited which commenced in Q3 2010. Quantifiable information, if any, about the impact of IFRS on key line items should be available on completion of the audit.

International Accounting Standard (IAS) 36 – Impairment of Assets

This standard deals with the impairment of a variety of non-financial assets, including property, plant and equipment, intangible assets and goodwill. The standard contains a single comprehensive impairment standard under which assets are tested for impairment either individually or within cash-generating units (CGUs), the smallest group of assets that generates cash inflows from continuing use that largely are independent of the cash inflows of other assets or groups thereof. This Standard ensures that assets are carried at no more than their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of the future cash flows expected to arise.

Under this standard, all assets are to be reviewed at each balance sheet date to look for any indication of impairment, based on a list of external and internal indicators of impairment. This standard may result in more frequent write-downs in the carrying value of assets as the carrying values that were previously supported under Canadian GAAP, based on undiscounted cash flows, may not be supportable under the discounted cash flows basis. However, under this standard reversal of impairment is allowed.

The Company has assessed the impairment charges made prior to January 1, 2010 and it appears they are appropriate under IFRS. However, the Company intends to finalize this assessment once its IFRS opening balance sheet has been audited which commenced in Q3 2010.

International Financial Reporting Standards (IFRS) 2 – Share-based payments

A share-based payment is a transaction in which the entity receives goods or services as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. Stock options issued to directors, officers, employees and consultants would fall under the purview of this standard.

Under Canadian GAAP, the Company currently accrues compensation costs as if all instruments granted were expected to vest and recognises the effect of actual forfeitures as they occur. Under IFRS 2 the entity is required to estimate the forfeiture rate based on the best available information and adjust the forfeiture rate prospectively if required. In addition, IFRS 2 requires that each tranche of options be treated as a separate arrangement as graded vesting is utilized. As a result of these differences between Canadian GAAP and IFRS there is potential for adjustment.

The Company has completed an internal assessment of the impact of these changes. The Company will finalize this once its IFRS opening balance sheet has been audited which commenced in Q3 2010.

International Accounting Standard (IAS) 38 – Intangible Assets

The Company currently shows its Data Library as a separate asset on the balance sheet. The Company will account for its data libraries as an intangible asset using the historical cost model which is similar to Canadian GAAP. This will only impact the presentation on the face of the balance sheets and the associated note disclosure. The presentation difference between Canadian GAAP and IFRS for this asset class will have no impact on reported earnings or loss or on total equity.

International Accounting Standard (IAS) 1 – Presentation of financial statements

Significant differences between IFRS and Canadian GAAP exist for financial statement presentation and disclosure, which only impact the presentation on the face of the balance sheet, statement of comprehensive income, cash flow statement or within classes of shareholders' equity. The presentation differences between Canadian GAAP and IFRS will have no impact on reported earnings (loss) or total equity.

International Financial Reporting Standards (IFRS) 3 – Business combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. IFRS 3 does not apply to the formation of a joint venture, combinations of entities or businesses under common control. IFRS 3 also does not apply to the acquisition of an asset or a group of assets that do not constitute a business.

IFRS 1 provides an exemption from restating past business combinations for periods prior to the IFRS transition date, thereby grandfathering the accounting treatment under Canadian GAAP. The Company will likely elect to apply the exemption available to first time IFRS adopters without having to retroactively restate the accounting for those business combinations that occurred prior to January 1, 2010. There were no business combinations in 2010.

International Accounting Standard (IAS) 18 – Presentation of financial statements

IAS 18 *Revenue* sets out criteria for recognizing revenue, identifies the circumstances in which those criteria will be met, and provides practical guidance on applying the criteria. IAS 18 requires using the *percentage of completion method* when accounting for rendering services. Under the percentage of completion method, revenue is recognized as work progresses based on the percentage of work completed at the end of the reporting period. The Company currently recognizes revenue for services rendered, under Canadian GAAP, using the *completed contract method*. The Company will be switching to the percentage of completion method, for services rendered, and making the necessary adjustments to its opening balance sheet and financial statements for 2010. The Company has quantified the change as a result of this change and is awaiting auditors approval on this.

However, the IASB has issued an exposure draft for a new standard on revenue that would replace IAS 18 Revenue and Related Interpretations. The final standard is expected in the second quarter of 2011. The new guidance may represent a substantial change from the application of existing IFRS guidance. The exposure draft proposes a single revenue recognition model in which revenue is recognized when an entity satisfies a performance obligation by transferring a promised good or service to a customer, one which the Company already follows under Canadian GAAP. The proposals include the withdrawal of the percentage of completion method, which the Company will be using in 2011, and its comparative periods for services rendered. If the exposure draft is adopted as outlined above, the Company does not expect any material change in its revenues under IFRS as the policy is then expected to mirror the policy already being followed by the Company under Canadian GAAP.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

In Q4 2010, the Company commenced updating internal controls documentation related to the preparation of the IFRS opening balance sheet, including controls related to the completeness of the adjustments. This will be completed in time for filing of the first IFRS statements.

Information Technology (IT)

In Q4 2010, the Company completed the review of its IT systems to ensure they are able to adequately support conversion to IFRS and ongoing financial reporting. The Company has implemented and tested a method to generate GAAP and IFRS financial reports in parallel.

