



Destiny Resource Services Corp.

Annual Information Form

For the Year Ended December 31, 2008

March 9, 2009

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Certain statements included in this Annual Information Form relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results implied by such forward-looking statements.

CORPORATE STRUCTURE

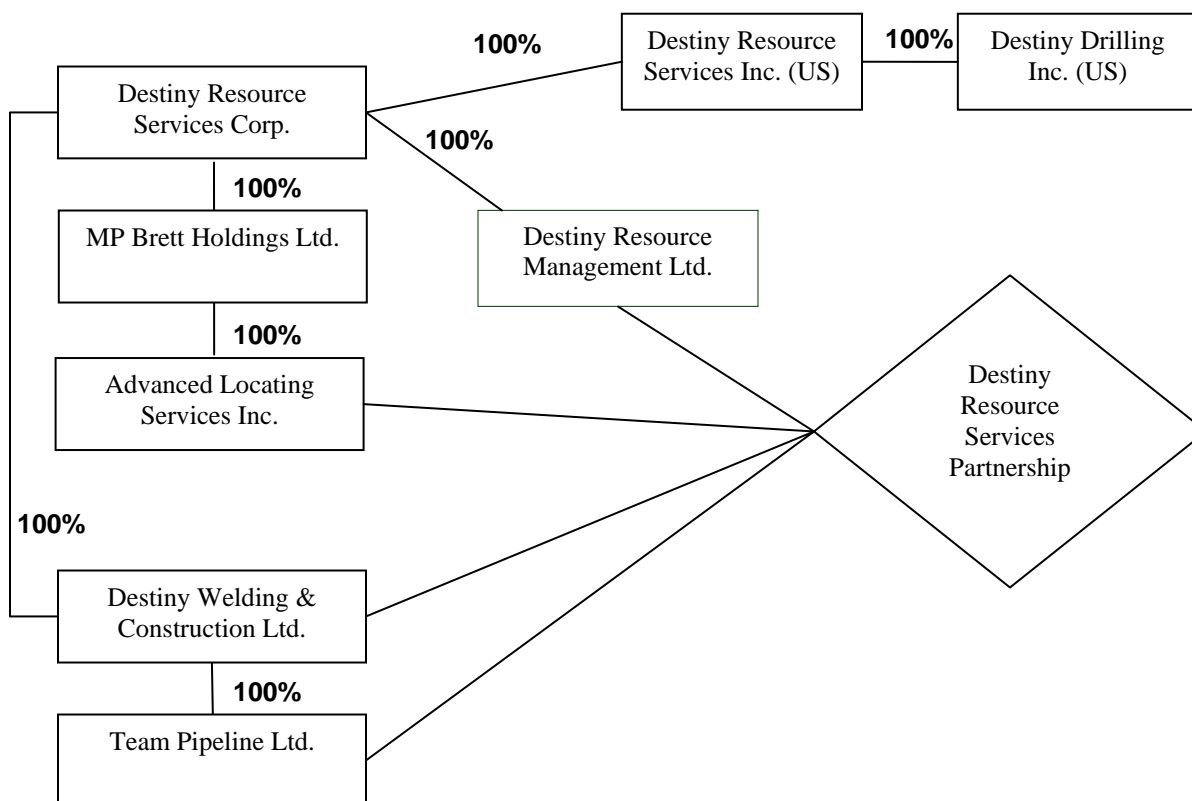
Destiny Resource Services Corp. (hereinafter called the "Company" or "Destiny") was incorporated under the *Business Corporations Act* (Alberta) on April 7, 1993 as 562328 Alberta Ltd. The address of its corporate and registered office is 300 – 444 58th Avenue S.E., Calgary, Alberta T2H 0P4. On November 10, 1993, Destiny's Articles of Incorporation were amended to change its name to Destiny Resource Services Corp. On May 31, 1999, the Company amalgamated with its wholly owned subsidiaries, Destiny Resources Ltd., Triple B Reclamation Ltd., Sharp Environmental Ltd., and J.D. & M.E. Holdings Ltd. and on June 30, 2000, it amalgamated with its wholly owned subsidiary Wolf Survey & Mapping Inc. Effective February 1, 2002, the Company and its wholly owned subsidiaries, Destiny Welding & Construction Ltd. and Team Pipeline Ltd., each incorporated under the *Business Corporations Act* (Alberta), transferred their respective businesses to Destiny Resource Services Partnership, a partnership formed under the *Partnership Act* (Alberta). All of the businesses formerly carried on by the Company and its subsidiaries are now carried on by Destiny Resource Services Partnership. Late in 2004, the Company commenced operations for its US operations of its survey and mapping services with a new entity called Destiny Resource Services Inc. On January 28, 2005, the Company bought the assets and business of Kodiak Nav Solutions Ltd., which business is now carried on by Destiny Resource Services Partnership.

