



Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) for Divestco Inc. (Divestco or the Company) focuses on key statistics from the financial statements, and pertains to known risks and uncertainties relating to the oil and gas exploration and production industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. This discussion and analysis of the financial condition and results of operations for the years ended December 31, 2005 and 2004 should be read in conjunction with the consolidated financial statements and related notes and material contained in other parts of the annual report. Unless otherwise disclosed, all financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and is reported in Canadian dollars.

This MD&A is dated April 4, 2006.

Forward Looking Statements

This MD&A contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The use of forward-looking words such as, "may," "will," "expect," or similar variations generally identify such statements. Although management believes that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including the factors discussed in the Business Risks and Environment section of this MD&A.

Non-GAAP Measures

Earnings before interest, taxes, depreciation and amortization (EBITDA); "Operating Income"; "funds from operations", and "funds from operations per share (basic and diluted)" are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. Accordingly, these measures have been 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.

Management believes that in addition to net income, EBITDA and operating income are useful supplemental measures for providing an indication of the results generated by the Company's principle business activities, even prior to the consideration of how those activities are financed or how the results are taxed. Management also uses funds from operations and funds from operations per share - basic and diluted as key measures to assess the ability of the Company to finance operating activities and capital expenditures.

These non-GAAP measures are calculated as follows: operating income (deduct interest and amortization from EBITDA), funds from operations (add or deduct non-cash items from net income [loss]), funds from operations per share - basic and diluted (divide funds from operations by the weighted average number of shares outstanding [basic and diluted] for the relevant period).

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 for, and price of services and products offered by Divestco depends on the activity levels for oil and gas producers. Commodity prices, supply and demand for oil and natural gas and, to a lesser extent, government regulation (including regulation of environmental matters), determine these activity levels. In addition, the Company's focus on the oil and gas industry, as its primary customer base, exposes it to all of the uncertainties associated with the demand for, and price of oil and natural gas.

A significant portion of Divestco's revenue is derived from the licensing of seismic data. To mitigate its demand risk, the Company spends a significant 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. For larger seismic programs, the Company may rely on third parties to share in the cost. These parties are also susceptible to the risks and uncertainties associated with the oil and gas industry.



Demand for Products and Services (continued)

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

Weather

Acquisition of seismic data is usually completed in the winter season when the ground is frozen. These conditions are imperative, as seismic acquisition requires the use of heavy equipment, especially in the Northern areas of Alberta and British Columbia. The Company depends on qualified contractors to complete the surveys on time and within budget. To help ensure this, Divestco obtains written cost estimates before the survey begins, and then regularly follows up with the contractor on the progress and costs incurred during the survey.

Services, Software, Consulting and Seismic Brokerage generate steady sales throughout the year. However, Services and Seismic Brokerage normally exhibit a noticeable dip 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. To minimize these fluctuations, Divestco enters into certain long-term archiving contracts with customers as well as specific types of contract work appropriate for lower-activity months. Software experiences slower periods during July and August, which is generally a low volume period for the oil and gas industry.

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 a significant international presence. Divestco attempts to distinguish itself from its competitors through the selling of a wide range of oil and gas exploration products and services on a stand-alone basis or as customized and bundled solutions.

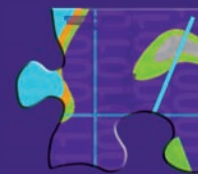
Skilled Personnel

Divestco's success also depends on attracting and retaining highly skilled management, geophysical, software development, sales, consulting and other personnel. The Company attempts to achieve this by offering an attractive compensation package and training. To protect its competitive advantage and intellectual property, Divestco obtains confidentiality agreements and in some cases, non-compete agreements, from these individuals.

Government Regulations and Safety

The Company's seismic operation is 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. Divestco and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements in their operations. Such laws and regulations are subject to change and accordingly, it is unfeasible for the Company to predict the cost or impact of such laws and regulations on its future operations. The adoption or modification of laws and regulations, which could have the effect of curtailing exploration and development by oil and gas companies, could also adversely affect Divestco's seismic operations by reducing the demand for seismic surveys.

You can view copies of the Company's other continuous disclosure documents at www.sedar.com or on the Company's website at www.divestco.com.



Overall Performance

| Financial Results (\$Thousands, Except Per Share Amounts) | | | | | | |
|--|----------------------------------|-------------|-----------------|-------------------------------|-------------|-----------------|
| | Quarter Ended December 31 | | | Year Ended December 31 | | |
| | 2005 | 2004 | % change | 2005 | 2004 | % change |
| Revenue | \$ 12,874 | \$ 8,234 | 56% | \$ 38,754 | \$ 25,912 | 50% |
| EBITDA | 5,288 | 3,168 | 67% | 16,117 | 6,746 | 139% |
| Operating income | 2,826 | 2,042 | 38% | 8,283 | 3,520 | 135% |
| Income tax expense (reduction) | 1,163 | (83) | N/A | 3,137 | (283) | N/A |
| Net income | 1,666 | 2,135 | (22)% | 5,178 | 3,947 | 31% |
| Per share - basic | 0.06 | 0.08 | (25)% | 0.20 | 0.16 | 25% |
| Per share - diluted | 0.05 | 0.08 | (38)% | 0.19 | 0.16 | 19% |
| Funds from operations | 5,083 | 3,070 | 66% | 15,498 | 6,497 | 139% |
| Per share - basic | 0.17 | 0.12 | 42% | 0.58 | 0.26 | 123% |
| Per share - diluted | 0.16 | 0.12 | 33% | 0.57 | 0.26 | 119% |
| Shares outstanding (thousands) | 29,874 | 24,985 | | 29,874 | 24,985 | |
| Weighted average shares outstanding (thousands) | | | | | | |
| Basic | 29,848 | 25,126 | | 26,521 | 25,308 | |
| Diluted | 30,829 | 25,214 | | 27,046 | 25,392 | |
| Financial Position (\$Thousands) | | | | | | |
| As at December 31 | | | | 2005 | 2004 | |
| Total assets | | | | \$ 80,198 | \$ 41,554 | |
| Working capital (deficiency) | | | | 3,515 | (2,992) | |
| Long-term debt (including current portion) | | | | 11,604 | 1,375 | |
| Seismic Library (Thousands) | | | | | | |
| 2D in gross kilometres | | | | 52,244 | 51,544 | |
| 2D in net kilometres | | | | 40,244 | 39,544 | |
| 3D in gross square kilometres | | | | 4,359 | 2,875 | |
| 3D in net square kilometres | | | | 2,849 | 2,190 | |



Overall Performance (Continued)

Consolidated Annual Financial Results - 2005

Divestco generated a record \$38.8 million in revenue, \$5.2 million in net earnings (19 cents per share - diluted) and \$15.5 million in funds from operations for the year ended December 31, 2005. This was a 50% increase in revenue, a 31% increase in net earnings and a 139% increase in funds from operations from fiscal 2004. The increases were driven by:

- Five share acquisitions: Petro Data Source, Inc. (PDS), Canamera Equities Ltd. and Canamera Corporation (together referred to as Drilling Records), Focus Holdings and Investments Ltd. (Focus) and Laser Software Ltd. (Laser) adding \$2.6 million in revenue
- \$13.0 million increase in 2D and 3D seismic data licence sales. An additional 700 gross kilometres of 2D and close to 1,500 gross square kilometres of 3D seismic was acquired in 2005
- \$1.4 million log data licence sales (including Divestco's drill stem test and grid/culture data files)

This was offset by:

- One-time data sales in 2004 totalling \$2.7 million which did not reoccur in 2005
- \$4.7 million increase in amortization related mainly to the acquisition of seismic data in 2005
- \$1.3 million current tax provision (the Company utilized its SR&ED investment tax credits to reduce taxes payable to a nominal amount)
- \$2.1 million increase in the Company's future tax provision from 2004. Divestco utilized a majority of its tax pools it carried forward from 2004 to reduce taxable income in 2005

Divestco ended its 2005 fiscal year with \$3.5 million in working capital compared to a \$3.0 million deficiency as at the end of 2004, an improvement of \$6.5 million. The Company utilized the proceeds it received from a brokered private placement and new long-term debt, to acquire \$5.5 million in short-term investments, finance its 2005 capital expenditures and exit 2005 with \$1.4 million in cash on its balance sheet. In the past Divestco relied mainly on its operating line and internal generated cash flow to finance these significant capital purchases, creating a working capital deficiency. In addition to the new funds, the increase in working capital was primarily due to:

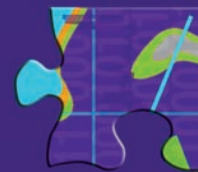
- \$13.1 million increase in accounts receivable primarily related to numerous 3D seismic surveys that were underway at the end of 2005 (Divestco obtained a number of pre-sale commitments from participants to assist with the financing of the seismic surveys)
- \$0.7 million in funds received from sale-lease back transactions

This was offset by:

- \$7.4 million increase in accounts payable related to the costs accrued for the seismic surveys in progress at the end of 2005
- \$2.2 million increase in the current portion of long-term debt obligations

All debt covenants were met as at December 31, 2005.

“Five share acquisitions: Petro Data Source, Inc. (PDS), Canamera Equities Ltd. and Canamera Corporation (together referred to as Drilling Records), Focus Holdings and Investments Ltd. (Focus) and Laser Software Ltd. (Laser) adding \$2.6 million in revenue”



Consolidated Fourth Quarter Financial Results - 2005

Divestco generated a record \$12.9 million in revenue and \$5.1 million in funds from operations (16 cents per share - diluted) as well as posting its ninth consecutive profitable quarter since becoming a publicly traded company late in 2003. Net income totalled \$1.7 million (5 cents per share - diluted) compared to \$2.1 million (8 cents per share - diluted) in 2004, a 22% decrease. The decrease in net income is mostly due to a \$1.2 million increase in amortization related to seismic acquisitions, and a \$1.2 million tax expense recorded during the fourth quarter of 2005 versus a \$0.1 million reduction in the same period in 2004. The Company utilized a majority of its tax pools in 2005 to reduce current taxes payable to a nominal amount.

The increase in revenue and funds from operations in the fourth quarter of 2005 was driven by:

- \$2.1 million in revenue from the previously discussed corporate acquisitions
- \$2.7 million increase in 2D and 3D seismic data licence sales
- \$0.2 million increase in software revenue

With the acquisition of Focus in October 2005, Divestco added Consulting as a fifth operating segment. Focus offers end-to-end solutions, ranging from business consulting services, Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems implementations, to custom software development, hardware devices, and network infrastructure. Divestco is currently utilizing Focus' consulting and CRM experience in other areas of its business to improve customer delivery and service.

Through the acquisition of Laser, Divestco expanded its software offerings in 2005 through the addition of LandRite, a comprehensive land management software system. LandRite is well regarded in the oil and gas industry as an innovative land administration tool. In addition, Laser has a financial accounting package that enables its smaller oil and gas clients to connect remotely via the Internet to access and maintain their data.

Outlook

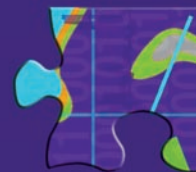
In addition to expanding its seismic data library, Divestco plans to grow the rest of its businesses through organic means, such as bringing on new customers, increasing the number of products being purchased by current customers and through additional acquisitions.



Selected Quarterly Information (\$Thousands, Except Per Share Amounts)

| | 2005 | | | | 2004 | | | |
|------------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Revenue | \$ 12,874 | \$ 7,944 | \$ 9,221 | \$ 8,715 | \$ 8,234 | \$ 5,407 | \$ 6,073 | \$ 6,198 |
| EBITDA | 5,288 | 2,901 | 3,814 | 4,115 | 3,168 | 1,210 | 891 | 1,476 |
| Operating income | 2,826 | 1,985 | 1,019 | 2,453 | 2,042 | 548 | 151 | 779 |
| Net income | 1,666 | 1,312 | 599 | 1,601 | 2,135 | 622 | 388 | 802 |
| Per share - basic | 0.06 | 0.05 | 0.02 | 0.06 | 0.08 | 0.02 | 0.02 | 0.03 |
| Per share - diluted | 0.05 | 0.05 | 0.02 | 0.06 | 0.08 | 0.02 | 0.02 | 0.03 |
| Funds from operations | 5,083 | 2,871 | 3,584 | 3,960 | 3,070 | 1,134 | 831 | 1,462 |
| Per share - basic | 0.17 | 0.11 | 0.15 | 0.16 | 0.12 | 0.04 | 0.03 | 0.06 |
| Per share - diluted | 0.16 | 0.10 | 0.14 | 0.16 | 0.12 | 0.04 | 0.03 | 0.06 |

The upward trend in the above table is due to Divestco's growth over the past two years, both through organic means and through acquisitions. Generally, the Company's busiest quarters are the first and fourth quarters, when significant drilling and exploration activities are underway in North America.