Business Policy Assessment

Based on the Company's debt covenants, certain calculations will be affected by the adoption of IFRS as they include cash items such as EBITDA. The calculation of EBIDTA may be affected by the change from the completed contract method to the percentage of completion method for purposes of revenue recognition.

At this time, the Company cannot quantify the impact that the adoption of IFRS will have on our future results of operations or financial position. Additional disclosure of the key elements of our plan and progress on the project will be provided as the Company moves toward the changeover date. The Company will continue to monitor the development of new standards and any changes will be incorporated as required.

The following table is summary of the Company's changeover plan and status:

Key Activity (Selected elements only)	Proposed Deadlines	Status as of the date of this MD&A
Financial Statement Preparation		
Identification of differences between Canadian GAAP and IFRS accounting policies and choices that are applicable to the Company	Completed	Significant accounting policy choices identified and their impact is being evaluated in conjunction with the opening IFRS balance sheet audit.
Selection of entity's continuing IFRS policies	Completed	The Company has selected its accounting policies and is currently quantifying the effect.
Selection of IFRS 1 policy choices	Completed	The Company has selected its IFRS 1 policies.
Financial statement format including alternative performance measures	Completed	Draft financial statements format prepared.
Changes in note disclosure	Upon completion of opening balance sheet	Sources of information identified. Company has commenced building new tables and gathering addition information to populate the tables. Expected to be complete after opening IFRS balance sheet audit completed.
Quantification of IFRS 1 disclosure for 2010	In conjunction with release of Q1 2011 IFRS financial statements	Work expected to be completed once the opening IFRS balance sheet audit is completed.
Infrastructure: IFRS expertise		
IFRS expertise and identification and development at all levels (including Board level)	On-going	Expert resources identified – use of external auditors and industry peer groups, key in-house personnel trained with additional training being provided as needed.
Infrastructure: Information technology (IT)		
Systems are capable of processing transactions, generating reports and maintaining IT controls under GAAP and IFRS, during and after transition.	Completed	ERP system capable of parallel processing transactions. Parallel processing method and report creation method identified in Q2 2010 and tested in Q4 2010.

Business Policy Assessment:		
Renegotiate bank covenants	Completed for new operating line secured in Q4 2010	Debt covenants take IFRS into account.
Customer and supplier contract evaluation	Completed	Review of customer/supplier contracts against IFRS related to revenue/cost recognition completed.
Control Environment:		
ICFR and DC&P (i) Accounting policy determination, documentation and implementation (ii) CEO/CFO certification process	ICFR and DC&P (i) In conjunction with release of Q1 2011 IFRS financial statements (ii) In conjunction with release of Q1 2011 IFRS financial statements	ICFR and DC&P (i) Policies have been approved by Management and the Audit Committee. (ii) Update CEO/CFO certification process in conjunction with release of Q1 2011 IFRS financial statements

SECURITIES REGULATIONS UPDATE

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure Controls and Procedures are controls and procedures designed and implemented by, or under, the supervision of Divestco's Chief Executive Officer (CEO) and Chief Financial Officer (CFO). These controls and procedures ensure that material information relating to the Company is communicated to them by others in the organization as it becomes known, and that the information is appropriately disclosed as required under the continuous disclosure requirements of securities legislation. In essence, these types of controls are related to the quality and timeliness of financial and non-financial information in securities filings.

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted as at December 31, 2010, by and under the supervision of Divestco's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures, as defined in the Canadian Securities Administrators' National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", are effective to ensure that information required to be disclosed in reports that the Company files or submits under Canadian securities legislation is recorded, processed, summarized, and reported within the time periods specified in those rules and forms.

There were no changes in Divestco's disclosure controls and procedures that occurred during the twelve months ended December 31, 2010, that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Divestco maintains a set of internal controls and procedures over financial reporting which have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. The Company used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of its internal control over financial reporting. Divestco evaluated the effectiveness of its controls and procedures over financial reporting (as defined under National Instrument 52-109) for the year ended December 31, 2010. This evaluation was performed under the supervision of the CEO and the CFO, with the assistance of other Divestco employees. Based on this evaluation, the CEO and the CFO concluded that the effectiveness of these internal controls and procedures provided reasonable assurance regarding the reliability of financial reporting and that there are no material weaknesses in Divestco's internal control over financial reporting that have been identified by management for the year ended December 31, 2010.

There were no changes in Divestco's internal control over financial reporting that occurred during the twelve months ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

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CORPORATE INFORMATION - CONTINUED**BOARD OF DIRECTORS**Edward L. Molnar^{1,2,3}

Stephen Popadynetz

Brent Gough^{2,3,4}

Wade Brillon

Bill Tobman^{2,4}¹ Chairman of the Board² Member of the Audit Committee³ Member of the Compensation Committee⁴ Member of the Corporate Governance Committee**OFFICERS**

Stephen Popadynetz – Chief Executive Officer and President

Roderick Chisholm – Chief Financial Officer

Steve Sinclair-Smith – Chief Operating Officer

Lonn Hornsby – Senior VP Operations – Divestco Seismic

Danny Chiarastella – VP Finance

Mathew Hepton – VP Software Development

CORPORATE SECRETARY

Faralee A. Chanin

STOCK EXCHANGE LISTING

TSXV: DVT

REGISTRAR AND TRANSFER AGENT

CIBC Mellon Company

AUDITORS

KPMG LLP

LEGAL COUNSEL

Field LLP