On October 31, 2006, the Company acquired all of the shares of MP Brett Holdings Ltd. which included the shares of Advanced Locating Services Inc. This business provides additional front-end oilfield services, principally pipeline locating, 1st Call Management and inspection services to the oil and gas and utility industry throughout western Canada.

In January 2007 the Company undertook a corporate reorganization which transferred the Company's interest in its operating partnership to a wholly owned subsidiary. This structure is similar to many other public companies, such that any public company liability issues could potentially be structurally subordinated to the operating businesses, and each business unit may also in certain circumstances be "insulated" from the business risks of the others. On a consolidated operating and financial reporting basis, the overall business of the Company remains unchanged.

Effective April 1, 2008 the business assets of All-Terrain Industries, Inc., a seismic shot-hole drilling company located in Houston, Texas, were acquired by Destiny Resource Services Inc. and are being used within Destiny Drilling Inc.

The following diagram illustrates the inter-corporate relationships between the Company, its subsidiaries and Destiny Resource Services Partnership as at December 31, 2008.



Legal Entity	When	Where
Destiny Resource Service Corp.	Incorporated 2003	Alberta
Destiny Welding & Construction Ltd.	Acquired 1998	Alberta
Team Pipeline Ltd.	Acquired 1998	Alberta
Destiny Resource Services Partnership	Formed 2002	Alberta
Destiny Resource Services Inc. (US)	Incorporated 2004	Utah
MP Brett Holdings Ltd.	Acquired 2006	Alberta
Advanced Locating Services Inc.	Acquired 2006	Alberta
Destiny Resource Management Ltd.	Incorporated 2006	Alberta
Destiny Drilling Inc. (US)	Incorporated 2008	Texas

Destiny Resource Services Partnership carries on business under the following trade names:

- Destiny Drilling (formerly Double R Drilling), a division of Destiny Resource Services Partnership
- Destiny Line Clearing (formerly Destiny Resources), a division of Destiny Resource Services Partnership
- Destiny Survey & Mapping (formerly Wolf Survey & Mapping), a division of Destiny Resource Services Partnership
- Navigation Technologies (formerly Kodiak Nav Solutions), a division of Destiny Resource Services Partnership
- Advanced Locating Services, a division of Destiny Resource Services Partnership

GENERAL DEVELOPMENT OF THE BUSINESS

The information presented below can be supplemented by reference to the Company's Annual Reports for the years ended December 31, 2008, 2007, and 2006.

2006 – General Development

The Company's seismic drilling and survey and mapping divisions recognized exceptional growth in revenues and gross margin due to enhanced activities and utilization improvement. Increases were also achieved in field margins as this was the second year of an extensive education and training program. The US component of survey & mapping also completed its second year of operations and doubled the previous year's revenue, generating a positive contribution to the bottom line.

The acquisition of Advanced Locating Services will allow for vertical integration within the existing survey business and will also permit further expansion and growth opportunities.

Overall revenues increased by over a third from the prior year (\$89 million compared to \$64.5 million) and gross margin increased by a half (\$19.2 million compared to \$12.9 million). Cash flow from operations for 2006 was \$14.1 million (\$9.5 million for 2005). Annual dividends for 2006 have increased by almost \$1 million (\$4.4 million in 2005 to \$5.4 million in 2006). On a per share basis the increase was from \$0.80 in 2005 to \$0.96 in 2006. Earnings per share for 2006 were \$1.38 compared to \$1.31 in 2005.

The calculated working capital ratio at 1.42 shows a marked improvement over the 1.06 at the end of 2005. It should be noted that during 2005 significant capital expenditures were incurred through the operating line which had a negative impact on this ratio. During 2006 the combination of profitable operations and a significantly lower level of capital expenditures over last year contributed to a better ratio at the end of this year.

