



PRESS RELEASE

DIVESTCO REPORTS 493% INCREASE IN NET INCOME AND 96% INCREASE IN REVENUE FOR Q2 2006

August 9, 2006, Calgary, AB (TSX: DVT) – Divestco Inc. (“Divestco” or the “Company”) is pleased to announce its eleventh consecutive profitable quarter and operating results for the three and six months ended June 30, 2006. Divestco has earned \$3.6 million (11 cents per share – diluted) in net income for the second quarter of 2006 compared to \$0.6 million in 2005 (2 cents per share diluted), an increase of 493%. For the six months ended June 2006, the Company earned \$7.1 million in net income (22 cents a share – diluted) compared to \$2.2 million (9 cents a share – diluted) in 2005, a 225% increase.

Divestco generated revenue of \$18.1 million for the second quarter of 2006, an increase of \$8.9 million (96%) from \$9.2 million for the same period in 2005. Earnings before interest, taxes and amortization (“EBITDA”) were \$7.9 million, a \$4.1 million (107%) increase over the same period in 2005. The Company generated funds from operations of \$8.1 million for the second quarter, an increase of \$4.5 million (125%) as compared to \$3.6 million for the same period in 2005.

Divestco generated revenue of \$37.7 million for the first six months of 2006, an increase of \$19.8 million (110%) from \$17.9 million for the same period in 2005. Earnings before interest, taxes and amortization (“EBITDA”) were \$20.0 million, a \$12.1 million (152%) increase over the same period in 2005. The Company generated funds from operations of \$19.7 million for the first six months of 2006, an increase of \$12.2 million (160%) as compared to \$7.5 million for the same period in 2005.

Excluding deferred revenue of \$25.7 million (2005 - \$1.7 million), Divestco exited the quarter with a \$12.4 million working capital deficiency compared to a \$3.1 million deficiency at the end of same quarter in 2005, a decline of \$9.3 million. The decline was due to the Company’s \$45.0 million of in-progress seismic participation surveys at the end of the second quarter, which corresponds to approximately \$23.4 million in deferred revenue, \$8.9 million in short-term seismic acquisition financing, and \$18.8 million in accrued sub-contractor invoices. This was offset by \$5.7 million in receivables owing for work completed and invoiced. Due to weather related issues in the field, the Company was delayed in delivering two large seismic surveys. Subsequent to the end of June, the surveys were completed and delivered to the clients. Two additional surveys are expected to be delivered before the end of the third quarter of 2006.

Financial Results (Thousands, Except Per Share Amounts)						
	Three Months Ended Jun 30			Six Months Ended Jun 30		
	2006	2005	% Change	2006	2005	% Change
Revenues	\$ 18,056	\$ 9,221	96%	\$ 37,661	\$ 17,936	110%
EBITDA	7,914	3,814	107%	19,972	7,928	152%
Operating Income	2,673	1,019	162%	7,835	3,472	126%
Income Tax Expense	950	406	134%	2,800	1,251	124%
Net Income	3,550	599	493%	7,141	2,200	225%
Per Share - Basic	0.11	0.02	450%	0.23	0.09	156%
Per Share - Diluted	0.11	0.02	450%	0.22	0.09	144%
Funds from Operations	8,058	3,584	125%	19,652	7,544	160%
Per Share - Basic	0.26	0.15	73%	0.64	0.31	106%
Per Share - Diluted	0.24	0.14	71%	0.61	0.30	103%
Shares Outstanding	33,812	24,528	38%	33,812	24,528	38%
Weighted Average Shares Outstanding						
Basic	31,407	24,503	28%	30,857	24,617	25%
Diluted	33,538	24,718	36%	32,435	24,743	31%

Q2 Operational Highlights

On May 1, 2006, the Company closed the purchase of the Processing Division business of Calgary based Geo-X Systems Ltd. (“Geo-X”) for consideration of C\$12.7 million versus the previously announced C\$11.5 million. The difference is primarily due to a purchase price adjustment of C\$0.9 million (calculated in accordance with the acquisition agreement). The remaining difference is related to the financial accounting treatment of the shares issued as part of the total consideration. The Corporation funded the acquisition from the sale proceeds of certain short-term investments, internally generated cash flow and existing bank debt. It is expected that once operational synergies are achieved, the Processing Division will contribute approximately \$15 million in revenue and in excess of \$3 million in EBITDA on an annualized basis to the Company. The Processing Division operates as an independent division within Divestco’s Services segment.