Segment Review

| For the quarter ended December 31, 2005 (\$Thousands) | | | | | | | |
|---|----------|----------|----------|----------------------|-----------|-----------|-----------|
| | Services | Data | Software | Consulting and Other | Brokerage | Corporate | Total |
| Revenue | \$ 1,785 | \$ 7,150 | \$ 1,531 | \$ 1,289 | \$ 1,054 | \$ 65 | \$ 12,874 |
| EBITDA | 564 | 5,655 | 15 | (46) | 211 | (1,111) | 5,288 |
| Interest | - | - | - | - | - | 201 | 201 |
| Amortization | 135 | 1,846 | 156 | 25 | 36 | 63 | 2,261 |
| Operating income (loss) | 429 | 3,809 | (141) | (71) | 175 | (1,375) | 2,826 |

| For the quarter ended December 31, 2004 (\$Thousands) | | | | | | | |
|---|----------|----------|----------|----------------------|-----------|-----------|----------|
| | Services | Data | Software | Consulting and Other | Brokerage | Corporate | Total |
| Revenue | \$ 1,908 | \$ 3,930 | \$ 1,334 | \$ - | \$ 1,062 | \$ - | \$ 8,234 |
| EBITDA | 465 | 2,675 | 677 | - | 143 | (792) | 3,168 |
| Interest | - | - | - | - | - | 47 | 47 |
| Amortization | 103 | 659 | 245 | - | 40 | 32 | 1,079 |
| Operating income (loss) | 362 | 2,016 | 432 | - | 103 | (871) | 2,042 |

| For the year ended December 31, 2005 (\$Thousands) | | | | | | | |
|--|----------|-----------|----------|----------------------|-----------|-----------|-----------|
| | Services | Data | Software | Consulting and Other | Brokerage | Corporate | Total |
| Revenue | \$ 6,956 | \$ 21,751 | \$ 5,195 | \$ 1,289 | \$ 3,498 | \$ 65 | \$ 38,754 |
| EBITDA | 1,897 | 17,212 | 1,015 | (46) | 564 | (4,525) | 16,117 |
| Interest | - | - | - | - | - | 324 | 324 |
| Amortization | 501 | 6,187 | 435 | 25 | 135 | 227 | 7,510 |
| Operating income (loss) | 1,396 | 11,025 | 580 | (71) | 429 | (5,076) | 8,283 |

| For the year ended December 31, 2004 (\$Thousands) | | | | | | | |
|--|----------|-----------|----------|----------------------|-----------|-----------|-----------|
| | Services | Data | Software | Consulting and Other | Brokerage | Corporate | Total |
| Revenue | \$ 7,245 | \$ 10,159 | \$ 4,948 | \$ - | \$ 3,560 | \$ - | \$ 25,912 |
| EBITDA | 1,298 | 6,861 | 2,094 | - | 464 | (3,972) | 6,745 |
| Interest | - | - | - | - | - | 371 | 371 |
| Amortization | 439 | 1,430 | 675 | - | 166 | 145 | 2,855 |
| Operating income (loss) | 859 | 5,432 | 1,419 | - | 298 | (4,488) | 3,520 |



Segment Review (Continued)

Services

The Services segment provides seismic survey audit; information and database management, custom mapping, archiving, imaging, and geophysical/geological services, which provide quality assurance as well as transactional and data management services for geophysical and geological related information.

Fourth Quarter Financial Results - 2005

Services revenue decreased by \$0.1 million (6%) in the fourth quarter of 2005 to \$1.8 million from \$1.9 million for the same quarter in 2004, contributing 14% (2004 - 23%) of the Company's revenue. The decrease in Services' contribution is a direct result of Data's increased growth towards Divestco's total revenue for the quarter. The decrease in revenue was as a result of absent one-time sales which occurred in 2004. Despite the decrease in revenue, Survey Audit sales continued to be strong, achieving all-time record levels for September and December. Work on the re-audit of 32,000 kilometres of 2D seismic data (owned by Divestco) continued through the fourth quarter. Services also realized record levels in Mapping and Database Management for October and December. Divisional sales in Geological/Geophysical and Document Scanning remained strong.

EBITDA for the fourth quarter was \$564,000 compared to \$465,000 in 2004. The increase of \$99,000 was primarily due to a decline in operating costs due to the integration of the Archive division into the Company's NE Calgary location, and labour cost reductions in Archive, Scanning, and Information Management Services (IMS). Amortization increased by 31% from 2004 related to purchases of computer equipment and software. Operating income was \$429,000 compared to \$361,000 in 2004, an increase of \$67,000 (19%).

Annual Financial Results - 2005

Although Services revenue fell by \$289,000 for the year ended December 31, 2005 compared to 2004, EBITDA increased by 46% and operating income increased by 62%. The segment contributed 18% (2004 - 28%) of Divestco's fiscal 2005 revenue. The decrease in contribution from this segment is a direct result of the increase in Data's contribution to total Company revenue related mainly to seismic survey and log data revenue. The decrease in

revenue was mainly due to the absence of \$700,000 in one-time copying revenue earned in 2004 from the sale of 2D seismic data licences. This was offset by \$230,000 in new processing revenue related to 3D seismic data acquisitions. As previously discussed, work continued on the re-audit of a majority of Divestco's 2D seismic data library. At the end of 2005, roughly 60% of the data had been re-audited. In addition to the re-audit being done by Divestco, a third party is reprocessing the data to improve its quality and marketability. The Company expects to have the project completed by the end of 2006.

EBITDA was \$1.9 million compared to \$1.3 million in 2004 with an improvement of \$0.6 million (46%). This was primarily due to a decrease in salaries in IMS, Document Scanning and Archive due to general reductions in staff levels as a result of efficiencies achieved over the past year. Amortization increased by 14% in 2005 due to purchases of computer equipment and software for the Archive division. Services had an operating income of \$1.4 million compared to \$0.9 million in 2004, an improvement of \$0.5 million (62%).

Outlook

With the integration of the Consulting Division (formerly known as Focus Integrated Solutions) now complete, the Company is taking advantage of the consulting expertise in this division to further prepare and position the Company for growth both organically and with the expected NAD83 conversion opportunity. With Consulting providing project management expertise, Services will still realize project work revenue as clients move into implementations of the new datum. The Company continues to offer a unique solution in that Divestco supplies software, data, services and now consulting, as a full solution to assist its customers through the migration.

Divestco plans to merge IMS personnel, revenue, and costs into the Archive division, thereby completing the transition commenced a year ago, to more closely integrate these two groups. The internal rollout of DataStore's Archive module will further facilitate the integration of the Archive, Survey Audit, Database, and Brokerage divisions. This should further reduce Archive's costs and improve internal efficiencies in all three divisions. With the rollout of Divestco's DataStore product, combined with a simplified pricing model, the Company expects to attract new clients in 2006.



Initial client reactions to the new archiving and survey database system have been very positive, and management believes that DataStore will enable the Archive division to increase its client base significantly in the future as clients realize the advantage of using a single application to manage all their seismic data information. Divestco will achieve further advantages for Survey Audit and Database as customers set up full service account management.

Effective January 1, 2006, the Company engaged in several divisional realignments to simplify and streamline the operations of Services that included:

- Rolling the Document Scanning division into the Log division to better align costs with revenues
- Merging the Mapping and Geological/Geophysical divisions and renaming it Database & Mapping
- Splitting out the Technical Consulting component of the Geophysical/Geological division and including those operations in the Consulting services segment
- Rolling Brokerage under Services in an effort to further align Brokerage transactions with Archive and to streamline communication between the two groups

Data

The Data segment acquires and licenses Divestco's proprietary seismic data and also provides log digitizing and rasterizing services, and a full suite of support data layers. Data is also responsible for building and maintaining the Company's drilling, production and well log libraries.