2006 - Major Events

- The Board of Directors declared and the Company paid a \$0.24 cash dividend per share within each of the four quarters for the year.
- On October 31, 2006, the Company acquired all of the shares of MP Brett Holdings Ltd. which included the shares of Advanced Locating Services Inc. for \$1,300,000 cash. This business provides additional front-end oilfield services, principally pipeline locating, 1st Call Management and inspection services to the oil and gas and utility industry throughout western Canada.

2007 – General Development

Overall revenues for 2007 at \$65.2 million were considerably lower than the \$89 million from 2006. Gross margin for the Company was at 14% compared to 22% in 2006. Revenues in Canada were impacted by a reduction in oilfield activity which reduced demand for the services provided by the Company. Also, this tighter market in Canada provided downward pressure on pricing resulting in lower overall gross margins on awarded jobs. For the U.S. revenues doubled over last year, however, gross margins declined due to the Canadian infrastructure support costs utilized. It is expected over the longer term that dedicated U.S. personnel will be used to support the growing business in this geographic market which should result in better gross margins. In 2007 the Company has a loss from operations, before income tax, of \$1.0 million compared to a net income from operations, before income tax, of \$11.0 million for 2006. Included in 2007 are non-recurring costs of \$0.9 million in corporate restructuring costs that were incurred during Q1'07 and a \$2.8 million write down relating to the navigation, positioning and asset management technology incurred during Q3'07. Total cash dividends paid for 2007 were \$0.48 per share compared to \$0.96 per share for 2006.

Operationally the Company is focused on growth opportunities in all of its geographic segments. As Canada is a relatively mature market, growth is expected to be achieved organically and at a slower pace than the US. The focus will be on maximizing margins in this segment with all services. In the U.S., there is a much greater potential for growth opportunity in with all of its services (drilling, survey and line clearing) than in Canada due to its significantly larger market size. Growth is expected to be achieved from the combination of organic and acquisition where there is a fit and economic viability. The Company continues to evaluate overall infrastructure levels in light of existing and planned business and will adjust levels accordingly and where appropriate. Focus on this initiative will be intense for 2008. The Company expects the overall market for its services will be approximately the same as 2007. However, the sense of uncertainty as to the size of the market is greater than at any other time in recent years.

Working capital at the end of 2007 was at \$5.1 million compared to \$5.6 million at prior year end. The calculated ratio at 1.42 at the end of 2007 remains at a strong level and remains unchanged from the end of 2006.

2007 - Major Events

- The Board of Directors declared and the Company paid a \$0.24 cash dividend per share for the first two quarters for the year. There were no dividends for Q3'07 or Q4'07.
- In January 2007 the Company undertook a corporate reorganization which transferred the Company's interest in its operating partnership to a wholly owned subsidiary. This structure is similar to many other public companies, such that any public company liability issues could potentially be structurally subordinated to the operating businesses, and each business unit may also in certain circumstances be "insulated" from the business risks of the others. On a consolidated operating and financial reporting basis, the overall business of the Company remains unchanged.
- A total of \$2.8 million was considered as impairment in the cumulative value of the development costs incurred to the end of Q3'07 and was consequently written off. These costs were related to the development of the navigation, positioning and asset management technology (Kodiak Nav Solutions) and were comprised primarily of capitalized salaries and expenses. There is still perceived value in the hard assets which are expected to provide benefit for the future and the carrying value of these assets is approximately \$0.3 million.

2008 - General Developments

Total revenues for 2008 at \$65.3 million were almost the same as the \$65.2 million over the same period last year. Total revenues in Canada were \$49.6 million in 2008 compared to \$53.3 million in 2007. The recent events of the economic crisis had caused a decrease in overall exploration activities which had the direct effective of reducing the Company's overall Canadian revenues by approximately 7%. Total revenue for 2008 in the US increased by \$3.8 million or 32% over last year. Although the economic crisis has caused an overall decline in demand for exploration services in North America, the Company has been able to increase its market share in the US. Part of this initiative was the acquisition of US business assets that occurred during Q2'08.

With the continued focus on cost efficiencies during the year, the Company was able to realize non-recurring benefits of approximately \$1.1 million. \$0.6 million was realized at the gross margin level due to more efficient operations which allowed for a reduction in total costs for repair and maintenance provisions. \$0.5 million was realized in general and administrative expenses which had resulted from a historical review of fuel and commodity taxes. 2007 expenses included a \$2.8 million write-down of navigation technologies assets.

