



**DESTINY RESOURCE SERVICES CORP.  
MANAGEMENT INFORMATION CIRCULAR  
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 13, 2010**

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**GENERAL PROXY INFORMATION**

**Management Solicitation Of Proxies**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Destiny Resource Services Corp. (the “Company” or “Destiny”) for use at the Annual and Special Meeting of Shareholders of the Company to be held in the 35<sup>th</sup> Floor, Riverview Room at the International Hotel, 220 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta on Thursday, May 13, 2010 at 2:00 p.m. (Calgary Time), and at any adjournment thereof (the “Meeting”), for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The solicitation of proxies will be made primarily by mail but proxies may also be solicited personally or by telephone, fax, email or other means, by directors, officers or employees of the Company to whom no additional compensation will be paid for so doing. The cost of the solicitation will be borne by the Company. Unless otherwise noted, the information contained in this Management Information Circular is given as of April 15, 2010.

**Appointment And Revocation Of Proxies**

Gerald Hage and Bruce Libin, the persons named in the form of proxy enclosed with the Notice of the Meeting, are respectively directors and officers of the Company. **A shareholder of the Company (a “Shareholder”) has the right to appoint some other person (who need not be a Shareholder) other than the persons designated in the form of proxy to represent the Shareholder at the Meeting. To exercise that right, a Shareholder may either insert the name of the desired representative in the blank space provided in the form of proxy enclosed with the Notice of Meeting or submit another proper form of proxy appointing the desired representative.**

A form of proxy will not be valid unless it is deposited at the offices of Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1, not less than forty-eight (48) hours, excluding Saturdays, Sundays and holidays in Alberta, before the time of the Meeting, Attention: Proxy Department or by fax at (403) 233-2857, or any adjournment thereof.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney of the corporation, and deposited at the offices of Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street SW, Calgary, Alberta T2P 1T1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or adjournment thereof, or in any manner permitted by law. Upon such deposit, the proxy will be revoked as to any matter with respect to which a vote has not already been cast.

**Exercise Of Discretion By Proxyholders**

On any vote that may be called for at the Meeting or any adjournment thereof, the persons named in the accompanying Instrument of Proxy will vote or withhold from voting the common shares in the capital of the Company (the “**Common Shares**”) with respect of which they are appointed proxyholder in accordance with the instructions of the Shareholder appointing them. **In the absence of such direction, such Common Shares will be voted FOR each of the matters referred to in the Notice of Meeting and in this Information Circular.**

The accompanying Instrument of Proxy also confers discretionary authority on the persons named therein to vote the Common Shares and otherwise act in the proxyholder’s discretion with respect to any amendments or variations to matters identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting or any adjournment thereof. As at the date hereof, management of the Company knows of no such amendments or variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and in this Information Circular.

## Signing Of Proxy

An instrument appointing a proxyholder must be in writing and must be executed by the Shareholder or their attorney authorized in writing or, if the Shareholder is a corporation, in its corporate name under its corporate seal or by an officer or attorney thereof authorized in writing. A proxy signed by a person acting as attorney, executor, administrator, trustee or in some other representative capacity should indicate their capacity following their signature and be accompanied by evidence of their qualification and authority to act.

## Advice To Beneficial Holders Of Shares

The following information is important to a Shareholder (referred to in this Information Circular as a “**Beneficial Shareholder**”) that beneficially owns Common Shares but does not appear on the records of the Company as the **registered** holder thereof. Such Common Shares are instead typically registered in the name of a broker or other intermediary (including trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans) or in the name of a depository of which the intermediary is a participant.

**Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares will be recognized and acted upon at the Meeting.**

Common Shares listed in an account statement provided to a Shareholder by a broker will, in most cases, **not** be registered in the Shareholder's own name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. The directors and officers of the Company do not know for whose benefit Common Shares registered in the name of brokers or their agents or nominees are held. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares on behalf of their clients. **Beneficial Shareholders should therefore ensure that instructions regarding the voting of their Shares are properly communicated to the appropriate person or that the Common Shares are duly registered in their name well in advance of the Meeting.**

Applicable regulatory policy requires brokers and other intermediaries holding Common Shares for others to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. The various brokers and other intermediaries have their own mailing and delivery procedures and provide their own return instructions to their clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. In some cases, a form of proxy or voting instruction form supplied to a Beneficial Shareholder by their broker or other intermediary (or an agent or nominee of such broker or other intermediary) will be similar or even identical to the form of proxy furnished to registered Shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (the broker, intermediary, agent or nominee) how to vote on behalf of the Beneficial Shareholder. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically supplies voting instruction forms, mails those forms to you and asks you to return the forms to Broadridge or follow specified telephone or internet-based voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions regarding the voting of Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use that form to vote your Common Shares directly at the Meeting, but must instead return the voting instruction form to Broadridge or complete the telephone or internet-based voting procedures well in advance of the Meeting to have such Common Shares voted at the Meeting on your behalf.**

Although a Beneficial Shareholder will not be recognized directly at the Meeting for the purposes of voting Common Shares that are registered in the name of their broker or other intermediary (or an agent or nominee thereof), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker or other intermediary (or its agent or nominee) in accordance with the instructions provided by such broker or other intermediary (or agent or nominee) well in advance of the Meeting.

Beneficial Shareholders should contact their broker or other intermediary if they have any questions regarding the voting of Common Shares held through that broker or other intermediary.

## Voting Securities

The Company is authorized to issue an unlimited number of Common Shares. As of the close of business on April 15, 2010, there were 32,850,287 Common Shares outstanding, each of which entitles the holder, upon a ballot, to one vote at the Meeting.

## Record Date

The directors of the Company (each a “**Director**” and collectively the “**Directors**”) have set April 5, 2010 as the record date (the “**Record Date**”) for the purpose of determining Shareholders entitled to receive Notice of the Meeting. The Company will prepare a list of the names of and the number of Common Shares held by each Shareholder who is entitled to receive Notice of the Meeting. At the Meeting, a Shareholder will be entitled to vote the Common Shares shown opposite the Shareholder's name on the list except to the extent that the Shareholder has transferred any Common Shares after the record date and the transferee produces properly endorsed share certificates, or otherwise establishes ownership of such shares, and demands the inclusion of the transferee's name in the list of Shareholders not later than 10 days before the date of the Meeting.

## Principal Holders Of Shares

To the knowledge of the Directors and senior officers of the Company, as at the date hereof, there are no persons who beneficially own, control or direct, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to the issued and outstanding Common Shares of the Company other than as follows:

Name of Shareholder	Number of Common Shares	Percentage of Common Shares
Cadent Logan, S.a.r.l.	17,640,000	53.70%

## Interest of Certain Persons and Companies in Matters to be Acted Upon at the Meeting

To the knowledge of the Directors and officers of the Company, as at the date hereof, there are no Directors, nominees for Director, executive officers or anyone who held office as such since the beginning of the Company's last financial year, or any associate or affiliate of any of the foregoing that has or had a material interest directly or indirectly in any matter to be acted upon at the meeting, except as disclosed herein.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Financial Statements and Auditor's Report

The audited financial statements of the Company for the fiscal year ended December 31, 2009, together with the auditor's report thereon, have been sent to Shareholders and will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements, which have already been approved by the board of directors of the Company (the “**Board of Directors**”).