On June 22, 2006, the Company closed an offering of 2,300,000 common shares. The common shares were sold on a bought deal basis at a price of \$5.25 per share generating gross proceeds of \$12.1 million. The net proceeds of the offering were used for the acquisition of seismic data and Cavalier Land Ltd. Certain insiders of Divestco and their spouses participated in the Offering and acquired an aggregate of 160,000 Divestco shares.

On June 22, 2006, the Company’s common shares were approved for listing on the Toronto Stock Exchange (“TSX”), and effective the same day the common shares were de-listed from the TSX Venture Exchange and commenced trading on the TSX.

In the second quarter of 2006, Divestco completed shooting the 206 square kilometer Lockhorn North program at a cost of \$8.7 million. As previously discussed, Divestco has just completed

two 3D surveys in the Tremblay and Upper Cut Bank regions and is currently in the process of completing two additional surveys at an aggregate cost of \$45 million. To the end of September 2006, Divestco expects to acquire and retain 100% ownership in approximately 1,800 square kilometers of newly shot 3D seismic data at an aggregate cost of \$67 million.

Mr. Stephen Popadynetz, CEO of Divestco commented: “I am pleased to report our second quarter results to our shareholders, Board and employees. We again continue with our mandate to grow both organically and through acquisitions, while continuing to generate profitable software, data and services. Our shareholders have been rewarded with our eleventh consecutive profitable quarter and our most impressive second quarter and first six months results to date. I look forward to continued growth, innovation and profitability as we move through 2006 and into 2007.”

Q3 Acquisition Update

On July 18, 2006, the Company closed the acquisition of Calgary based Cavalier Land Ltd. (“Cavalier”) and its affiliate Agadir Resources Inc. (“Agadir”) for consideration of C\$7.5 million (C\$4.4 million in cash at closing, C\$1.9 million in common shares of Divestco at a deemed price per share of \$5.09 and the balance of C\$1.2 million will be paid over a two-year period). The Company funded the acquisition from the proceeds of a public offering completed in June 2006, and internally generated cash flow. It is expected that once operational synergies are achieved, Cavalier will contribute approximately \$8 million in revenue, and in excess of \$2 million in EBITDA, on an annualized basis to the Company. In the near term, Cavalier and Agadir will operate as wholly owned subsidiaries of Divestco and be reported within the Consulting segment.

Divestco Inc.
Consolidated Balance Sheets

As at	Jun 30, 2006	Dec 31, 2005
(Thousands)	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,023	\$ 1,382
Short-term investments	-	5,512
Accounts receivable	18,383	27,053
Prepaid expenses, supplies and deposits	936	427
Investment tax credits recoverable	322	-
	28,664	34,374
Long-term accounts receivable	960	960
Investment in affiliated company	69	79
Data libraries	41,167	28,740
Participation surveys in progress	44,992	2,719
Property and equipment	5,856	3,495
Deferred development costs	2,395	1,863
Deferred finance costs	366	409
Intangible assets	11,489	4,128
Goodwill	5,225	3,431
	\$ 141,183	\$ 80,198
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness	\$ 8,870	\$ -
Accounts payable and accrued liabilities	29,256	17,624
Current portion of deferred revenue	25,662	10,355
Current portion of long-term debt obligations	2,943	2,880
	66,731	30,859
Deferred revenue	1,768	402
Long-term debt obligations	7,291	8,724
Future income taxes	5,323	2,989
	81,113	42,974
Shareholders' Equity		
Equity instruments	42,852	27,195
Contributed surplus	1,317	1,269
Retained earnings	15,901	8,760
	60,070	37,224
	\$ 141,183	\$ 80,198