Foreign exchange gain/expense changed by approximately \$1 million from a \$0.2 million expense in 2007 to a \$0.8 million gain in 2008. This foreign exchange amount arose from the translation of US net working capital and the US denominated long-term debt. The present net US position is in a surplus. During 2008 the exchange was at par and by the end of the year was at 1.22:1 (CAD:USD). The Company does not expect this rate to change drastically for 2009 and therefore at this time is not hedging foreign currency.

2008 - Major Events

Effective April 1, 2008 the business assets of All-Terrain Industries, Inc., a seismic shot-hole drilling company located in Houston, Texas, were acquired and are being used within Destiny Drilling USA. This purchase transaction included a cash payment of \$3.6 million USD at closing. An additional \$0.3 million USD is payable at the end of 2 years in the event a certain revenue threshold is obtained. This transaction was financed by the new \$4 million USD long-term debt facility.

Destiny's Management and Board of Directors concluded a strategic planning process in Q4'08 which highlighted the Company's strengths and growth opportunities, both organic and through acquisition. The Company's present view is the goals therein are achievable, though likely set back in time by virtue of the overall economy. Explicit in these goals is utilizing the depth and experience of Destiny's Executive Management Team and its Operations Team – both, we believe, the best in our industry.

DESCRIPTION OF THE BUSINESS

SEISMIC FRONT-END SERVICES

Following the transactions described in the General Development of the Business section of this form, Destiny's business is providing Seismic Front-End Services to energy explorers and producers and to seismic acquisition companies and locating services to the oil and gas and utilities industries. Providing exploration and production companies and geophysical acquisition contractors with the opportunity for integrated or unbundled front-end services, Destiny is an industry leader in technological innovation and the implementation of coordinated services.

Specific areas of service are as follows:

Geospatial Services

Survey & Mapping

Destiny's survey division, Destiny Survey & Mapping, utilizes world class GPS survey equipment and highly skilled personnel to garner extra efficiencies in delivering services and to produce the highest quality products. This division continues to expand the implementation of high technology surveying including its proprietary UCGPS™ and Lidar surveys. These techniques enable seismic operations to occur with minimal tree cutting, thereby greatly reducing environmental impact, safety risk exposure and timber damage costs. Innovation and quality have established this division as one of the leading survey contractors in the geophysical industry. In late 2004, this division began operations in the US under a new entity providing the same reputation and quality of services as its Canadian counterpart.

Navigation Technologies

Destiny's navigation division, Destiny Navigation Technologies, utilizes proprietary software and hardware to provide navigation, positioning and asset management technology to improve the productivity and safety of seismic operations. As growth was not achieved as expected, during 2007 a \$2.8 million write down in the carry value of assets was undertaken. This division continues to innovate with the development of the AccuDrill™, AccuStacker™ and CrewTracker™ services. These services enable the Company and its clients to track equipment and personnel in the field resulting in value added from faster field response to incidences and an overall increased level of safety.

Locating Services

Destiny's locating business, Advanced Locating Services, provides services of pipeline locating, 1st Call Management and inspection services to the oil and gas industry throughout western Canada.

Line Clearing

Destiny's line clearing division, Destiny Line Clearing, specializes in low impact seismic right-of-way clearing. This division maintains its focus on integrity and innovation and is widely recognized as a quality orientated service provider. This division has deployed GPS guidance systems throughout its entire fleet of line clearing equipment, and has revolutionized the hand cut line clearing business with unique GPSlashing™ methodologies.

Drilling

Destiny's drilling division, Destiny Drilling, provides shot-hole drilling services to the geophysical industry. This division operates a large fleet of track drills to accommodate our client's needs in areas ranging from the foothills of the Rocky Mountains to the high Arctic. It also offers low impact drills with physical dimensions that allow them to operate in demanding terrain with a minimal environmental footprint. This division is a world leader in Helicopter Portable drilling. Our people have proven that we can operate successfully in any terrain or environment. Lightweight yet powerful, our equipment leads the industry in innovative technology and reliability.

Revenues of the Company's business, by segment, for the last two complete financial years were as follows:

(000's)	Year ended December 31, 2008	Year ended December 31, 2007
	\$	\$
Front End Services	65,255	65,202

The Company faces a spectrum of competitors that range from smaller owner operated businesses to larger publicly held companies. The Company believes that it has taken the appropriate steps necessary to be effective competitors in its principal markets and geographic areas of operation.