### Election Of Directors

The articles of the Company provide that the Board of Directors shall consist of not less than three (3) nor more than fifteen (15) Directors. Directors are elected annually and hold office until the close of the next annual meeting of Shareholders or until they cease to be a Director by resignation or operation of law. The Board of Directors currently consists of six (6) Directors who are Messrs. Hage, Libin, Roane, McDermott, Barr and Kennedy. In addition, the articles of the Company currently allow the Board of Directors to appoint one or more additional Directors between annual meetings of Shareholders to serve until the next annual meeting of Shareholders, but the number of additional Directors shall not at anytime exceed 1/3 of the number of Directors who held office at the expiration of the last annual meeting of the Company. The Board of Directors has fixed the number of Directors to be elected at the Meeting at seven (7).

The following table lists the name of each person proposed to be nominated by management of the Company for election as a Director, all other positions and offices with the Company now held by him, his municipality of residence, his present principal occupation or employment, the period or periods during which he has served as a Director of the Company, and the number of Common Shares beneficially owned, controlled or directed, directly or indirectly as at the date hereof.

<b>Name, Positions of Office and Municipality of Residence<sup>(5)</sup></b>	<b>Principal Occupation<sup>(4)</sup></b>	<b>No. of Common Shares Owned or Controlled<sup>(1)</sup></b>	<b>Period of Service as a Director</b>
David Barr <sup>(2)(3)(4)</sup> Director The Woodlands, Texas	Corporate director and independent businessman	70,728	March 1, 2010 to Present
David Coppé <sup>(4)(7)</sup> Director Darien, Connecticut	Partner of Cadent Energy Partners, LLC	NIL	Nominee
Gerald Hage <sup>(4)</sup> Director and Chief Executive Officer Houston, Texas	Chief Executive Officer of Destiny Resources Services Corp.	876,141	March 1, 2010 to Present
David Kennedy <sup>(2)(4)</sup> Director Bluffton, South Carolina	Executive Advisor to Cadent Energy Partners, LLC and Director of Nytis Exploration Company	178,500	March 1, 2010 to Present
Bruce R. Libin <sup>(4)</sup> Executive Chairman and Chief Executive Officer Calgary, Alberta	President of Destiny Resource Services Corp.	1,847,057 <sup>(6)</sup>	May 20, 1994 to Present
Paul McDermott <sup>(3)(7)</sup> Director New Canaan, Connecticut	Managing partner of Cadent Energy Partners, LLC	NIL	March 1, 2010 to Present
Glen Roane <sup>(2)(3)(4)</sup> Director Canmore, Alberta	Corporate director and independent businessman	110,564	June 27, 2001 to Present

Notes:

1. The information as to Common Shares beneficially owned, controlled or directed, directly or indirectly, or exercised not being within the knowledge of the Company, has been supplied by the respective nominees.
2. Member of the Audit Committee.
3. Member of the Compensation Committee of the Board.
4. Mr. McDermott, Mr. Roane, Mr. Coppé and Mr. Kennedy have been engaged within the five preceding years in their principal occupations. Mr. Hage served as Chief Executive Officer of Logan Holdings, Inc. ("Logan") from July 2007 to the Merger of Destiny and Logan on March 1, 2010 (the "Merger") and he continues to serve this role presently. Prior to this Mr. Hage served as the Chief Executive Officer of Tri-Point Energy Services Inc. Mr. Libin served as Executive Chairman and Chief Executive Officer of Destiny until the Merger on March 1, 2010. Mr. Barr served as Group President, Completion and Production of Bakers Hughes Inc from 2007 to 2009. Prior to this, from 2005 until 2007, Mr. Barr served as Group President, Drilling and Evaluation of Baker Hughes Inc.
5. The Company does not have an Executive Committee.
6. Includes 662,232 Common Shares held by 1149753 Alberta Ltd., a company of which Mr. Libin is the director and officer but in which he holds no shares, and includes 1,179,625 Common Shares held by Ranger Holdings Ltd., a company owned by Mr. Libin.
7. Messrs. Coppé and McDermott do not own Common Shares in their personal capacities but are partners of Cadent Energy Partners, LLC, which manages Cadent Logan S.a.r.l, a fund which owns 17,640,000 Common Shares (representing 53.7% of the outstanding Common Shares) as at the date hereof.

At the Meeting, management of the Company proposes to nominate the persons identified in the foregoing table for election as directors of the Company. **Unless otherwise directed by the Shareholder appointing the proxy holder, the persons named in the accompanying Instrument of Proxy intend to vote FOR the election of such persons as directors of the Company.**

#### *Corporate Cease Trade Orders and Bankruptcies*

Unless otherwise disclosed in this Information Circular, no proposed director of the Company:

(a) is, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

(i) was subject to an order that was issued while he was acting in the capacity as a director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he was acting in the capacity of a director, chief executive officer or chief financial officer; or

(b) is, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within 10 years before the date of this Information Circular become, bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### *Penalties or Sanctions*

No Director of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, nor has any director entered into a settlement agreement with a Canadian securities regulatory authority. No director of the Company has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision, except that David Barr was Group President, Completion and Production of Baker Hughes Inc. when the company pled guilty in April 2007 to certain Foreign Corrupt Practices Act (the "FCPA") violations brought by the United States Department of Justice, with such violations having occurred prior to Mr. Barr becoming Group President, Completion and Production of Baker Hughes Inc. and for which Mr. Barr was found not to have had any personal involvement. Under the settlement, without admitting or denying the allegations, the company consented to the entry of a final judgment enjoining it from future violations of the FCPA and paid penalties and profit disgorgement of approximately \$44 million. Additionally, the company entered into an agreement with the United States Department of Justice to defer prosecution for two years on charges of violating the anti-bribery and books and records provisions of the FCPA. The agreement was lifted in May 2009 and the company will not face prosecution for matters covered by the settlement.

#### *Personal Bankruptcies*

No Director of the Company, or a personal holding company of any such person, has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

#### **Appointment Of Auditors**

Management proposes to nominate the Company's existing auditor Ernst & Young LLP, Chartered Accountants, to act as the Company's independent auditor until the next annual meeting of Shareholders, at a remuneration to be fixed by the Board of Directors. Ernst & Young LLP were first appointed auditors of the Company on February 28, 1994.

