Press Release

Divestco

Divestco Reports 2017 Q4 and Annual Results

April 30, 2018, 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 months and year ended December 31, 2017.

Financial Highlights

Overall Performance and Operational Results

Financial Results (Thousands, Except Per Share Amounts)								
	Three months ended December 31				Year ended December 31			
	2017	2016	*$ Change*	*% Change*	**2017**	2016	*$ Change*	*% Change*
Revenue	**$ 3,323**	$ 7,679	*$ (4,356)*	*-57%*	**$ 12,755**	$ 15,966	*$ (3,211)*	*-20%*
Operating Expenses (1)	**3,044**	2,501	*543*	*22%*	**11,424**	10,141	*1,283*	*13%*
Other Loss (Gain)	**50**	18	*32*	*178%*	**(756)**	80	*(836)*	*N/A*
EBITDA (2)	**229**	5,160	*(4,931)*	*-96%*	**2,087**	5,745	*(3,658)*	*-64%*
Finance Costs	**403**	236	*167*	*71%*	**1,634**	1,305	*329*	*25%*
Depreciation and Amortization (3)	**1,610**	1,627	*(17)*	*-1%*	**7,995**	6,377	*1,618*	*25%*
Net Loss	**$ (1,784)**	$ 3,297	*$ (5,081)*	*N/A*	**$ (7,542)**	$ (1,937)	*$ (5,605)*	*N/A*
Per Share - Basic and Diluted	**(0.03)**	0.05	*(0.08)*	*N/A*	**(0.11)**	(0.03)	*(0.08)*	*N/A*
Funds from (used in) Operations	**$ 253**	$ 4,136	*$ (3,883)*	*-94%*	**$ 1,098**	$ 4,703	*$ (3,605)*	*-77%*
Per Share - Basic and Diluted	**-**	0.06	*(0.06)*	*-100%*	**0.02**	0.07	*(0.05)*	*-71%*
Class A Shares Outstanding	**66,133**	66,884	*N/A*	*N/A*	**66,133**	66,884	*N/A*	*N/A*
Weighted Average Shares Outstanding Basic and Diluted	**66,180**	67,150	*N/A*	*N/A*	**66,565**	67,217	*N/A*	*N/A*

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

(2) See the "Non GAAP Measures" section of the Company's Management Discussion and Analysis filed on the Company's website and on SEDAR

(3) Increase in 2017 from 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.

Q4 2017 vs. Q4 2016

Divestco generated revenue of $3.3 million in Q4 2017 compared to $7.7 million in Q4 2016, a decrease of $4.4 million (56%) which was mainly due to lower seismic data library sales partially offset by higher Services and Software & Data revenues. Revenue in the Seismic Data segment ($0.7 million) decreased by $5.6 million (89%) as there no new seismic participation surveys in Q4 2107. Revenue in the Software & Data segment ($1.8 million) increased by $1.0 million (125%) due to a large log data sale. Revenue in the Services segment ($0.9 million) increased by $0.3 million (50%) due to additional international projects.

Operating expenses increased by $0.5 million (22%) to $3.0 million in Q4 2017 from $2.5 million in Q4 2016. Salaries increased by $0.4 million (36%) due to the expiry of certain austerity measures put in place in 2016. G&A expenses increased by $81,000 (7%) due to an increase in stock-based compensation, as well as software licences and contractor fees and an increase in bad debts partially offset by lower discretionary expenses.

Finance costs increased by $167,000 (71%) to $403,000 in Q4 2017 from $236,000 in Q4 2016 due to a new term loan secured in March 2017. While debt levels are lower at December 31, 2017 compared to 2016, a portion of the term loan was not repaid until December 2017.

Depreciation and amortization was $1.6 million in Q4 2017 compared to $1.6 million in Q4 2016.