The Company's business is seasonal with Q1 and Q3 traditionally being the two strongest quarters and Q2 and Q4 traditionally being the weakest quarters. The underlying causes of the seasonality are the weather and the Company being restricted from entering certain wildlife areas during migration and calving seasons.

Due to the seasonal and cyclical nature of the oil and gas service sector, combined with the work performed being project oriented, the Company monitors the low and high number of people that each of its businesses employs. For the year ended December 31, 2008 the number of people employed were as follows:

	Low	High
Front-End Services	169	379
Other (Corporate)	8	11
Total	177	390

Destiny is subject to the risks and variables inherent in the oilfield services industry. Demand for the Company's products and services depend on the exploration, development and production activities of energy companies. These activities are directly affected by factors such as oil and gas commodity prices, weather, changes in legislation, exchange rates, the general state of domestic and world economies, concerns regarding fuel surpluses or shortages, substitution through imports or alternative energy sources, changes to taxation or regulatory regimes and the broad sweep of international political risks such as war, civil unrest, nationalization and expropriation or confiscation, which are all beyond the control of the Company and cannot be accurately predicted. The oil market is influenced by global supply and demand considerations and by the supply management practices of OPEC. The natural gas market is primarily influenced by North American supply and demand and by the price of competing fuels. The risks associated with external competition are minimized by concentrating the Company's activities in areas where it has demonstrated technical and operational advantages and by employing highly competent professional staff. Environmental standards and regulations are continually becoming more stringent in this industry and Destiny is committed to maintaining its high standards. Environmental constraints include pollution, natural habitat disturbance, wildlife considerations and protocols relating to breaches such as spill containment and other damages. Destiny also mitigates business risks by establishing strategic alliances with reputable partners, developing new technologies and methodologies as well as investigating new business opportunities.

The risks inherent in the oilfield services industry could impact the Company's ability to meet its financial covenants on its revolving, bank operating loan facility. Accordingly, these inherent risks could cause the Company to become in violation of its covenants on the bank facility, which might result in repayment being demanded. A current concern an investor may have is with liquidity risk. Although the Company has approximately \$4 million of long-term debt it has a cash balance of \$2.9 million as at December 31, 2008. The Company has the ability to draw on the demand bank loan up to a maximum of \$9.4 million as calculated based on eligible receivables at that point in time.

The most variable component of the Company's business is the level of heli-portable seismic drilling that will be conducted in a given year. Within this business the challenge is the amount of market share and margins that will be achieved. These services are traditionally the most volatile business line. Activity and pricing in this area are closely monitored on an ongoing basis and the Company is highly adaptable during times of change.

CLIENT ECONOMIC DEPENDENCE

The Company's sales are to customers in the oil and gas industry, which results in a concentration of credit risk. The Company generally extends unsecured credit to these customers, and therefore the collection of receivables may be affected by changes in economic or other conditions and may accordingly affect the Company's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which the Company extends credit. The Company has not previously experienced any material credit losses on the collection of accounts receivable related to its operations.

Approximately 72% of trade accounts receivable at December 31, 2008 (74% at December 31, 2007) is with three clients (one in 2007). With respect to its largest client, the Company provides services both directly for the client's own account (for the development of seismic data for the client to sell) and indirectly for work for third party exploration and production companies, most of which are substantial oil companies and several of which specify the Company as their sub-contractor of choice when contracting with the Company's client. Approximately 79% of trade accounts receivable at December 31, 2008 were less than 60 days old (57% were less than 30 days old).

FOREIGN OPERATIONS

US revenues have grown from 18.2% of 2007 total revenues to 24% of 2008 total revenues. The US operation is heavily dependent on the Canadian parent for support services in the areas of accounting, purchasing and logistics, human resources, safety and equipment. This dependence will continue for the near future as the US operations continue to grow. At this time the US operation has considered as a fully integrated operation.

DIVIDENDS

On October 4, 2004, the Board of Directors instituted a policy for the payment of regular quarterly dividends, commencing in the first quarter of 2005. The dividend policy is subject to change as the Board of Directors assesses Destiny's available cash, needs for cash, prospects and financing alternatives.