Unless otherwise directed by the Shareholders appointing them, the persons named in the accompanying Instrument of Proxy intend to vote FOR the appointment of Ernst & Young LLP, Chartered Accountants, as the auditor of the Corporation, to hold office until the next annual meeting of the Shareholders, at a remuneration to be determined by the Board.

### **Approval of Name Change to “Logan International Inc.”**

At the Meeting, Shareholders will be asked to consider and, if thought fit, approve an amendment to the articles of the Company to effect a change of the name (“Name Change”) of the Company to “Logan International Inc.” or such other name as the directors of the Company may approve and which is acceptable to the Toronto Stock Exchange (the “TSX”).

The Name Change to “Logan International Inc.” has been approved by resolutions of the Board and is believed by the Board to be in the best interests of the Company.

In connection with the Name Change, the Company also intends to change the ticker symbol under which the Common Shares are listed on the Toronto Stock Exchange from “DSC” to “LII”, to more suitably reflect the proposed new name.

#### *The Name Change Resolution*

At the Meeting, the following special resolution, with or without variation, will be placed before the Shareholders of Destiny:

“BE IT RESOLVED, as a special resolution of the shareholders of Destiny Resource Services Corp. (the “Company”), that:

1. The Company be and is hereby authorized to change its name from “Destiny Resource Services Corp.” to “Logan International Inc.” or such other name as the directors of the Company may approve and which is acceptable to the TSX and, pursuant to section 173(1)(a) of the *Business Corporations Act* (Alberta), the articles of the Company be amended to give effect to such name change.
2. The directors of the Company may, in their sole discretion and without further notice to, or approval of, the shareholders of the Company, act upon the foregoing resolution to effect the change of name or, if deemed appropriate, determine not to proceed with the change of name or to otherwise give effect to this special resolution, at any time prior to the change of name becoming effective.
3. Any one director or officer of the Company is hereby authorized to do all such further acts and things and execute all such documents and instruments as may be necessary or desirable to give effect to the matters contemplated by these resolutions, including but not limited to the filing of articles of amendment under the *Business Corporations Act* (Alberta).”

In order to be effective, the special resolution approving the Name Change must be passed by a majority of not less than two-thirds of the of the votes cast by Shareholders present in person or by proxy at the Meeting. Unless otherwise directed by the Shareholders appointing them, the persons named in the accompanying Instrument of Proxy intend to vote FOR the Name Change of the Company to Logan International Inc.

The Directors and officers of Destiny beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 63.5% Common Shares.

The Board of Directors unanimously recommends that Shareholders vote in favour of the proposed special resolution approving the Name Change.

### **OTHER MATTERS**

Management of the Company knows of no amendment, variation or other matter to come before the Meeting, other than the matters referred to in the Notice of Meeting accompanying this Information Circular. **However, if any other matter properly comes before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.**

## COMPENSATION OF THE EXECUTIVE OFFICERS

The Compensation Discussion and Analysis below provides information regarding all significant elements of compensation paid, awarded or otherwise provided by the Company to management and staff, and more specifically, to Messrs. Libin and Egli, as well as Messrs. Holt, Piliéci and Scott being the three other most highly compensated executive officers of the Company for the year ended December 31, 2009 (the “**Named Executive Officers**”). These individuals held the respective positions of Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice-President of Geospatial Services and Vice-President, Drilling and Chief Safety Officer as at December 31, 2009.

### Compensation Discussion and Analysis

The Compensation Committee (the “**Committee**”) administers the Company’s executive and management compensation program. For the year ended December 31, 2009, the Committee was comprised of three unrelated and independent members of the Board of Directors: Messrs. Nathan Feldman (Chair), James Rathwell and Glen Roane. It is the Committee’s responsibility to review the structure and competitiveness of the Company’s compensation and benefits programs generally, to make compensation recommendations to the Board of Directors and to administer awards of remuneration to the Company’s senior officers, all of whom are included as Named Executive Officers in the Summary Compensation Table.

The Executive Chairman and Chief Executive Officer (“**CEO**”) presents recommendations and rationale to the Committee regarding salary adjustments, short-term and long-term incentive grants for executive officers and seeks approval for the aggregate amounts for these compensation components for all other employees. During the financial year ended December 31, 2009, the Executive Chairman and Chief Executive Officer was Mr. Libin. The Executive Chairman and Chief Executive Officer may also recommend changes to the compensation components from time to time. The Committee discusses these recommendations with the CEO and then, in an *in camera* session, decides on what final recommendations will be presented to the Board of Directors for approval.

### *Compensation Philosophy*

Destiny is a public company providing front-end seismic services to the North American oil and gas industry. The Company is focused on maximizing value for its Shareholders by:

- providing value added services for clients;
- maintaining positive annual net earnings and cash flows over the long-term; and
- attracting and retaining the best personnel in its industry.

This compensation philosophy is designed to align the short and long-term performance, actions and decisions of the Named Executive Officers and certain employees with the goal of maximizing value for the Shareholders. The components of the compensation program have been designed to accomplish the following objectives:

- to attract and retain key personnel;
- to reward executives for achieving strategic corporate objectives;
- to motivate executives to act in the best interests of the Shareholders;
- to ensure that the compensation for executive positions is competitive; and
- to encourage talented personnel to aspire to executive positions.

The compensation philosophy balances both short-term and long-term objectives. The short-term program rewards employees on the execution of the annual business plan which is measured against the budget approved by the Board of Directors at the beginning of the year. The long-term program provides incentive through the anticipated appreciation in the Company’s share price over time. If, in a given year, the Company does not have pre-tax income above a threshold determined for the Company’s profit-sharing plan (the “**Profit-Sharing Plan**”) then only the base salary plus the vested portion of past profit sharing entitlements would be received by the Named Executive Officers.

## *Compensation Elements*

As at December 31, 2009, the Company's compensation program had the following components:

- Base salary (Short term)
- Profit-Sharing Plan (Short and long term)
- Group savings plan (Long term)
- Defined benefit or actuarial plan (Long term)

In addition, the Named Executive Officers participate in the various benefit programs made available to the employees.

### **Base Salary**

This element provides a competitive salary to attract and retain capable individuals. Salaries are generally targeted to be in the range greater than the 50<sup>th</sup> percentile in the industry that the Company operates. Other factors considered by the Compensation Committee are the employee's level of responsibility, experience and their individual performance. For 2009 there was an overall 3% base salary increase for the top 25 managers in the Company. In specific situations where significant changes in roles, responsibilities and credentials occurred, these increases were higher.

### **Profit-Sharing Plan**

Recommendations for participation in and awards from the Profit-Sharing Plan are presented to the Committee by Mr. Libin, the CEO, during the financial year ended December 31, 2009.

Commencing in 2005, the Company instituted a Profit-Sharing Plan to better align the Company's incentive compensation for key employees, including the Named Executive Officers, with the interests of Shareholders. The plan, which replaces bonuses and the grant of stock options for the individuals involved, is intended to have the participating employees more focused on the Company's bottom line performance and to enable the Company to retain and attract operating and executive management in a competitive environment. Awards are made one-half in cash and one-half in Common Shares, which are purchased in the market as described in the Statement of Executive Compensation.