Fourth Quarter Financial Results - 2005

Data revenue increased by \$3.2 million (82%) for the fourth quarter of 2005 to \$7.1 million from \$3.9 million in 2004, contributing 56% (2004 - 48%) towards the Company's total revenue. The increase was primarily driven by a \$2.7 million increase in 3D seismic licence sales, a \$1.4 million log data licence sale, and

\$1.1 million in revenue as a result of the PDS and Drilling Records acquisitions. This was offset by a slight reduction in 2D seismic licence data sales from 2004.

EBITDA was \$5.7 million compared to \$2.7 million in 2004, an increase of \$3.0 million (111%). The increase in revenue was offset by increases in salaries due to corporate acquisitions. Well production data costs also rose as Divestco continued to add new technical and sales staff to develop a bundled data and

***“Data Revenue increased by 82%
for the fourth quarter of 2005”***

software offering for the U.S. market. Client interest in a bundled data and software product continues to be high, and the Company anticipates an increase in U.S. sales of this new bundled product in the second quarter of 2006. Amortization was \$1.8 million in 2005 compared to \$0.7 million in 2004, with the \$1.1 increase primarily related to the addition of 3D seismic data. Operating earnings were \$3.8 million compared to \$2.0 million in 2004, an increase of \$1.8 million (89%).

Annual Financial Results - 2005

Data generated \$21.8 million in revenue for 2005, contributing 56% (2004 - 39%) of the Company's total revenue. The increase of \$11.6 million (114%) from \$10.2 million for 2004 related mainly to a \$13.0 million increase in 3D seismic data licence sales, a \$1.3 million log data licence sale, and \$1.1 million in revenue which came by way of the PDS and Drilling Records acquisitions. This was offset by a \$3.8 million in one time sales in 2004.

EBITDA was \$17.2 million, an increase of \$10.4 million (151%) from 2004. Increases in salaries and operating costs as discussed above offset the increase in revenues. However, labour cost for the Log Data division continued to drop from approximately \$200,000 per month in January 2005 to approximately \$100,000 per month in September 2005, as a major portion of digitizing was outsourced offshore. Amortization was \$6.2 million versus \$1.4 million in 2004, an increase of \$4.8 million (333%) primarily due to the acquisition of 3D seismic data in 2005. Operating income was \$11.0 million compared to \$5.4 million in 2004, a \$5.6 million (103%) increase.



Segment Review (Continued)

Outlook

Divestco ended 2005 with a number of 3D seismic surveys in progress. By the end of March 2006, two surveys had been completed at a cost of \$14 million. The remaining surveys are expected to be complete by the end of 2006 at a total estimated cost of \$42 million. Together, this new data will cover an aggregate area of approximately 1,400 square kilometres, of which Divestco will own 100%. The Company has also secured sales of this data totalling in excess of \$50 million with additional contracts pending.

Divestco purchased approximately 6,000 kilometres of 2D seismic data in March 2006 for \$570,000 with the greater part of the data located in Manitoba and the remainder in British Columbia.

In addition, Divestco expects to have the reprocessing of approximately 32,000 kilometres of its 2D data library completed by December 2006. At the end of 2005, roughly 50% of the data had been reprocessed.

The Log Data division has a number of projects planned for 2006 that include:

- Continuing to outsource digitizing services offshore leading to further cost reductions
- Moving log header entry and depth registration offshore to further realize labour savings
- Evaluating new data sets
- Adding core analysis data for Saskatchewan and British Columbia to complement the Alberta core analysis data with expected completion by December 2006

Divestco will continue to upgrade and refine its well file by leveraging new survey information derived from Survey Audit. The well file, as well as all other general datasets, will be available in both NAD27 and NAD83 in preparation for the industry migration.

Divestco anticipates additional overhead costs for its U.S. operations, as new downtown office space will be leased in the second quarter of 2006 to accommodate the consolidation of Drilling Records' Denver staff in Petro Data Source's offices. Divestco has also contracted a U.S. based mapping company to

"This new data will cover an aggregate area of approximately 1,400 square kilometres, of which Divestco will own 100%. The Company has also secured sales of this data totalling in excess of \$50 million with additional contracts pending."

create a 1:24000 scale U.S. grid and culture file for use with its U.S. data and GIS software applications. The creation of a new integrated web-based mapping and query tool for all of Divestco's U.S. data will be completed in 2006 and will result in improved functionality and additional sales of U.S. data products. The first release of a bundled GeoCarta Tools and U.S. data application will occur in the second quarter of 2006 and be marketed to U.S. based E&P, as well as oilfield and financial services companies.

Software

The Software segment sells software licences and is responsible for development, maintenance and support of its products.

Fourth Quarter Financial Results - 2005

Revenue for the fourth quarter of 2005 was \$1.5 million compared to \$1.3 million in 2004, an increase of \$0.2 million (15%). Software contributed 12% (2004 - 16%) of Divestco's total revenue. The decrease in Software's contribution is a direct result of Data's increased growth towards the Company's total revenue for the quarter. An increase in GeoCarta Tools revenue, and additional revenue related to the Laser acquisition in October 2005, was offset by an overall decline in contract sales.

EBITDA decreased by \$663,000 (98%) primarily due to a significant undertaking of internal software development which was entirely absorbed by Software. The segment was also allocated a greater portion of selling expenses than in 2004 as there was a realignment



of costs in 2005 (these costs will be allocated differently in 2006 to appropriately reflect changes of the overall business). Amortization was \$154,000 compared to \$245,000 in 2004, a decrease of \$91,000 (37%) as the Company reduced a portion of its intangible assets (acquired from International Datashare Corporation [IDC]) through the recognition of a previously unrecognized future tax asset. Operating earnings decreased by \$572,000 (133%) to a loss of \$140,000 from income of \$432,000 in 2004.

Annual Financial Results - 2005

Revenue for the year was \$5.2 million compared to \$4.9 million in 2004, an increase of \$0.3 million (5%). Software contributed 13% (2004 - 19%) of Divestco's total revenue. The decrease in contribution from Software is a direct result of the increase in Data's contribution towards the Company's total revenue related mainly to growth in 3D seismic data sales. While there was growth in GeoCarta, GeoVista, and WinPICS sales, there was a large one-time consulting project completed in 2004 that offset gains made in product sales in 2005.

EBITDA was \$1.0 million compared to a \$2.1 million in 2004, a decrease of \$1.1 million (52%). The decrease was primarily due again to the decline in revenue and addition of new staff. Amortization was \$435,000 compared to \$676,000 in 2004, a decrease of \$241,000 (36%) reduction in intangible assets. Operating earnings fell by \$0.8 million (59%) to \$0.6 million from \$1.4 million in 2004.