For 2006 the declared quarterly cash dividends were as follows:

Date declared	Date paid	Amount per share	Aggregate amount
March 8, 2006	March 31, 2006	\$0.24	\$1,338,017
May 9, 2006	June 15, 2006	\$0.24	\$1,338,017
August 10, 2006	September 15, 2006	\$0.24	\$1,338,017
November 8, 2006	December 15, 2006	\$0.24	\$1,338,506
		\$0.96	\$5,352,557

For 2007 the declared quarterly cash dividends were as follows:

Date declared	Date paid	Amount per share	Aggregate amount
March 5, 2007	March 15, 2007	\$0.24	\$1,338,499
May 11, 2007	June 15, 2007	\$0.24	\$1,338,499
		\$0.48	\$2,676,998

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue one class of shares, to be designated as "Common Shares", in an unlimited number. As at March 9, 2009 the Company had issued 5,582,581 Common Shares.

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) the right to vote at all meetings of shareholders of the corporation, except meetings at which only holders of a specified class of shares are entitled to vote;
- (ii) subject to the prior rights and privileges attaching to any other class of shares of the corporation, the right to receive any dividend declared by the corporation; and
- (iii) subject to the prior rights and privileges attaching to any other class of shares of the corporation the right to receive the remaining property and assets of the corporation upon dissolution.

The Company is further authorized to issue one class of shares, to be designated as "Second Preferred Shares", issuable in series, in an unlimited number. As at March 9, 2009 the Company had issued nil Second Preferred Shares and has no current or foreseeable plans to issue Second Preferred Shares in the future.

The Company has a fixed stock option plan (the "plan") under which the Company may grant to directors, officers, management and employees options to purchase up to 249,900 common shares of which none are outstanding as at December 31, 2008. The exercise price of each option equals the closing price of the Company's stock on the last trading date preceding the date of grant. An option's term can vary as specified in the option agreement. Subject to early exercise or termination, all options have a term of 7 years from the date of grant. A summary of the status of the plan is as follows:

	2008		2007	
	# of Options	Weighted Average Exercise Price	# of Options	Weighted Average Exercise Price
Outstanding at beginning of year	30,000	\$6.45	51,000	\$5.97
Exercised	5,500	4.00	---	---
Expired	(24,500)	7.00	(21,000)	5.29
Outstanding at end of year	---	---	30,000	\$6.45
Options exercisable at end of year	---	---	30,000	\$6.45

MARKET FOR SECURITIES

The Company's Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "DSC".

The following table provides the reported high and low trading prices and volume of trading of common shares by month during 2008.

2008 BY MONTH	HIGH	LOW	VOLUME
January	\$2.77	\$1.51	69,100
February	2.45	1.95	59,400
March	2.40	1.79	63,400
April	4.49	1.81	140,400
May	4.99	2.99	171,500
June	4.82	3.73	74,100
July	4.52	3.39	36,800
August	4.05	3.25	42,700
September	4.06	3.25	76,400
October	3.27	1.31	68,200
November	1.97	1.65	82,400
December	1.95	1.76	32,700

DIRECTORS AND OFFICERS

The following table lists the name, municipality of residence, respective positions and offices, principal occupations, and the period or periods served as a Director or Officer of the Company:

Name, Positions of Office and Municipality of Residence	Principal Occupation	Period of Service
Bruce R. Libin ⁽³⁾ Executive Chairman and Chief Executive Officer Calgary, Alberta	Executive Chairman and Chief Executive Officer, Destiny Resource Services Corp.	May 20, 1994 to Present
Glen Roane ⁽¹⁾⁽²⁾ Director Canmore, Alberta	Corporate director and independent businessman	June 27, 2001 to Present
Nathan Feldman ⁽¹⁾⁽²⁾ Director Calgary, Alberta	President, N.S. Feldman & Associates	August 28, 2003 to Present
David McGoey ⁽¹⁾ Director Calgary, Alberta	Vice-President, Finance Matco Capital Ltd.	September 4, 2003 to Present
James Rathwell ⁽²⁾ Director Calgary, Alberta	Sr. Vice President and COO, Well Service Division, Trinidad Drilling Ltd.	March 21, 2005 to Present
James O. Holt Chief Operating Officer Calgary, Alberta	Company Officer	May 31, 1997 to Present
Warren S. Plue Vice-President, Navigation Technologies Calgary, Alberta	Company Officer	November 4, 2002 to Present
Joe Pilieci Vice-President, Geospatial Services Calgary, Alberta	Company Officer	May 1, 2005 to Present
Patrick Egli ⁽³⁾ Vice-President, Finance & Administration Chief Financial Officer; Corporate Secretary Calgary, Alberta	Company Officer	August 23, 2005 to Present
Pete Scott ⁽³⁾ Vice-President, Drilling and Chief Safety Officer Calgary, Alberta	Company Officer	September 13, 2006 to Present
Murray Leier ⁽³⁾ Vice-President, Line Clearing Calgary, Alberta	Company Officer	February 1, 2007 to Present