Through 2008, the Profit-Sharing Plan provided that up to one-third of earnings before income taxes, after deducting the pre-tax equivalent of a priority return to Shareholders of \$1,500,000, were available for awards to participating employees. In 2009 the terms of the Profit-Sharing Plan were amended, providing recognition of the dividends paid by the Company since the inception of the Profit-Sharing Plan and instituting caps on the amount available to any one member of the Profit-Sharing Plan. Up to 15% of pre-tax earnings (excluding foreign exchange gain or loss) between \$350,000 and \$2,100,000 and up to 30% of such earnings above \$2,100,000 will be available for allocation under the Profit-Sharing Plan. The maximum amount a member of the operations team can be allocated under the Profit-Sharing Plan for any year is 90% of their base salary for that year. For the executive management team which includes the Named Executive Officers this maximum is 133% of their base (or deemed base) salary.

For the executive management team which includes the Named Executive Officers, the potential for this group is 58% of the available amount. The executive management team as at December 31, 2009 were Messrs. Libin, Egli, Holt, Leier, Pilioci, Plue and Scott. The executive management team consists of the Named Executive Officers and all other operational Vice-Presidents. Each Named Executive Officers participates as to their pro-rata share of salaries (or deemed salaries) of the group as a whole. In January of the following year, each member of the executive management team including the Named Executive Officers is reviewed and evaluated (by their peers, their direct reports and the CEO) and awarded a percentage of their eligible amount. Thus, for each member, the award and varies with Company's profits, their salary (or deemed salary), the performance of the business or area of their primary responsibility and their individual performance. In the case of an involuntary termination without cause the executive management team member's unvested share portion would be accelerated and payable immediately.

The potential for the operations team is 42% of the available amount. The operations team is comprised of non-executive managers. At the beginning of each fiscal year, the Compensation Committee, on the recommendation of the executive management team, allocates to each member of the operating team a percentage of this potential amount as their participation in the Profit-Sharing Plan. In January of the following year, each member of the operations team is reviewed and evaluated by the executive management team and awarded a percentage of their eligible amount. For each person, the award varies with Company profit, their capacity to contribute to profit, the performance of the business, their area of primary responsibility and their individual performance.

The Company believes that a lower threshold for eligibility combined with a maximum level for each member represents a good balance of long-term incentive for the employee and the maximization of Shareholder returns.

### Group Savings Plan

The Company has in place an employee group savings plan that provides the executive management team, which includes the Named Executive Officers, and employees with the ability to build wealth for retirement or other financial goals. Employees make contributions into the established group plan which are then matched by the Company ranging from 1% to 5% depending on position and length of service. Vesting of the Company portion is 20% at the end of the first year, which grows to 100% at the end of 2 years under the plan. The Named Executive Officers participate at the 5% Company matching level.

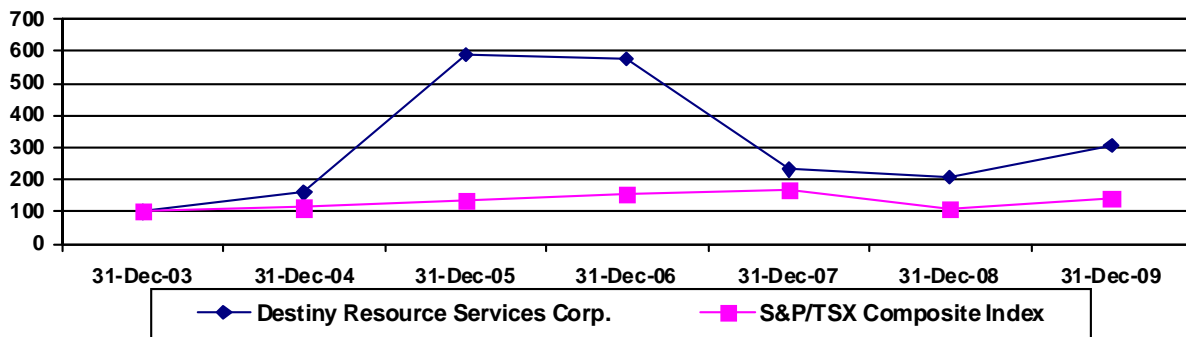
### Other Perquisites

The perquisite program for Named Executive Officers include a company provided vehicle and paid health and welfare benefits. These programs help to enhance the fixed elements of the compensation package in order to attract and retain Named Executive Officers.

### Share Performance Graph

The following graph illustrates changes in cumulative Shareholder return assuming that \$100 was invested on December 31, 2003 in Common Shares of the Company and the S&P/TSX Composite Index ("GSPTSE") and assuming reinvestment of dividends, if applicable.

**Cumulative Total Return on \$100 Investment December 2003 - December 2009**



Month	Destiny	S&P/TSX
December 31, 2003	100.00	100.00
December 31, 2004	160.00	112.48
December 31, 2005	590.00	137.12
December 31, 2006	575.50	157.02
December 31, 2007	232.00	168.27
December 31, 2008	207.50	109.33
December 31, 2009	306.50	142.88

Named Executive Officer's are awarded 50% of their Profit-Sharing Plan entitlement for an eligible year in Common Shares. As two-thirds of the share award vests over the following two years, a portion of the compensation of the Named Executive Officers varies directly with the performance of the Company's Common Shares.

### Option Based Awards

As at December 31, 2009 there were no options outstanding. No options have been granted since 2003.

## Summary Compensation Table

The following table summarizes the compensation paid during the periods indicated to the Company's Named Executive Officers for the years ended December 31, 2009, 2008 and 2007.

Name and principal position	Year	Salary (\$000's)	Share-based awards <sup>(1)</sup> (\$000's)	Option-based awards (\$000's)	Non-equity incentive plan compensation (\$000's)		Pension value (\$000's)	All other compensation (\$'000s) <sup>(2)</sup>	Total compensation (\$000's)
					Annual incentive plans <sup>(1)</sup>	Long term incentive plans			
<b>Bruce R. Libin</b> Executive Chairman and Chief Executive Officer <sup>(3)(4)</sup>	2009	120.0	22.1	NIL	22.1	NIL	NIL	35.3	199.5
	2008	120.0	35.6	NIL	21.1	NIL	NIL	21.2	197.9
	2007	120.0	NIL	NIL	NIL	NIL	NIL	29.0	149.0
<b>Patrick Egli</b> Vice-President Finance & Administration Chief Financial Officer, Corporate Secretary	2009	160.0	19.6	NIL	19.6	NIL	NIL	13.3	212.5
	2008	155.8	32.8	NIL	19.5	NIL	NIL	14.2	222.3
	2007	134.6	NIL	NIL	NIL	NIL	NIL	12.4	147.0
<b>James O. Holt</b> Chief Operating Officer, Destiny Resource Services, Inc. and President, Destiny Drilling Inc.	2009	231.9	25.1	NIL	25.1	NIL	NIL	29.4	311.5
	2008	232.1	40.6	NIL	24.1	NIL	NIL	56.1 <sup>(5)</sup>	352.9
	2007	206.9	NIL	NIL	NIL	NIL	NIL	5.8	212.7
<b>Joe Pileci</b> Vice-President, Geospatial Services	2009	204.0	21.4	NIL	21.4	NIL	NIL	17.2	264.0
	2008	201.3	28.5	NIL	16.9	NIL	NIL	17.1	263.8
	2007	177.3	NIL	NIL	NIL	NIL	NIL	18.0	195.3
<b>Pete Scott</b> Vice-President, Drilling and Chief Safety Officer	2009	204.0	26.1	NIL	26.1	NIL	NIL	17.3	273.5
	2008	201.3	43.7	NIL	25.9	NIL	NIL	18.2	289.1
	2007	177.0	NIL	NIL	NIL	NIL	NIL	16.4	193.4

