



PRESS RELEASE

DIVESTCO REPORTS 125% INCREASE IN REVENUE AND 124% INCREASE IN NET INCOME FOR Q1 2006

May 11, 2006, Calgary, AB (TSX-V: DVT) – Divestco Inc. (“Divestco” or the “Company”) is pleased to announce that it has generated record revenues, EBITDA, operating income and net income for the quarter ended March 31, 2006. Divestco generated revenue of \$19.6 million for the first quarter of 2006, an increase of \$10.9 million (125%) from \$8.7 million for the same period in 2005. Earnings before interest, taxes and amortization (“EBITDA”) were \$12.1 million, a \$8.0 million (193%) increase over the same period in 2005. The Company generated funds from operations of \$11.6 million for the first quarter, an increase of \$7.6 million (193%) as compared to \$4.0 million for the same period in 2005.

Divestco is also pleased to announce it has earned a record 11 cents per share (diluted) for the first quarter of 2006. This compares to 6 cents per share (diluted) for the same period in 2005 an 83% increase quarter over quarter. Excluding deferred revenue, Divestco exited the quarter with \$8.9 million in working capital compared to a \$2.5 million deficiency at the end of same quarter in 2005, an improvement of \$11.4 million.

Summary Financial Results (Thousands, except per share amounts)			
	For the quarter ended March 31		
	2006	2005	% Change
Revenue	\$ 19,605	\$ 8,715	125%
EBITDA	12,059	4,114	193%
Net income	3,591	1,601	124%
Per share – basic	0.12	0.06	100%
Per share – diluted	0.11	0.06	83%
Funds from operations	11,596	3,961	193%
Per share – basic	0.38	0.16	138%
Per share – diluted	0.36	0.16	125%
Shares outstanding	30,982	24,576	
Weighted average shares outstanding			
Basic	30,301	24,732	
Diluted	31,867	24,840	

Business Purchase and Seismic Acquisition Operational Update

As previously announced 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\$11.5 million (C\$10.5 million in cash at closing and C\$1 million in common shares of Divestco to Geo-X at a deemed price per share of \$4.69). The Corporation funded the acquisition from the sale proceeds of certain marketable securities, internally generated cash flow and existing bank debt. It is expected that once operational synergies are achieved, the Processing Division will contribute to the Corporation approximately \$15 million in revenue and in excess of \$3 million in EBITDA on an annualized basis. Divestco will operate the Processing Division, with its 101 employees, as an independent division within its Services segment.

In the first quarter of 2006, Divestco completed the shooting of 450 square kilometers of seismic in the Red Willow East and Lockhorn South areas at cost of \$14 million. Divestco is currently in the process of shooting 3D surveys in the Tremblay, Upper Cut Bank, TeePee Creek and Debolt East areas at a cost of \$51 million. The Company has also secured sales of this data totalling in excess of \$33 million with additional contracts pending. To the end of July 2006, Divestco expects to have acquired a total of 1,800 square kilometres of 3D seismic data in these regions at an aggregate cost of \$65 million and will retain 100% ownership of the newly acquired data.

Mr. Stephen Popadynetz, CEO of Divestco commented: “I am pleased to report our record quarter results to our shareholders, Board and employees. We 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 fiscal quarter results to date. I look forward to continued growth, innovation and profitability as we move through 2006.”

Annual Meeting of Shareholders

Divestco’s Annual Meeting of Shareholders is scheduled for 2:30 p.m. (Calgary time) on Thursday, June 1, 2006 at the Telus Convention Centre – North Building (Room 103), 120 – 9th Avenue S.E., Calgary, Alberta.