Notes:

1. Member of the Audit Committee of the Board.
2. Member of the Compensation Committee. The Corporation does not have an Executive Committee.
3. All of the above Directors and Officers of the Company have been engaged within the five preceding years in their principal occupations or in other executive capacities with the companies or firms with which they are presently associated or with affiliates or predecessors thereof, except Mr. Libin, who since February, 1995 has been President of B. R. Libin Capital Corp., an investment, merchant banking and investment advisory services company; Mr. Egli who from 2000 to August 2005 was Corporate Controller of Foremost Industries Inc.; Mr. Scott who from 1999 to September 2006 was Operations Manager of Veritas DGC Land; and Mr. Leier, who from June 2000 to October 2003 was Operations Supervisor of Arcis Geophysical; from October 2003 to February 2007 Mr. Leier served as General Manager of Destiny Resources.

Term of office for Directors is one year which will expire on May 11, 2009.

As of March 9, 2009 the Directors and Officers as a group beneficially owned, directly or indirectly, or could exercise control or direction over **2,119,345 or 37.96%** of the issued Common Shares of the Company.

AUDIT COMMITTEE INFORMATION

Information concerning the Audit Committee of the Board of Directors of Destiny is provided in Schedule A to this Annual Information Form.

LEGAL PROCEEDINGS

The Company, through the performance of its service obligations, is sometimes named as a defendant in litigation. The nature of these claims is usually related to personal injury or operations not considered to be complete. The Company maintains a level of insurance coverage considered appropriate by management for matters for which insurance coverage can be maintained.

In September 2003 a statement of claim was filed against the Company by Altagas Services Inc. and two other companies seeking payment for damages and loss of income totaling \$10,000,000. The claim alleges that faulty workmanship (by one of the Company's former operations and two other companies named in the claim) led to damage at a gas plant expansion project.

In September 2004 a subsequent related claim alleging faulty workmanship was filed against the Company and two other companies seeking payment for damages and loss of income totaling \$750,000.

The Company believes that both of the above noted claims are completely without merit, and they have been referred to counsel for the Company's insurance provider and will be vigorously defended. As neither the outcome nor the final amount of the claims can be determined, no provision for loss has been made in the consolidated financial statements.

TRANSFER AGENT AND REGISTRAR

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:

Valiant Trust Company

Suite 310
606 - 4th Street S.W.
Calgary, Alberta T2P 1T1
Attention: Stock Transfer Department
Telephone (403) 233-2801

INTERESTS OF EXPERTS

The consolidated financial statements of the Company for the year ended December 31, 2008 were audited by Ernst & Young LLP.

To the Company's knowledge Ernst & Young LLP did not have, does not have and will not have registered or beneficial interests, direct or indirect, in any of the securities or other property of Destiny Resource Services Corp. and its affiliates.

ADDITIONAL INFORMATION

Additional information relating to Destiny Resource Services Corp.:

1. may be found on SEDAR at www.sedar.com;
2. including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the May 11, 2009 Annual General Meeting; and
3. is provided in the Company's consolidated financial statements and MD&A for the year ended December 31, 2008.

SCHEDULE A

AUDIT COMMITTEE INFORMATION

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is currently made up of three unrelated and independent directors: David McGoey (Chair), Nathan Feldman and Glen Roane. Canadian securities regulation requires all Audit Committee members be financially literate. Destiny's Board of Directors has determined all members of the Audit Committee are financially literate.

EDUCATION AND EXPERIENCE

David M McGoey holds a Bachelor of Commerce (Honours) degree and is a Chartered Accountant (Canada) and a Certified Public Accountant (US). Mr. McGoey has practiced as a public accountant for over 25 years. During this time he has obtained experience in preparing, analyzing, reviewing and evaluating financial statements, tax returns and other financial related documents. Mr. McGoey has also had experience as the Chief Financial Officer of several public and private companies as well serving as a member of the Board of Directors for several of these companies.