Notes:

1. Represents the Company's Profit-Sharing Plan. Commencing with 2005, the Named Executive Officers have been eligible for awards pursuant to the Company's Profit-Sharing Plan. The amounts shown above relate to the fiscal year with respect to which the awards are made. For each Profit-Share award, one-half is paid in cash at the time of the determination of the award (January or February of the ensuing year) and one-half is used to buy Common Shares of the Company in the market. One-third of the shares vest and are distributed at the time of the award. The remaining two-thirds vest on the first and second anniversaries of the awards. Until vested, Common Shares are held in trust. Recipients of awards are entitled to receive any dividends on shares in trust. The amounts shown above reflect the cash component together with the value of the share component, calculated at market value, when the Common Shares are transferred at the date of the award.
2. Amounts included in Other Annual Compensation for perquisites and other personal benefits were comprised of payments with respect to vehicles, group life, health and dental plans and Alberta Health Care payments.
3. In 2002, the Company established a defined benefit pension plan for Mr. Libin. The pension at normal retirement consists of a pension for service on and after January 1, 1991 equal to 2.0% of credited service times the average compensation. The pension shall not exceed \$1,722.22 per month indexed after 2004 to increase in the average wage times the number of years of credited service. Payments to this plan for 2004 and beyond come from Mr. Libin's salary and/or bonus amounts and are not in addition thereto. See "Defined Benefit Plans" below.
4. Mr. Libin is a member of the Board of Directors but receives no compensation for his role as a director
5. Includes amount paid in respect of relocation expenses.

**Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2009 for Named Executive Officers**

The following table provides information relating to all awards outstanding as of December 31, 2009 for the Named Executive Officers.

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards (Performance Awards) <sup>(2)</sup>		
	Number of securities underlying		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested (\$)
	exercisable Options (#)	unexercisable Options (#)					
Bruce R. Libin	NIL	NIL	N/A	N/A	NIL	6,862	28,546
Patrick Egli	NIL	NIL	N/A	N/A	NIL	6,328	26,324
James O. Holt	NIL	NIL	N/A	N/A	NIL	7,828	32,564
Joe Piliéci	NIL	NIL	N/A	N/A	NIL	5,506	22,905
Pete Scott	NIL	NIL	N/A	N/A	NIL	8,432	35,077

Notes:

1. There were no option based awards outstanding as at December 31, 2009.
2. This represents the second and third and vested portion of the 50% share component of the 2008 profit sharing entitlement under the Company's Profit-Sharing Plan. There were no Profit-Sharing Plan awards made with respect to 2007. Amounts for 2009 are not eligible for payment to Named Executive Officer until early 2010. Pursuant to the Profit-Sharing Plan the market price per Common Share used in these calculations was \$4.16 which was the value at the award date (end of January 2010).

**Incentive Plan Awards – Value Vested or Earned during the Year ended December 31, 2009 for Named Executive Officers**

The following table provides the value, if any, that vested or was earned during 2009 for each Named Executive Officer.

Name	Option-based awards – Value vested during the year				Share-based awards- Number vested during the year <sup>(1)</sup> (\$)	Share-based awards- Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
	Date Vested	# Vested	In the Money Value on Date Vested (\$)	In the Money Value at Year End of remaining Option-based awards that had vested during year (\$)			
Bruce R. Libin	N/A	NIL	NIL	NIL	14,918	62,059	22,083
Patrick Egli	N/A	NIL	NIL	NIL	4,795	19,947	19,604
James O. Holt	N/A	NIL	NIL	NIL	10,110	42,058	25,103
Joe Piliéci	N/A	NIL	NIL	NIL	8,496	35,343	21,429
Pete Scott	N/A	NIL	NIL	NIL	5,990	22,838	26,062

Note:

1. This represents the third vested share portion from the 2006 and the first vested share portion of 2008 profit sharing entitlement. There was no profit sharing entitlement earned for 2007. Amounts for 2009 are not eligible for payment to Named Executive Officer until early 2010. Amounts for 2009 are not eligible for payment to Named Executive Officer until early 2010. Pursuant to the Profit-Sharing Plan the market price per Common Share used in these calculations was \$4.16 which was the value at the award date (end of January 2010) which is believed to be more relevant than the closing value as at December 31, 2009.

### Stock Option Plan

As at December 31, 2009 there were no options outstanding. No options have been granted since 2003. A new was option plan ("**New Option Plan**") was approved by the Shareholders on February 26, 2010 and was established March 1, 2010. For details regarding Destiny's New Option Plan, see "Securities Authorized for Issuance under Equity Compensation Plans".

### Defined Benefit Plans

The following table outlines the pension plan payments or benefits at, following, or in connection with retirement.

Name	Number of Years credited service (#)	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Bruce R. Libin	14	NIL	34,922	321,178	102,728	NIL	423,906
Patrick Egli	N/A	NIL	NIL	NIL	NIL	NIL	NIL
James O. Holt	N/A	NIL	NIL	NIL	NIL	NIL	NIL
Joe Pilieci	9.67	NIL	24,113	154,041	73,097	NIL	227,138
Pete Scott	N/A	NIL	NIL	NIL	NIL	NIL	NIL

The Company administers a defined benefit designated pension plan for executive members of management. In accordance with applicable pension laws and based on amounts estimated by the actuary, the Company is liable for the amount that is required to provide the benefits accruing in the year and to fund any liability. (From inception through 2008, only the CEO participated in this plan; from 2004 through 2008, contributions to this plan came from an off-set to the CEO's salary and/or bonus amounts and are not in addition thereto.) In 2009, the Plan was made available to all executive officers. In each case, the participating executive would fund the contributions required by an off-set from their respective salary and/or bonus amounts and are not in addition thereto. The Company is responsible for any shortfall in required returns on funds invested from the date of investment.