Outlook

Divestco has a number of software releases planned throughout the months ahead:

- WinPICS 5.4 and EnvisionVSX 2.0. The new versions will provide tighter integration, as well as improved usability and stability. EnvisionVSX features improved horizon management, inclusion of "classic" display modes, and a host of enhancements that will provide even more tools to assist with 3-D visualization and interpretation tasks
- GeoVista 4.5 that will provide usability improvements and several enhancements to the supplied data sets

- GeoCarta Tools 1.8 was released in the first quarter of 2006 and included an initial commercial version supporting the PDS and Drilling Record data set acquisitions (specifically focused on the U.S. market). Version 1.9 will follow a few months later, providing a variety of functional improvements, including DGI gridding and contouring support, integration with Divestco's geophysical tops file, and NAD83 support
- MapQ 3.1.1 will deliver secure, remote access through the internet to Divestco-hosted seismic data sets
- OeX 3.0 was released in the first quarter of 2006 providing enhanced mixed grid/datum support. Development continues on the major release of OeX slated for early 2007
- DataStore 1.2.2 will focus on user experience improvements and the streamlining of the update delivery process
- LandRite 8.0.3 was recently released. Development of version 9.0 is underway. This release will provide improved royalty management as well as support for automated generation of rental payment history
- Divestco released NAD83 compliant version of the EarthTools suite of Geologic Tools (CrossLog, LogEdit, et al.) in the first quarter of 2006. Following this, the next release will feature improved user tops support

Due to the Company's growth, direct marketing costs will be allocated differently going forward to more accurately allocate expenses and to clearly depict the profitability of each segment. In fiscal 2005 as in previous years, Software absorbed almost all of these marketing expenses.



Segment Review (Continued)

Consulting

The Consulting segment offers end-to-end solutions, ranging from business consulting services, ERP systems implementations and CRM systems implementations, to custom software development, hardware devices, and network infrastructure. This segment is new to Divestco with the acquisition of Focus in October 2005.

Fourth Quarter and Annual Financial Results - 2005

Revenue to the end of fiscal 2005 was \$1.3 million. This represented 3% of the Company's revenue. EBITDA was a negative \$46,000. Amortization was \$25,000. This amounted to an operating loss of \$71,000.

Outlook

- There are several existing large software implementation and development projects in progress through June of 2006
- Strong Alberta and British Columbia economies are providing large opportunities for software sales and consulting services with significant strength in the oil & gas service sector
- Current industry demands on human resources present the biggest challenge to delivering consulting services. Strategic acquisitions will be key to growing the consulting division and achieving 2006 targets, as the human resource capital that comes with such acquisitions is critical
- NAD83 consulting opportunities will increase toward the end of the year as the CAPP deadline for datum conversion draws nearer in 2008

Seismic Brokerage

Fourth Quarter Financial Results - 2005

Revenue for the fourth quarter was \$1.1 million in 2005 and the same for 2004. This represented 8% (2004 - 13%) of the Company's revenue. The decrease in Seismic Brokerage's contribution is a direct result of the increase in Data's contribution towards the Company's total revenue for the quarter. The decrease in library card revenue was offset by increases in data sales.

EBITDA was \$211,000, up from \$143,000 in 2004, an increase of \$68,000. Increases in salaries and wages due to a large data sale in November and the addition of a new manager in the second quarter were offset by a decrease in general and administrative expenses in 2005. Amortization decreased slightly in 2005 to \$36,000 compared to \$40,000 in 2004. Operating income of \$175,000 was reported for 2005 compared to \$103,000 in 2004, a \$72,000 increase.

Annual Financial Results - 2005

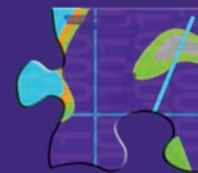
Revenue for fiscal 2005 was \$3.5 million compared to \$3.6 million in 2004, a decrease of \$0.1 million (2%) representing 9% (2004 - 14%) of the Company's revenue. The decrease in contribution from Seismic Brokerage is a direct result of the increase in Data's contribution towards the Company's total revenue related mainly to growth in 3D seismic data sales. The decrease was due to the previously discussed decline in brokered data sales.

" Another growth area within this segment is Seismic Data Sales Management, which manages seismic data-related transactions within the industry on behalf of data owners."

EBITDA increased in 2005 to \$564,000 from \$464,000 in 2004. Salaries and wages increased by \$0.2 million (8%), from \$2.4 million in 2004 to \$2.6 million in 2005. An increase in commissions paid, due to a greater portion of revenue coming from data sales when compared to library card sales, as well as hiring new support and management personnel, attributed to this upward swing. This was offset by a decrease in general and administrative costs from 2004. Amortization decreased in 2005 to \$135,000 from \$166,000 in 2004. This amounted to operating income of \$429,000 in 2005 versus \$298,000 in 2004, a \$131,000 increase (44%).

Outlook

Seismic Brokerage continues to be instrumental in the marketing of Divestco's seismic data library. There are a number of new seismic surveys underway and Divestco has already obtained data sales commitments with several large E&P companies for several of these programs. The Company is now using its in-house tool DataStore,



which integrates the Archive, Seismic Brokerage, and Database divisions, for more efficient processing of seismic brokerage transactions.

Another growth area within this segment is Seismic Data Sales Management, which manages seismic data-related transactions within the industry on behalf of data owners. To manage and foster growth within this division, Divestco has committed additional staffing resources at both a junior and senior level, and enhanced the Company's in-house software suite to better manage and track data transactions. This service enables customers to outsource their seismic data sales management and marketing to Divestco, thereby reducing their administrative costs and increasing sales revenue.

As previously discussed, effective January 1, 2006, Brokerage is being included under Services to further align Brokerage transactions with Archive and to streamline communication between the two groups.

Corporate and Other

The Corporate segment contains costs associated with corporate general and administrative functions associated primarily with setting the overall strategic plan of the Company including operations, finance, accounting and information technology (IT) functions. Salaries, legal, travel, investor relations, stock compensation and interest expenses are also included as part of the Corporate segment.

Fourth Quarter Financial Results - 2005

Revenue related to income earned from the Company's short-term investments. Salaries and wages increased by \$139,000 (37%) from \$377,000 in 2004 to \$516,000 in 2005. The rise was primarily due to new hires and salary increases.

General and administrative costs also increased by \$244,000 (59%) to \$659,000 in 2005 from \$415,000 in 2004. The rise in expenses is related to an increase in stock compensation expense (there were a greater number of stock options granted in 2005 compared to 2004), additional travel costs related to investor relation presentations, and additional legal, accounting and recruiting fees due to overall growth of the Company.

Interest costs were \$201,000 in 2005 compared to \$47,000 in 2004, an increase of \$154,000 (327%). This was primarily due to new long-term debt obtained by Divestco late in September 2005. This was offset by a decrease in interest from short-term debt as the Company was not into its operating line during a majority of the fourth quarter. Amortization increased in 2005 to \$64,000 from \$32,000 in 2004 as a result of computer hardware purchases and leasehold improvements.