Divestco Inc.
Consolidated Statements of Income and Retained Earnings

(Thousands, except per share amounts - Unaudited)	For the three months ended June 30		For the six months ended June 30	
	2006	2005	2006	2005
Revenue	\$ 18,056	\$ 9,221	\$ 37,661	\$ 17,936
Operating expenses				
Salaries and benefits	6,067	4,148	10,763	7,450
General and administrative	3,718	1,040	6,307	2,231
Research and development	135	105	268	170
Stock compensation expense	222	114	351	157
	10,142	5,407	17,689	10,008
Earnings before interest, taxes, depreciation and amortization	7,914	3,814	19,972	7,928
Interest expense	303	48	496	111
Depreciation and amortization	4,938	2,747	11,641	4,345
Operating income	2,673	1,019	7,835	3,472
Other income (loss)				
Foreign exchange loss	(23)	(8)	(16)	(12)
Gain on sale of investment securities	1,852	-	2,132	-
Equity investment loss	(2)	(6)	(10)	(9)
	1,827	(14)	2,106	(21)
Income before income taxes	4,500	1,005	9,941	3,451
Income taxes				
Current (reduction)	(228)	-	177	-
Future	1,178	406	2,623	1,251
	950	406	2,800	1,251
Net income for the period	3,550	599	7,141	2,200
Retained earnings, beginning of period	12,351	5,519	8,760	3,918
Purchase price of common shares repurchased in excess of book value	-	(336)	-	(336)
Retained earnings, end of period	\$ 15,901	\$ 5,782	\$ 15,901	\$ 5,782
Earnings per share				
Basic	\$ 0.11	\$ 0.02	\$ 0.23	\$ 0.09
Diluted	\$ 0.11	\$ 0.02	\$ 0.22	\$ 0.09
Weighted average number of shares				
Basic	31,407	24,503	30,857	24,617
Diluted	33,538	24,718	32,435	24,743

Divestco Inc.
Consolidated Statements of Cash Flows

(Thousands - Unaudited)	For the three months ended June 30		For the six months ended June 30	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income for the period	\$ 3,550	\$ 599	\$ 7,141	\$ 2,200
Items not affecting cash:				
Equity investment loss	2	6	10	9
Depreciation and amortization	4,938	2,747	11,641	4,345
Future income taxes	1,178	406	2,623	1,251
Investment tax credits utilized	-	(292)	-	(425)
Gain on sale of investment securities	(1,852)	-	(2,132)	-
Unrealized foreign exchange loss	20	4	18	7
Stock compensation expense	222	114	351	157
Funds from operations	8,058	3,584	19,652	7,544
Changes in non-cash working capital balances	8,356	1,559	24,205	534
Increase (decrease) in non-current deferred revenue	1,435	434	1,366	744
Decrease in long-term accounts receivable	-	63	-	250
	17,849	5,640	45,223	9,072
Cash flows from financing activities				
Bank indebtedness	8,004	156	8,870	319
Issue of common shares, net of related expenses	11,426	74	13,866	129
Repayment of long-term debt obligations	(710)	(339)	(1,370)	(775)
Deferred financing costs	22	-	43	-
Proceeds received from long-term debt obligations	-	446	-	783
Repurchase of common shares	-	(194)	-	(822)
	18,742	143	21,409	(366)
Cash flows from investing activities				
Purchase of data libraries	(9,069)	(5,591)	(22,869)	(7,758)
(Increase) decrease in participation surveys in progress	(19,482)	3,103	(42,273)	(38)
Purchase of property and equipment	(221)	(130)	(527)	(657)
Purchase of intangibles	(176)	-	(176)	-
Acquisition - Geo-X Processing	(11,487)	-	(11,487)	-
Acquisition - Petro Data Source Inc.	-	(343)	-	(343)
Purchase of investment securities	-	-	(109)	-
Proceeds on sale of investment securities	6,644	-	7,753	-
Deferred development costs	(296)	(254)	(532)	(594)
Changes in non-cash working capital balances	4,146	(2,563)	11,254	689
	(29,941)	(5,778)	(58,966)	(8,701)
Foreign exchange loss on cash held in a foreign currency	(20)	(5)	(25)	(5)
Increase in cash and cash equivalents	6,630	-	7,641	-
Cash and cash equivalents, beginning of period	2,393	-	1,382	-
Cash and cash equivalents, end of period	\$ 9,023	\$ -	\$ 9,023	\$ -

Divestco is an innovative software, data, services, brokerage and consulting company providing integrated solutions for the oil and gas industry. By implementing a strategy of integration between our software, services, and datasets, and potentially all three together, we are creating a unique set of offerings. Divestco is headquartered in Calgary, Alberta, Canada and trades on the TSX under the symbol "DVT".

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The TSX has not reviewed nor accepts responsibility for the adequacy or accuracy of this news release.

Statements in this document that may be considered forward-looking are based on management's current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

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. These measures have been described and presented in this press release in order 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 prior to the consideration of how those activities are financed or how the results are taxed. Management also utilizes 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.

Operating income is calculated by deducting interest and amortization from EBITDA. Funds from operations is calculated by adding or deducting non-cash items from net income (loss). Funds from operations per share (basic and diluted) is calculated by dividing funds from operations by the weighted average number of shares outstanding (basic and diluted) for the relevant period.