The total actuarial liability for Mr. Libin, as at December 31, 2009, is \$0.4 million (2008 \$0.3 million) and the pension asset approximately \$0.3 million (2008 \$0.3 million). In 2009 there is a shortfall of \$0.1 million (2008 less than \$0.1 million). As amounts contributed to the plan by the Company are paid on behalf of the plan members, there is an amount due from an officer and director of less than \$0.1 million for the deficit amount for the year ended December 31, 2009.

### Employment Contracts and Termination of Employment

The Company has entered into employment contracts with each of the Named Executive Officers. The contracts provide for employment in their respective positions on an indefinite term basis at an annual salary subject to periodic review. The contract for Mr. Libin does not provide for a payment in the event of termination of employment. Contracts for the other Named Executive Officers provide that in the event of termination of employment without cause, they will receive a payment equivalent up to 12 month's salary and benefits. Each employment contract contains provisions with respect to confidentiality of information, non-competition and non-solicitation.

The following table sets forth estimates of the amounts payable to each of the Named Executive Officers upon the specified termination events, assuming that each such event took place on the last business day of fiscal year 2009.

	<b>Bruce R. Libin (\$)</b>	<b>Patrick Egli (\$)</b>	<b>James O. Holt (\$)</b>	<b>Pete Scott (\$)</b>	<b>Joe Pilienci (\$)</b>
<b>Involuntary Termination / Termination Without Cause</b>					
Cash Portion <sup>(1)</sup>	NIL	160,000	231,866	204,000	204,000
Value of Option & Share Based Awards <sup>(2)</sup>	<u>28,546</u>	<u>26,324</u>	<u>32,564</u>	<u>35,077</u>	<u>22,905</u>
<b>Total</b>	<b>28,546</b>	<b>186,324</b>	<b>264,430</b>	<b>239,077</b>	<b>226,905</b>
<b>Termination Following Change in Control</b>					
Cash Portion <sup>(1)</sup>	NIL	160,000	231,866	204,000	204,000
Value of Option & Share Based Awards <sup>(2)</sup>	<u>28,546</u>	<u>26,324</u>	<u>32,564</u>	<u>35,077</u>	<u>22,905</u>
<b>Total</b>	<b>28,546</b>	<b>186,324</b>	<b>264,430</b>	<b>239,077</b>	<b>226,905</b>

Notes:

1. This represents 12 months salary as at December 31, 2009 with the exception of Mr. Libin who does not receive compensation upon termination.
2. This represents the unvested share portion of the 2006 and 2008 profit sharing award as at December 31, 2009. There was no profit sharing entitlements earned for 2007. Amounts for 2009 are not eligible for payment to Named Executive Officer until early 2010. Pursuant to the Profit-Sharing Plan the market price per Common Share used in these calculations was \$4.16 which was the value at the award date (end of January 2010).

#### **COMPENSATION OF DIRECTORS**

In aggregate, Directors received compensation in the amount of \$161,000 for the year ended December 31, 2009 (\$148,000 in 2008). Directors are paid \$30,000 for the year (half in cash and half in shares at fair market value at date of payment, except for 2009) and \$1,000 per meeting. In 2009, the Chair of the Audit Committee received an additional \$3,000. Directors who are employees of the Company do not receive the aforementioned fees. As at December 31, 2009 all of the Directors of the Company were independent other than Mr. Libin. Mr. Libin did not receive compensation for the year ended December 31, 2009 for his services as a director as he also served as the Chief Executive Officer. For further details, see "Summary Compensation Table".

## Director Compensation Table

During 2009, the directors of the Corporation were compensated in the manner outlined in the table below.

Name	Fees earned (\$)	Share-based awards <sup>(3)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bruce R. Libin <sup>(1)</sup>	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Glen Roane	35,000	NIL	NIL	NIL	NIL	NIL	35,000
Nathan Feldman	35,000	NIL	NIL	NIL	NIL	NIL	35,000
David McGoey	40,000	NIL	NIL	NIL	NIL	NIL	40,000
James Rathwell	35,000	NIL	NIL	NIL	NIL	NIL	35,000
Lorne Gartner	16,000	NIL	NIL	NIL	NIL	NIL	16,000

Notes:

1. Mr. Libin is a member of the Board of Directors but receives no compensation for his role as a director. See "Summary Compensation Table".
2. Lorne Gartner was appointed to the board on May 21, 2009 and resigned on November 15, 2009.
3. For 2009, Directors did not receive any shares and received their entitle fee in cash. Normally directors receive, in a given year, 15,000 of their fees in shares.

## Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2009 for Directors

The following table provides information relating to all awards outstanding as of December 31, 2009 for the Directors.

Name	Option-based Awards <sup>(1)</sup>					Share-based Awards (Performance Awards) <sup>(1)</sup>	
	Number of securities underlying		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested (\$)
	exercisable Options (#)	unexercisable Options (#)					
Bruce R. Libin	NIL	NIL	NIL	N/A	NIL	NIL	NIL
Glen Roane	NIL	NIL	NIL	N/A	NIL	NIL	NIL
Nathan Feldman	NIL	NIL	NIL	N/A	NIL	NIL	NIL
David McGoey	NIL	NIL	NIL	N/A	NIL	NIL	NIL
James Rathwell	NIL	NIL	NIL	N/A	NIL	NIL	NIL
Lorne Gartner <sup>(2)</sup>	NIL	NIL	NIL	N/A	NIL	NIL	NIL

Notes:

1. There were no option-based or share-based awards outstanding as at December 31, 2009.
2. Lorne Gartner was appointed to the board on May 21, 2009 and resigned on November 15, 2009.

### Incentive Plan Awards – Value Vested or Earned as at December 31, 2009 for Directors

The following table provides the value, if any, that vested or was earned during 2009 for each Director.

Name	Option-based awards – Value vested during the year <sup>(1)</sup>				Share-based awards-Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(1)</sup> (\$)
	Date Vested	# Vested	In the Money Value on Date Vested (\$)	In the Money Value at Year End of remaining Option-based awards that had vested during year (\$)		
Bruce R. Libin	N/A	NIL	NIL	NIL	NIL	NIL
Glen Roane	N/A	NIL	NIL	NIL	NIL	NIL
Nathan Feldman	N/A	NIL	NIL	NIL	NIL	NIL
David McGoey	N/A	NIL	NIL	NIL	NIL	NIL
James Rathwell	N/A	NIL	NIL	NIL	NIL	NIL
Lorne Gartner <sup>(2)</sup>	N/A	NIL	NIL	NIL	NIL	NIL

Notes:

1. There were no Incentive Plan Awards – value vested or earned during the most recently completed financial year for Directors
2. Lorne Gartner was appointed to the board on May 21, 2009 and resigned on November 15, 2009.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of the date hereof, no executive officer, director, employee, former executive officer, former director or former employee of the Company or any associate of any such person is now, or has been at any time since the beginning of the most recently completed financial year, indebted to the Company, or been the subject of a guaranteed support agreement or other similar arrangement or understanding provided by the Company or any of its subsidiaries with the exception of Mr. Hage (Chief Executive Officer), Mr. Jones (Chief Financial Officer) and Mr. Libin (President). As of the date hereof the aggregate indebtedness by such persons to Destiny and its subsidiaries in respect of transactions other than share purchases is approximately \$0.6 million.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information as at April 15, 2010 relating to the Company's New Option Plan, the only equity compensation plan currently maintained by the Company pursuant to which equity securities are authorized for issuance. The New Option Plan was approved by the Shareholders on February 26, 2010 and was established on March 1, 2010. Under the Company's New Option Plan, the Board may from time to time designate directors, officers or employees of the Company or its subsidiaries to whom options to purchase Common Shares of the Company may be granted and the number of Common Shares to be optioned to each.

