



## Divestco Reports 2017 Q2 Results

August 24, 2017, Calgary, AB (TSX-V: DVT) – Divestco Inc. (“Divestco” or the “Company”), an exploration services company dedicated to providing a comprehensive and integrated portfolio of data, software and services to the oil and gas industry worldwide, today announced its financial and operating results for the three and six months ended June 30, 2017.

### Financial Highlights

#### Overall Performance and Operational Results

Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended June 30				Six months ended June 30			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
Revenue	\$ 3,852	\$ 3,135	\$ 717	23%	\$ 7,833	\$ 6,272	\$ 1,561	25%
Operating Expenses <sup>(1)</sup>	2,670	2,517	153	6%	5,567	5,192	375	7%
Other Loss	16	2	14	700%	38	71	(33)	-46%
EBITDA <sup>(2)</sup>	1,166	616	550	89%	2,228	1,009	1,219	121%
Finance Costs	421	355	66	19%	774	710	64	9%
Depreciation and Amortization <sup>(3)</sup>	1,635	1,675	(40)	-2%	4,738	3,107	1,631	52%
Net Loss	\$ (890)	\$ (1,414)	\$ 524	N/A	\$ (3,284)	\$ (2,808)	\$ (476)	N/A
Per Share - Basic and Diluted	(0.01)	(0.02)	0.01	N/A	(0.05)	(0.04)	(0.01)	N/A
Funds from Operations	\$ 1,338	\$ 623	\$ 715	115%	\$ 1,823	\$ 1,020	\$ 803	79%
Per Share - Basic and Diluted	0.02	0.01	0.01	100%	0.03	0.02	0.01	50%
Class A Shares Outstanding	66,584	67,252	N/A	N/A	66,584	67,252	N/A	N/A
Weighted Average Shares Outstanding Basic and Diluted	66,781	67,254	N/A	N/A	66,833	67,233	N/A	N/A

<sup>(1)</sup> Includes salaries & benefits, general & administrative expenses and share-based payments but excludes depreciation and amortization and other losses (income)

<sup>(2)</sup> See the “Non GAAP Measures” section of the Company’s Management Discussion and Analysis filed on the Company’s website and on SEDAR

<sup>(3)</sup> Increase in Q1 2017 from Q1 2016 is due to a new seismic survey completed in Q1 2017. The Company’s policy is to amortize 40% of the cost of a new seismic survey in the period of data delivery.

#### Q1 2017 vs. Q1 2016

Divestco generated revenue of \$3.9 million in Q2 2017 compared to \$3.1 million in Q2 2016, an increase of \$0.8 million (23%) mainly due to higher seismic data library sales. Revenue in the Seismic Data segment (\$2.8 million) increased by \$1.3 million (92%). Revenue in the Software & Data segment (\$0.7 million) decreased by \$0.6 million (45%) and revenue in the Services segment (\$0.3 million) decreased

slightly. Operating expenses increased by \$0.2 million (6%) due to higher salaries as certain austerity measures put in place starting in 2015 were reversed in 2017. Finance costs increased by \$66,000 (19%) to \$421,000 in Q2 2017 from \$355,000 in Q2 2016 due to higher debt levels. Depreciation and amortization decreased by \$0.1 million (2%).

### **Six Months Ended June 30, 2017 vs. Six Months Ended June 30, 2016**

Divestco generated revenue of \$7.8 million in the first six months of 2017 compared to \$6.3 million for the same period in 2016, an increase of \$1.5 million (25%) due to the completion of a new seismic survey and significantly higher data library sales. Revenue in the Seismic Data segment (\$5.4 million) increased by \$3.0 million (128%). Revenue in the Software & Data segment (\$1.5 million) decreased by \$0.9 million (38%) and revenue in the Services segment (\$0.9 million) decreased by \$0.6 million (39%). Operating expenses increased by \$0.4 million (7%) due to higher salaries as certain of the austerity measures put in place starting in 2015 were reversed in 2017 as well as higher business taxes and royalties. Finance costs increased by \$0.1 million (9%) due to higher debt levels. Depreciation and amortization increased by \$1.6 million (52%) due to the completion of a new seismic survey.

### **Financial Position** <sup>(1)</sup>

As at June 30, 2017, Divestco had positive working capital of \$0.4 million (December 31, 2016: \$3.9 million deficiency), excluding deferred revenue of \$1.2 million (December 31, 2016: \$1.7 million). The improved working capital position from the end of 2016 was due to the repayment of a bridge loan in March 2017 and positive funds from operations.

<sup>(1)</sup> See the "Non GAAP Measures" section of the Company's Management Discussion and Analysis filed on the Company's website and on SEDAR

## **Operations Update and Outlook**

The improvement in West Texas Intermediate oil prices from a low of US\$46/barrel to a high of US\$54/barrel from June 2016 to June 2017 has led to increases in capital spending by the industry. With the recent announcements of equity and debt financings, access to capital also seems to be improving for our clients leading us to view the later part of the year in a more favourable light. Divestco diligently monitors its operating expenses, and we have reduced our costs by over 50% since 2014. Most of the austerity measures that the Company put in place in response to the downturn are expected to remain in place for the remainder of 2017 or until a change in activity levels is realized.

Mr. Stephen Popadynetz, CEO and President commented: "Divestco has continued to see improvements in the financial results in Q2 2017, completing the quarter with \$1.3 million in positive funds from operations and ending June with positive working capital. Our continued strategy of developing international markets resulted in us being awarded several contracts in the second quarter and we expect this to improve our services results for the remainder of the year. Domestically, we continue to see new opportunities within all our divisions and we are well positioned to take advantage of the uptick in activity levels and capital spending plans. With an efficient cost structure and additional financial flexibility, Divestco is ready to start growing our offerings and revenues again."

## **About the Company**

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

Additional information on the Company is available on its website at [Divestco.com](http://Divestco.com) and on SEDAR at [sedar.com](http://sedar.com).

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*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

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

*In particular, this press release contains forward-looking statements pertaining to the following: Company's ability to keep debt and liquidity at acceptable levels, improve/maintain its working capital position and maintain profitability in the current economy; availability of external and internal funding for future operations; relative future competitive position of the Company; nature and timing of growth; oil and natural gas production levels; planned capital expenditure programs; supply and demand for oil and natural gas; future demand for products/services; commodity prices; impact of Canadian federal and provincial governmental regulation on the Company; expected levels of operating costs, finance costs and other costs and expenses; future ability to execute acquisitions and dispositions of assets or businesses; expectations regarding the Company's ability to raise capital and to add to seismic data through new seismic shoots and acquisition of existing seismic data; treatment under tax laws; and new accounting pronouncements.*

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

*These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including: general economic, market and business conditions; volatility in market prices for crude oil and natural gas; ability of Divestco's clients to explore for, develop and produce oil and gas; availability of financing and capital; fluctuations in interest rates; demand for the Company's product and services; weather and climate conditions; competitive actions by other companies; availability of skilled labour; failure to obtain regulatory approvals in a timely manner; adverse conditions in the debt and equity markets; and government actions including changes in environment and other regulation.*

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