Annual Financial Results - 2005

As previously discussed, revenue related to income earned from the Company's short-term investments.

Salaries and benefits decreased marginally in 2005 from 2004. Additional salary costs, related to new hires and raises, was offset by the reallocation of senior management costs (directly related to the operating divisions in 2005 compared to 2004).

General and administrative costs increased by \$0.6 million (33%) to \$2.5 million in 2005 from \$1.9 million in 2004. General management costs account for \$193,000 of the increase associated with a higher stock compensation expense, higher investor relation costs associated with promoting the Company to outside investors, and increases in general business insurance costs. IT services contributed \$151,000 towards the increase due to increased outside consulting costs and software licensing costs.

Interest costs were \$324,000 in 2005 compared to \$371,000 in 2004, a decrease of \$47,000 (12%). While the Company obtained new long-term debt in 2005, it was not until the end of third quarter. In addition Divestco was close to being fully drawn on its operating line for most of 2004. In 2005, the operating line was cleared in the third quarter with the new-long term debt. Amortization increased in 2005 to \$227,000 from \$145,000 in 2004, an increase of \$82,000 (57%) due to purchases of computer hardware and leasehold improvements.

Outlook

As Divestco continues to grow organically and through acquisitions, corporate costs will likely increase in 2006 but will decrease as a percentage of revenue. Additional staff will be required to effectively and efficiently carry out the corporate functions of the Company.



Depreciation and Amortization & Income Taxes

Depreciation and Amortization

Fourth Quarter Financial Results - 2005

Amortization for the fourth quarter of 2005 was \$2.3 million compared to \$1.1 million in 2004, an increase of \$1.2 million (109%). The increase was primarily due to:

- \$2.9 million incurred to complete a 3D seismic survey
- \$363,000 in computer equipment and software purchases
- Amortization of excess purchase price allocated to tangible and intangible assets related to the share acquisitions completed in 2005

Annual Financial Results - 2005

Amortization for fiscal 2005 was \$7.5 million compared to \$2.9 million in 2004, an increase of \$4.7 million (163%). The increase was primarily due to:

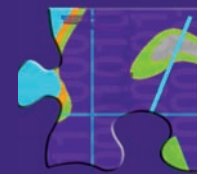
- \$12.1 million incurred to complete a number of 3D seismic surveys during the year
- \$0.2 million incurred to acquire a freehold land file
- \$1.1 million in computer equipment and software purchases related to upgrading within the Archive division
- Amortization of tangible and intangible assets related to the four acquisitions completed in 2005

Income Taxes

Divestco recorded a current tax provision of \$1.3 million for 2005. The Company claimed Scientific Research and Experimental Development (SR&ED) Investment Tax Credits (ITC) to reduce its actual taxes payable to \$65,000. A future tax provision of \$1.8 million was also recorded in 2005 compared to a reduction of \$283,000 in 2004.

The Company utilized \$5.3 million of \$7.3 million in non-capital losses it carried forward from 2004 leaving approximately \$2.0 million to carry-forward to reduce taxable income in future years. The losses initially became available to the Company as a result of the amalgamation with IDC in 2003. In addition, the Company had approximately \$5.2 million in undepreciated capital cost pools in Canada at December 31, 2005 (December 31, 2004 - \$6.3 million). If not utilized, the losses will begin to expire in 2009. Divestco also had a nominal amount of U.S. tax pools available to reduce future taxable income in the Company's wholly owned U.S. subsidiary. The full benefit of the Company's tax pools has been recognized in the 2005 consolidated financial statements.

Divestco files SR&ED claims on an annual basis. At December 31, 2005, the Company had approximately \$4.1 million of Federal SR&ED expenses available in Canada to reduce taxable income in future years (December 31, 2004 - \$2.6 million). The Company had no unclaimed ITC at December 31, 2005 available to reduce income taxes payable in future years (December 31, 2004 - \$743,000). The full benefit of the SR&ED tax pools has been recognized in the Company's 2005 consolidated financial statements.



Major Transactions

Seismic Related

During its 2005 fiscal year, Divestco completed five 3D seismic surveys covering an approximate area of 1,484 square kilometres. The Company's portion of the acquisition costs amounted to \$11.3 million. The remaining \$2.8 million was spent on seismic data acquisitions related to a number of seismic surveys that were in progress at the end of 2005. This amount has been included in data libraries on the Company's 2005 consolidated balance sheet. Divestco also purchased two small existing 2D seismic data libraries for \$70,000 containing 700 kilometres of data.

Corporate

In April 2005, Divestco acquired all of the issued and outstanding shares of PDS for U.S. \$650,000 (C\$842,000) and the assumption of U.S. \$150,000 (C\$187,000) of debt. U.S. \$250,000 (C\$343,000) of the consideration was paid on the date of closing with the remaining U.S. \$400,000 (C\$499,000) to be paid in quarterly installments of U.S. \$50,000 (C\$60,000), plus 7% interest per annum, which commenced on June 30, 2005.

On August 18, 2005, the Company closed a brokered private placement with Blackmont Capital Inc. (formerly First Associates Investments Inc.) and Northern Securities Inc. (collectively, the Underwriters), whereby the Company sold 5,000,000 Units at a price of \$2.00 per Unit, for aggregate gross proceeds to the Company of \$10 million. Each Unit consists of one common share and one-half of one share purchase warrant. Each whole purchase warrant entitles the holder to acquire a common share at a price of \$2.50 at anytime on or before August 18, 2007. The shares are subject to a hold period which expired December 19, 2005. The Underwriters were paid a commission equal to 7% of the gross proceeds plus out of pocket expenses and were granted 350,000 options to acquire common shares of the Company at an exercise price of \$2.00 per share. Each option entitles the holder to acquire one common share of the Company and expires on August 18, 2007. The Company received aggregate net proceeds of \$9.3 million.

On September 2, 2005, Divestco acquired all of the issued and outstanding shares of U.S. based Canamera Corporation and Canadian based Canamera Equities Ltd. (known together in the oil and gas industry as Drilling Records) for a cash consideration of C\$4.2 million.

On September 26, 2005, the Company closed an Offer of Finance from Roynat Capital Inc. (Roynat) for \$10.0 million in long-term debt. The debt is non-revolving with two \$5.0 million tranches, each having five-year terms of repayment. Both tranches were fully drawn in 2005. The aggregate facility bears interest at Roynat's floating base rate plus 3% per annum. As part of the arrangement, the Company paid Roynat a \$100,000 commitment fee and issued to Roynat 100,000 common shares of Divestco.

On October 4, 2005, Divestco acquired all of the issued and outstanding shares of Focus Holdings and Investments Ltd, operating as Focus Integrated Solutions for cash consideration of C\$947,000. \$625,000 was paid on the date of closing with the remaining \$322,000 to be paid in quarterly installments of \$50,000, plus 6% interest per annum, which commenced on December 31, 2005.