The details of the New Option Plan are set forth below under "Security Based Compensation Arrangements".

The Company has reserved an aggregate of 3,285,029 Shares for issuance pursuant to the exercise of Options. To the date hereof, the Board of Directors has not approved any grants of Destiny Options (as defined below) under the New Option Plan. Each Destiny Option entitles the holder thereof to subscribe for and purchase one Common Share from the Company, on payment of the stipulated exercise price per share.

As at December 31, 2009, under the Company's previous option plan, there were no outstanding options. The following table provides information regarding the total number of Common Shares authorized for issuance pursuant to the exercise of Destiny Options under the New Option Plan as at the date hereof:

	Number of securities to be issued upon exercise of outstanding Options, warrants and rights	Weighted-average exercise price of outstanding Options, warrants and rights	Number of securities remaining available for future issuance under equity compensation arrangements (excluding securities reflected in column (a))
	(a)	(b)	(c)
<b>Equity compensation plans approved by security holders</b>	Nil	N/A	3,285,029
<b>Equity compensation plans not approved by security holders</b>	Nil	N/A	Nil
<b>Total</b>	Nil	\$N/A	3,285,029

Note:

1. As at December 31, 2009, the Company had no outstanding options.

#### SECURITY BASED COMPENSATION ARRANGEMENTS

On February 26, 2010, the shareholders of the Company approved the New Option Plan. The New Option Plan was established and in place on March 1, 2010. For a copy of the Company's New Option Plan, see Appendix D – “New Option Plan” of the management information circular and proxy statement of the Company dated January 29, 2010 and available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) (the “**Merger Circular**”).

The rules of the TSX require the Company to disclose the particulars of its security based compensation arrangement on an annual basis. The following is a summary of the Company's New Option Plan.

The New Option Plan will authorize the Board of Directors to issue stock options (“**Destiny Options**”) to directors, officers, employees, consultant or other service provider of Destiny or of any subsidiaries of Destiny (“**Eligible Persons**”).

The New Option Plan is intended to afford Eligible Persons, who are providing active services to Destiny and any subsidiary, with an opportunity to participate in the growth and development of Destiny and its subsidiaries by acquiring an increased proprietary interest in Destiny that will be aligned with the interests of Destiny Shareholders.

Under the New Option Plan:

1. Destiny Options may be granted in such numbers, with such expiration dates and with such vesting provisions as the Destiny Board may determine, provided that, subject to the rules of the TSX or other regulatory body having jurisdiction and any applicable corporate policies approved by the Destiny Board from time to time, if no specific determination is made by the Destiny Board of Directors, each Destiny Option shall be exercisable for a period of five years from the date that such option is granted;

2. the exercise price of Destiny Options shall not be less than the "market price" of the Destiny Shares at the date of granting such option. For purposes of the New Option Plan, "market price" means (i) the closing trading price of the Destiny Shares on the TSX (or such other stock exchange on which the Destiny Shares are listed for trading) on the last trading date preceding the date on which the Destiny Option is approved by the Destiny Board; or (ii) in the discretion of the Destiny Board, such price as may be determined by any mechanism for establishing the market value of the Destiny Shares granted by the Destiny Board and satisfactory to the TSX, provided that in any event such price cannot be less than the closing price of the Destiny Shares on the TSX on the last trading day preceding the date on which the Destiny Option is granted by the Destiny Board;
3. the Destiny Options will be personal to the grantee and will be non-transferable and non-assignable, except in certain limited circumstances;
4. the total number of Destiny Shares to be granted to any one person under the New Option Plan shall not exceed 5% of the issued and outstanding Destiny Shares (on a non-diluted basis) at the date of the grant;
5. the maximum number of Destiny Shares which may be reserved for issuance to insiders under the New Option Plan shall be 10% of the Destiny Shares outstanding at the time of the grant (on a non-diluted basis), less the aggregate number of Destiny Shares reserved for issuance to insiders under any other share compensation arrangement;
6. the maximum number of Destiny Shares which may be issued to insiders under the New Option Plan and all other share compensation arrangements within a one year period shall be 10% of the Destiny Shares outstanding at the time of the issuance (on a non-diluted basis);
7. the maximum number of Destiny Shares which may be issued to any one insider and such insider's associates under the New Option Plan or any other share compensation arrangement within a one year period shall be 5% of the Destiny Shares outstanding at the time of the issuance (on a non-diluted basis);
8. any entitlement of a person to acquire Destiny Shares granted pursuant to the New Option Plan or any other share compensation arrangement prior to that person becoming an insider shall be excluded for the purposes of the limits set out in items 5, 6 and 7 noted above;
9. the total number of Destiny Options which may be granted to non-employee directors of Destiny shall not exceed 1% of the total issued and outstanding Destiny Shares (on a non-diluted basis); and
10. the aggregate number of Destiny Shares that may be reserved for issuance under the New Option Plan must not exceed 10% of the number of Destiny Shares, on a non-diluted basis, outstanding at that time. For greater clarity, the New Option Plan is "reloading" in the sense that, in the event of the exercise or cancellation of any Destiny Options, Destiny could make a further grant of Destiny Options, provided that the 10% maximum was not exceeded. No fractional Destiny Shares may be purchased or issued under the New Option Plan.

The New Option Plan provides that if, for any reason whatsoever (other than termination of an employee by Destiny or any subsidiary for cause) before the expiry (in accordance with the terms thereof) of an Destiny Option held by an individual who is a director, officer or employee, the employment of such individual shall terminate, including termination by reason of death, such Destiny Option, if vested, may, subject to the terms thereof and any other terms of the New Option Plan, unless otherwise determined by the Destiny Board of Directors, be exercised by the individual, or, if the individual is deceased, by the legal personal representative(s) of the estate of the individual, as follows: (i) during the first 90 days following the date of death of the individual, if the individual dies; (ii) at any time within 90 days from the effective date of termination set out in a written notice of termination of employment of the individual given to the individual by Destiny or any subsidiary, if Destiny or any subsidiary is terminating the individual's employment; or (iii) at any time within 90 days from the effective date of termination set out in a written notice of termination of employment of the individual given to Destiny or any subsidiary by the individual, if the individual is terminating employment, but in each case prior to the expiry of the Destiny Option in accordance with the terms thereof.