Nathan S. Feldman holds a Bachelor of Commerce degree, is a Chartered Accountant and has been a member of the Alberta Institute of Chartered Accountants since 1975. Mr. Feldman achieved significant experience as senior partner in a Western Canadian public accounting practice and currently specializes in financial management and business consulting. Mr. Feldman has held executive positions in private and public companies as well as a number of not for profit organizations. He has served on the board of directors for several of these companies and organizations often participating in their finance and audit committees.

Glen D. Roane holds the degrees of Bachelor of Arts and Master of Business Administration. Mr. Roane is a corporate director and serves on the boards of several private and public companies operating primarily in the field of oil and gas production and services businesses. Until 1997, Mr. Roane spent almost 20 years in the Canadian financial services industry, working in increasingly senior roles in corporate banking, investment banking and the management of investments in marketable securities.

AUDIT FEES AND PRE-APPROVAL OF AUDIT SERVICES

The following table presents fees for the audits of the Company's annual consolidated statements for 2008 and 2007 and for other services provided by Ernst & Young LLP.

	2008	2007
Audit (including quarterly reviews)	\$ 170,000	\$ 204,000
Non audit tax services	\$ 40,000	\$ 22,500

Under the Mandate of the Audit Committee (which follows), the Audit Committee is required to review and pre-approve the objectives and scope of the external audit work and the proposed fees. In addition, the Audit Committee is required to review and pre-approve all non-audit services the Company's external auditors are to perform. Pursuant to these requirements since their implementation in 2003, 100% of each of the services relating to fees reported above were pre-approved by the Audit Committee or its delegate, the Chair of the Audit Committee.

MANDATE OF THE AUDIT COMMITTEE

Policy Statement

It is the policy of Destiny Resource Services Corp. (the "Corporation") to establish and maintain an Audit Committee, composed entirely of independent directors, to assist the Board of Directors (the "Board") in carrying out their oversight responsibility for the Corporation's internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint the members of the Audit Committee. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each director appointed to the Audit Committee by the Board shall be an outside director who is unrelated. An outside, unrelated director is a director who is independent of management and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. In determining whether a director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
3. Each member of the Audit Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements, and at least one member shall have "accounting or related financial management expertise", meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.
4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

Meetings of the Committee

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis.
2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the auditors, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
3. Notice of a meeting of the Audit Committee shall:
 - (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (d) be given at least two business days notice prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however, the Audit Committee (i) shall meet with the external auditors independent of management and (ii) may meet separately with management.

8. Minutes shall be kept at all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

1. The Audit Committee's primary duties and responsibilities are to:
 - (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
 - (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (c) monitor the independence and performance of the Corporation's external auditors;
 - (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
 - (e) directly oversee the external audit process and results (in addition to items described in Section 4 below);
 - (f) provide an avenue of communication among the external auditors, management and the Board;
 - (g) ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual; and
 - (h) ensure that an appropriate Code of Conduct is in place and understood by employees and directors of the Corporation. The Corporation does not have an explicit code of conduct.
2. The Audit Committee shall have the authority to:
 - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
 - (b) discuss with the management of the Corporation, its subsidiaries and affiliates and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
 - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
 - (d) to set and pay the compensation for any advisors employed by the Audit Committee.
3. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
4. The Audit Committee shall:
 - (a) review the audit plan with the Corporation's external auditors and with management;
 - (b) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
 - (c) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
 - (d) review any problems experienced or concerns expressed by the external auditors in performing their audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

- (e) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (f) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
 - (g) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
 - (h) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
 - (i) before release, review and, if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases; and
 - (j) oversee any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management.
5. The Audit Committee shall:
- (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
 - (b) consider the recommendations of management in respect of the appointment of the external auditors;
 - (c) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors, or the external auditors of the Corporation's subsidiary entities;
 - (d) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;
 - (e) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Policy 31 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period; and
 - (f) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.
6. The Audit Committee shall:
- (a) review with management, at least annually, the financing strategy and plans of the Corporation; and
 - (b) review all securities offering documents (including documents incorporated therein by reference) of the Corporation.
7. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

8. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
9. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management.
10. The Audit Committee shall periodically review with management the need for an internal audit function.
11. The Audit Committee shall review the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
12. The Audit Committee shall establish and maintain procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation on concerns regarding questionable accounting or auditing matters.
13. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or other auditing matters.
14. The Audit Committee shall review with the Corporation's legal counsel as required but at least annually, any legal matter that could have a significant impact on the Corporation's consolidated financial statements, and any enquiries received from regulators or government agencies.
15. The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.