On October 31, 2005, Divestco acquired all of the issued and outstanding shares of Laser Software Limited for cash consideration of C\$1.6 million. \$1.3 was paid on the date of closing and the remaining \$0.3 million was paid on January 31, 2006.



Liquidity and Capital Resources

Working Capital

As previously discussed, the Company substantially improved its working capital position during 2005. Divestco ended the year with \$3.5 million in working capital, an improvement of \$6.0 million from a working capital deficiency of \$3.0 million at the end of 2004. To summarize, the improvement came primarily by way of the private placement, new long-term debt, and seismic data licence sales related to the surveys in progress at the end of 2005 (note this is shown as deferred revenue and will be recognized as revenue in 2006 when the data is delivered to the various participants).

Operating Activities

Funds from operations in the fourth quarter of 2005 were \$5.4 million (17 cents per share - diluted) compared to \$3.1 million (12 cents per share - diluted) in 2004. The increase of \$2.3 million (75%) was primarily due to a \$4.6 million (56%) rise in Company-wide revenues. This was offset by a \$2.2 million (44%) increase in operating costs directly related to organic growth and acquisitions.

Funds from operations for fiscal 2005 were \$15.5 million compared to \$6.5 million in 2004, an increase of \$9.0 million (139%) related to a \$12.8 million (50%) rise in Company-wide revenues, offset by a \$3.2 million (17%) increase in operating costs directly related to organic growth and acquisitions.

Financing Activities

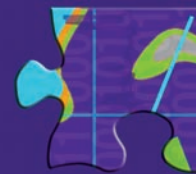
The Company's financing activities for the fourth quarter are highlighted as follows:

- \$5.0 million from the second tranche of the long-term debt from Roynat
- \$496,000 repayment of capital lease obligations and promissory notes
- \$304,000 repayment of bank indebtedness acquired from Focus

- \$213,000 repayment of shareholder loans assumed from the acquisition of Focus
- \$84,000 in proceeds received from the exercise of stock options

The Company's financing activities for fiscal 2005 are highlighted as follows:

- \$10 million in long-term debt from Roynat
- \$9.3 million in net proceeds received from a brokered private placement (gross \$10 million)
- \$2.1 million repayment of bank indebtedness (including \$0.3 million acquired from Focus) and \$0.3 million repayment of the non-revolving demand loan. Funds received from the private placement and debt financing were used to repay the bank indebtedness
- \$1.5 million repayment of capital lease obligations and promissory notes
- \$783,000 in proceeds received from a sale-leaseback transaction
- \$822,000 incurred to repurchase the Company's shares through a first normal course issuer bid
- \$405,000 in proceeds received from the exercise of stock options



Investing Activities

In addition to the acquisition of Focus and Laser, Divestco purchased \$5.5 million in short-term investments and had capital expenditures of \$6.9 million in the fourth quarter with \$6.6 million related to 3D seismic data acquisitions (both complete surveys and surveys in progress). The remaining expenditures related to computer hardware and software purchases as well as leasehold improvements.

In addition to the five corporate acquisitions, capital expenditures for 2005 totalled \$15.4 million with seismic accounting for \$14.1 million. Again the remaining expenditures related to computer hardware and software purchases as well as leasehold improvements.

Debt Instruments

Divestco has the following credit facilities in place:

- \$3.0 million operating line, bearing interest at bank prime plus 0.75%. The aggregate borrowing under this facility cannot exceed 75% of the Company's accounts receivable balance. As at December 31, 2005, no amount was drawn on this facility (December 31, 2004 - \$2.1 million)
- \$150,000 corporate credit card facility reserved for senior management and officers. A nominal amount was drawn on this facility as at December 31, 2005

These facilities are secured by a general security agreement creating a first-priority security interest in all present and after acquired personal property of the Company, and a floating charge over all of the Company's present and after-acquired real property of up to \$5.0 million. In addition, the facilities are subject to the Company meeting certain covenants. As at December 31, 2005, the Company was not in violation of any of its covenants.

The Company also secured \$10 million in new long-term debt with Roynat, bearing interest at their floating base rate plus 3.00%. The loan is payable in monthly installments of \$165,500 plus interest with a final installment of \$235,500. At December 31, 2005, \$9.8 million of the loan was outstanding.

This facility is secured by a first charge on all fixed assets now owned and hereafter acquired by the Company and a floating charge on all other assets, subject to a prior charge (both fixed and floating) to the operating lender of approximately \$5.0 million. In addition, the facilities are subject to the Company meeting certain covenants. As at December 31, 2005, the Company was not in violation of any of its covenants.

Expectations are that the credit facilities and funds from operations are sufficient in the short and long-term to maintain the Company's current requirements, to meet planned growth, and to fund future capital expenditures.

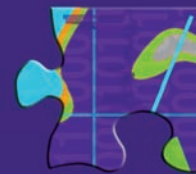


Outstanding Share Data

Divestco's common shares trade on the TSX Venture Exchange under the symbol "DVT". The Company is authorized to issue an unlimited number of voting common shares.

The following table provides details of the Company's equity instruments:

| | Balance as at | | |
|------------------------------------|----------------|----------------|----------------|
| | Apr 4, 2006 | Dec 31, 2005 | Dec 31, 2004 |
| Common Shares | | | |
| Outstanding | 30,982,209 | 29,874,400 | 24,985,000 |
| Weighted Average Outstanding | | | |
| Basic | | 26,520,656 | 25,308,266 |
| Diluted | | 27,045,527 | 25,392,265 |
| Stock Options | | | |
| Outstanding | 2,161,703 | 2,219,403 | 1,845,494 |
| Exercise price range | \$ 1.00 - 3.23 | \$ 0.83 - 3.00 | \$ 0.54 - 1.40 |
| Warrants | | | |
| Outstanding | 1,698,750 | 2,500,000 | - |
| Exercise price | \$ 2.50 | \$ 2.50 | - |
| Broker Compensation Options | | | |
| Outstanding | 260,747 | 349,342 | - |
| Exercise Price | \$ 2.00 | \$ 2.00 | - |



Common Shares

On June 2, 2004, the Company received approval from the TSX Venture Exchange to repurchase up to 1,278,000 of its common shares at prevailing market prices during the twelve-month period ending June 9, 2005. During 2005, the Company repurchased 673,000 shares at a purchase cost of \$822,206 (\$1.22 average price per share) resulting in a \$336,120 reduction to retained earnings. During 2004, 450,100 shares were repurchased for a total cost of \$418,000 (\$0.93 average price per share), resulting in a \$91,000 reduction to retained earnings.

On June 10, 2005, the Company received approval to renew its normal course issuer bid to repurchase up to 1,425,000 of its common shares at prevailing market prices during the twelve-month period ending June 14, 2006. No repurchases were made under the new bid during 2005.