Year Ended December 31, 2017 vs. Year Ended December 31, 2016

Divestco generated revenue of $12.8 million during 2017 compared to $16.0 million in 2016, a decrease of $3.2 million (20%). During 2017, Seismic Data, Services, and Software & Data had lower revenue. Revenue in the Seismic Data segment ($6.4 million) decreased by $2.9 million (31%) mainly due to lower seismic participation revenue. Revenue in the Software & Data segment ($3.9 million) decreased by $0.2 million (5%) mainly due to reduced industry activity. Revenue in the Services segment ($2.4 million) decreased by $0.2 million (8%) mainly due to delays in the awarding of new contracts on successful bids. These projects are expected to be completed by Q2 2018. The Company recognized gains of $0.5 million in 2017 for the sale of shares in one of its investees and $0.3 million in 2017 for the sale of intangible assets.

Operating expenses increased by $1.3 million (13%) to $11.4 million in 2017 from $10.1 million in 2016. Salaries increased by $0.9 million (16%) due to the expiry of certain austerity measures put in place in 2016. G&A expenses increased by $0.3 million (6%) due to an increase in occupancy costs and stock-based compensation partially offset by lower bad debt expenses.

Finance costs increased by $0.3 million (25%) to $1.6 million in 2017 from $1.3 million in 2016 due to higher debt levels as the Company entered into a new term loan agreement in March 2017.

Depreciation and amortization increased by $1.6 million (25%) to $8.0 million from $6.4 million in 2016 mainly due to the addition of new seismic data in March 2017 which commenced in Q4 2016.

Financial Position [(1)]

As at December 31, 2017, Divestco had an adjusted working capital deficiency of $3.7 million (December 31, 2016: $3.9 million deficiency), excluding deferred revenue of $1.6 million (December 31, 2016: $1.7 million). The decrease in the adjusted working capital deficiency from the end of 2016 was due to the repayment of a bridge loan in March 2017, which was replaced by a long-term debt facility and positive funds from operations.

[(1)] *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 in 2018 is expected to have a positive impact on capital spending by the industry in later part of the year. As access to capital remains challenging in Canada, Divestco continues to pursue international opportunities and continues to be awarded new projects. To mitigate the continued pressure on the domestic oil and gas market, the Company recently announced the formation of two new joint arrangements with Bird River Resources Inc., an oil and gas E&P company. The first is a cogeneration project set up to generate up to three megawatts of low-cost electricity. The natural gas required for the cogeneration project will be supplied by a company controlled by two of the directors of Divestco. The other is a cryptocurrency mining operation. It is expected that these projects will generate additional cash flows for the companies. Divestco is also expected to benefit from the addition the new computer hardware required for the cryptocurrency mining activity in its seismic processing division. Both activities are heavily reliant on high-volume data processing.

Mr. Stephen Popadynetz, CEO and President commented: "Despite significantly improved oil prices, Divestco has actually seen a reduction of project work domestically and our industry now appears to be entering stagnation. We have come to the realization that the bottlenecks caused by the political climate we are in is beyond our control and focusing on international projects and pursuing new revenue streams within our existing operations is the best way we can assure new growth. As such, Divestco has taken a bold leap to commence a cogeneration energy project and to leverage its substantial infrastructure into cryptocurrency mining. We have completed our initial proof of concept phase for both projects and are now beginning the first phase of commercial implementation. We have also commenced a Blockchain scoping project in the seismic industry and look forward to presenting this to our clients for full industry review and buy in. We continue to see interest in our stable of products and services; however, many of our clients have delayed spending on exploration given the current environment. If the Western Canadian industry can secure the political stability it needs to grow, this backlog is expected to quickly convert into paying projects and substantially grow our existing business lines. We remain optimistic that a solution will be found to realize the immense potential of the Alberta economy and coupled with our new business lines, enable Divestco to exit 2018 stronger and better than ever."

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 and on SEDAR at sedar.com.

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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; expectations regarding the Company's ability to raise capital; 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; 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.