Divestco Inc.
Consolidated Balance Sheets

As at	Mar 31, 2006	Dec 31, 2005
(Thousands)	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,393	\$ 1,382
Short-term investments	4,792	5,512
Accounts receivable	26,910	27,053
Prepaid expenses, supplies and deposits	622	427
Investment tax credits recoverable	138	-
	34,855	34,374
Long-term accounts receivable	960	960
Investment in affiliated company	71	79
Data libraries	61,809	31,459
Property and equipment	3,551	3,495
Deferred development costs	2,100	1,863
Deferred finance costs	387	409
Intangible assets	3,922	4,128
Goodwill	3,431	3,431
	\$ 111,086	\$ 80,198
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness	\$ 866	\$ -
Accounts payable and accrued liabilities	22,196	17,624
Current portion of deferred revenue	28,930	10,355
Current portion of long-term debt obligations	2,907	2,880
	54,899	30,859
Deferred revenue	333	402
Long-term debt obligations	8,036	8,724
Future income taxes	4,434	2,989
	67,702	42,974
Shareholders' Equity		
Equity instruments	29,770	27,195
Contributed surplus	1,263	1,269
Retained earnings	12,351	8,760
	43,384	37,224
	\$ 111,086	\$ 80,198

Divestco Inc.
Consolidated Statements of Income and Retained Earnings

For the three months ended March 31	2006	2005
(Thousands, except per share amounts)	(unaudited)	(unaudited)
Revenue	\$ 19,605	\$ 8,715
Operating expenses		
Salaries and benefits	4,695	3,302
General and administrative	2,589	1,191
Research and development	133	65
Stock compensation expense	129	43
	7,546	4,601
Earnings before interest, taxes, depreciation and amortization	12,059	4,114
Interest expense	193	62
Depreciation and amortization	6,703	1,599
Operating income	5,163	2,453
Other income (loss)		
Foreign exchange gain	7	(5)
Gain on sale of investment securities	279	-
Equity investment loss	(8)	(3)
	278	(8)
Income before income taxes	5,441	2,445
Income taxes		
Current	405	-
Future	1,445	844
	1,850	844
Net income for the period	3,591	1,601
Retained earnings, beginning of period	8,760	3,918
Retained earnings, end of period	\$ 12,351	\$ 5,519
Earnings per share		
Basic	\$ 0.12	\$ 0.06
Diluted	\$ 0.11	\$ 0.06
Weighted average number of shares		
Basic	30,301	24,732
Diluted	31,867	24,840

Divestco Inc.
Consolidated Statements of Cash Flows

For the three months ended March 31	2006	2005
(Thousands)	(unaudited)	(unaudited)
Cash flows from operating activities		
Net income for the period	\$ 3,591	\$ 1,601
Items not affecting cash:		
Equity investment loss	8	3
Depreciation and amortization	6,703	1,599
Future income taxes	1,445	844
Investment tax credits utilized	-	(134)
Gain on sale of investment securities	(279)	-
Unrealized foreign exchange loss (gain)	(1)	5
Stock compensation expense	129	43
Funds from operations	11,596	3,961
Changes in non-cash working capital balances	15,850	(1,025)
Increase (decrease) in non-current deferred revenue	(69)	310
Decrease in long-term accounts receivable	-	187
	27,377	3,433
Cash flows from financing activities		
Bank indebtedness	866	163
Issue of common shares, net of related expenses	2,440	55
Repayment of long-term debt obligations	(661)	(437)
Deferred financing costs	22	-
Proceeds received from long-term debt obligations	-	337
Repurchase of common shares	-	(628)
	2,667	(510)
Cash flows from investing activities		
Purchase of data libraries	(36,591)	(5,308)
Purchase of property and equipment	(306)	(527)
Purchase of investment securities	(109)	-
Proceeds on sale of investment securities	1,108	-
Deferred development costs	(236)	(340)
Changes in non-cash working capital balances	7,108	3,252
	(29,026)	(2,923)
Foreign exchange loss on cash held in a foreign currency	(7)	-
Increase in cash and cash equivalents	1,011	-
Cash and cash equivalents, beginning of period	1,382	-
Cash and cash equivalents, end of period	\$ 2,393	\$ -

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 Venture Exchange under the symbol "DVT".

For more information please contact:

Divestco Inc.

(www.divestco.com)

Mr. Stephen Popadynetz
Chief Executive Officer
Tel 403-218-6466

Mr. Roderick Chisholm
Chief Financial Officer
Tel 403-218-6450

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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.