As previously discussed, in August 2005 the Company closed a brokered private placement of 5,000,000 Units at a price of \$2.00 per Unit, which resulted in aggregate gross proceeds to the Company of \$10,000,000. Each Unit consisted of one common share and one-half of one share purchase warrant. Each whole purchase warrant entitles the holder to acquire a common share at a price of \$2.50 at any time on or before August 18, 2007. The underwriters were granted 350,000 broker compensation options to acquire common shares of the Company at an exercise price of \$2.00 per share. Each option entitles the holder to acquire one common share of the Company and expires on August 18, 2007. The shares were subject to a hold period which expired on December 19, 2005. During 2005, no warrants were exercised and 658 broker options were exercised. Subsequent to December 31, 2005, 651,250 warrants and 88,595 broker compensation options were exercised.

Stock Options

At December 31, 2005 there were 2,650,000 common shares authorized for grants of stock options.

During the year ended December 31, 2005:

- 1,061,822 stock options were granted, including 516,478 to officers and directors, at exercise prices ranging from \$1.25 to \$3.00
- 461,742 stock options were exercised, including 147,137 by officers and directors, at exercise prices ranging from \$0.54 to \$1.69
- 226,471 stock options were forfeited with exercise prices ranging from \$1.00 to \$3.00

Subsequent to December 31, 2005:

- 168,000 stock options were granted at an exercise price \$3.23
- 217,700 stock options were exercised at exercise prices ranging from \$0.83 to \$1.25
- 8,000 stock options were forfeited with exercise prices ranging from \$1.25 to \$3.23



Commitments and Contingencies

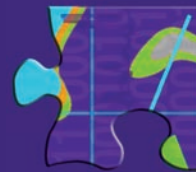
Commitments

Except as discussed elsewhere, the Company has entered into various commitments primarily related to debt, building and equipment leases and multi-year data licences. The following table is a summary of the Company's contractual obligations as at December 31, 2005:

| | Payments Due by Fiscal Year | | | | | |
|--------------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
| Long-term debt obligations | \$ 1,931 | \$ 1,986 | \$ 1,986 | \$ 1,986 | \$ 1,891 | \$ 9,780 |
| Promissory notes | 434 | 209 | - | - | - | 643 |
| Capital leases | 515 | 519 | 147 | - | - | 1,181 |
| Operating leases ⁽¹⁾ | 1,717 | 1,355 | 1,094 | 1,078 | 914 | 6,158 |
| Total contractual obligations | \$ 4,597 | \$ 4,069 | \$ 3,227 | \$ 3,064 | \$ 2,805 | \$ 17,762 |

⁽¹⁾ Includes amounts paid for occupancy costs (net of subleases), data licences and office equipment leases

Under the terms of the agreement to reprocess a portion of Divestco's seismic library, the Company is required to pay royalties on future sales of the reprocessed seismic data library to the third party that shared in the cost of the project. The royalties will be recorded as incurred when the data is sold and delivered. The maximum royalty on sales of the entire database is limited to \$600,000. Royalties of individual line sales are limited to a period of five years from the date reprocessing was completed for each segment of the seismic data.



Related Party Transactions

Divestco had the following related party transactions:

- In 2005, the Company earned \$38,000 (2004 - \$191,000) in revenue related to data loading, workstation rentals and leasing of office space from companies with common directors. Included in accounts receivable at December 31, 2005 was \$13,268 (December 31, 2004 - \$NIL) related to this revenue
- In 2005, the Company paid \$205,000 (2004 - \$153,000) in brokerage commissions to a company controlled by a director. The commissions related to sales of seismic data and seismic data licences to the Company's seismic data library. Included in accounts payable at December 31, 2005 was \$4,000 (December 31, 2004 - \$7,000) related to these commissions
- In 2005, the Company paid \$185,000 (2003 - \$204,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. The law firm is the Company's general counsel. Included in accounts payable at December 31, 2005 was \$38,000 (December 31, 2004 - \$58,000) related to these legal fees
- At December 30, 2005, there was a promissory note due from an officer of the Company in the amount of \$22,000, bearing interest at 4% per annum, and payable upon demand on or before June 6, 2006
- At December 31, 2004, \$181,000 was payable to a law firm at which a director is a partner. The liability was paid in 2005. A predecessor company, International Datashare Corporation, incurred these legal fees
- In 2004, \$4.0 million of \$4.3 million in debentures were issued to certain directors of the Company, bearing interest at 12%. \$100,000 of the set-up fee to arrange the financing and \$111,801 of the interest was paid to the directors. The debentures were fully repaid in 2004



Accounting Policies

Critical Accounting Estimates

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. These financial statements reflect only the Company's proportionate share of the costs of the jointly created seismic data library.

The fair value of share options, broker compensation options and warrants were estimated using the Black-Scholes option-pricing model with the following assumptions: an expected volatility of 60% (2004 - 20% to 60%), a risk-free interest rate of 5.0%, and an expected life of 5 years for the stock options and 2 years for the broker compensation options and warrants. The value of the stock options is recorded in contributed surplus at the date of grant and recognized as a compensation expense over the 2-year vesting period. In October 2005, the Company changed the vesting period of stock options granted going forward to three years. The value for the broker compensation options is recorded in contributed surplus and is reduced as the broker options are exercised. The value of the warrants has been recorded as a separate line item under equity instruments and is reduced as the warrants are exercised.

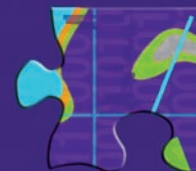
New Accounting Pronouncements

Non-Monetary Transactions

In June 2005, the Accounting Standards Board (AcSB) issued Section 3831, Non-Monetary Transactions, which replaces Section 3830 and requires all non-monetary transactions to be measured at fair value unless:

- The transaction lacks commercial substance
- The transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange
- Neither the fair value of the assets or services received, nor the fair value of the assets or services given up, is reliably measurable
- The transaction is a non-monetary, non-reciprocal transfer to owners that represent a spin-off or other form of restructuring or liquidation

The new requirements apply to non-monetary transactions initiated in periods beginning on or after January 1, 2006. Earlier adoption is permitted beginning on or after July 1, 2005. The Company does not expect that the adoption of this standard will have any material impact on its results of operations or financial position.



Financial Instruments

The AcSB has issued three sections on financial instruments; Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865, Hedges. These three sections will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. They will require the following:

- All trading financial instruments will be recognized on the balance sheet and will be fair valued through the income statement
- All remaining financial assets will be recorded at cost and amortized through the financial statements
- A new statement for comprehensive income that will include certain gains and losses on translation of assets and liabilities
- An update to Accounting Guideline 13 to incorporate the fair value changes currently recorded in the income statement to be recorded through the comprehensive income statement

Management has not assessed the future impact on the financial statements of the Company at this time.

Disclosure Controls and Procedures

Disclosure Controls and Procedures are controls and procedures designed and implemented by, or under the supervision of the issuer's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that material information relating to the issuer is communicated to them by others in the organization as it becomes known and 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, 2005, 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' Multilateral 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.