In the event that an individual is terminated for cause, such individual's Destiny Options, and all rights to purchase Destiny Shares pursuant thereto, shall expire and terminate immediately upon individual ceasing to actively provide services to Destiny in his or her capacity as a director, officer or employee of Destiny or any Subsidiary.

No unvested Destiny Option shall vest following the date of death of an individual or the effective date set out in a written notice of termination is provided as described above, and such unvested Destiny Options shall be deemed to be cancelled.

Under the New Option Plan, if the expiry date of a Destiny Option occurs during a Blackout Period (as defined herein) applicable to the relevant optionee, or within 10 Business Days after the expiry of a Blackout Period applicable to the relevant optionee, then the expiry date for the Destiny Option shall be the date that is the tenth Business Day after the expiry date of the Blackout Period (the "**Blackout Expiry Date**"). The Blackout Expiry Date for a Destiny Option may not be amended by the Destiny Board of Directors without the approval of the Destiny Shareholders in accordance with the New Option Plan. Under the New Option Plan, "Blackout Period" means the period during which the relevant optionee is prohibited from exercising a Destiny Option due to trading restrictions imposed by Destiny in accordance with its trading policies affecting trades by an Eligible Person.

The New Option Plan provides that if, during the term of a Destiny Option, Destiny files articles of arrangement providing that the outstanding Destiny Shares are transferred in exchange for securities of another issuer, or if Destiny merges into, amalgamates with, or otherwise combines with any other entity, or sells all or substantially all of its assets and undertaking and, as a result, holders of Destiny Shares receive securities of another issuer as an effective substitution for the Destiny Shares, Destiny will make provision that, upon the exercise of any Destiny Option during its unexpired period after the effective date of such transaction, the holder of such Destiny Option shall receive such number of securities of the other, continuing or successor issuer in such transaction or of the securities of the purchasing issuer in such sale as he or she would have received as a result of such transaction if the holder of the Destiny Option had purchased Destiny Shares immediately prior thereto for the same consideration paid on the exercise of the Destiny Option and had held such Destiny Shares on the effective date of such transaction. Upon such provision being made, the obligation of Destiny to such holder of the Destiny Option shall terminate and be at an end.

The New Option Plan provides that if, during the term of a Destiny Option, a take-over bid (as defined in the *Securities Act* (Alberta)) which is not exempt from the take-over bid requirements of the *Securities Act* (Alberta) shall be made for the Destiny Shares, the holder of the Destiny Option shall have the right to immediately exercise the Destiny Option to purchase all of the Destiny Shares optioned which have not previously been purchased under the Destiny Option (whether vested at such time or not), but such Destiny Shares may only be purchased for tender pursuant to such take-over bid. If for any reason such Destiny Shares are not so tendered or, if tendered, are not, for any reason, taken up and paid for by the offeror pursuant to the take-over bid, any such Destiny Shares so purchased by the holder of the Destiny Option shall be and shall be deemed to be cancelled and returned to Destiny, shall be added back to the number of Destiny Shares, if any, remaining unexercised under the Destiny Option and upon presentation to Destiny of certificates representing such Destiny Shares properly endorsed for transfer back to Destiny, Destiny shall refund to the holder all consideration paid by such holder in the initial purchase thereof.

Subject to approval by the TSX, the New Option Plan provides that appropriate adjustments in the number of Destiny Shares subject to the New Option Plan, the number of Destiny Shares issuable on exercise of Destiny Options and the exercise price shall be made by the Destiny Board to give effect to relevant changes to the authorized or issued capital of Destiny.

The Destiny Board of Directors may amend a Destiny Option or amend, suspend or discontinue the New Option Plan at any time without the consent of the Destiny Shareholders, provided that such amendment shall not, without consent of the respective holder of Destiny Options, alter or impair in an adverse manner any Destiny Option previously granted under the New Option Plan. Notwithstanding the foregoing, the Destiny Board of Directors may make any amendment to the New Option Plan or grant of Destiny Options thereunder without shareholder approval provided however that the New Option Plan may not be amended without shareholder approval in the case of the following amendments:

- (a) increase the maximum number of Destiny Shares that may be issued under the New Option Plan, except as a result of any adjustments in accordance with the Plan, or the maximum number or percentage of Destiny Shares that may be issued to non-employee directors or insiders under the Plan;

- (b) reduce the exercise price of an outstanding Destiny Option issued to an insider (including a cancellation and re-grant of a Destiny Option which constitutes a reduction in the exercise price), except for the purpose of maintaining option value in connection with any adjustments made in accordance with the Plan;
- (c) extend the expiry date of an outstanding Destiny Option or amend the New Option Plan to allow for the grant of a Destiny Option with an expiry date of more than five years from the grant date;
- (d) amend the definition of Eligible Person to expand the categories of individuals eligible for participation in the New Option Plan;
- (e) amend the New Option Plan to permit the transferability of Destiny Options, except to permit a transfer to a family member, an entity controlled by the holder of Destiny Options or a family member, a charity or for estate planning or estate settlement purposes;
- (f) amend the New Option Plan to provide for other types of compensation through equity issuance; and
- (g) amend the amending provisions of the New Option Plan respecting matters requiring shareholder approval other than the addition of matters to be subject to shareholder approval.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company has purchased a \$10,000,000 comprehensive liability insurance policy on behalf of the Directors and officers of the Company.

#### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board of Directors believes that sound and appropriate corporate governance practices are important and has responded to the adoption of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). The particulars of Destiny’s corporate governance system are described below. For a detailed review of the Company’s alignment with the guidelines, see Schedule “A” attached to this Information Circular.

##### *Board Composition*

As at December 31, 2009 and until February 28, 2010 the Board of Directors consisted of five members being Messrs. Libin, Roane, Feldman, McGoey and Rathwell. Four of the five members of the Board, were “independent” (as defined in NI 58-101). The Board had concluded that Mr. Libin was not independent by virtue of the fact that he was a member of management of the Company. The Company believed that the composition of the Board of Directors fairly reflected the investment of minority Shareholders. The Chair of the Board was Mr. Libin and the Lead Director was Mr. Roane.

On March 1, 2010, the Company completed a merger (the “**Merger**”) between a wholly-owned subsidiary of the Company, Destiny Merger Co. (“**Mergeco**”), and Logan Holdings, Inc. (“**Logan**”), a company based in Houston, Texas which specializes in a complete line of downhole products for a variety of well workover, intervention, drilling and completion activities.

Immediately following the Merger, the Company adopted a new management team and began operating the combined businesses of Destiny and Logan. For detailed information on the composition of the new management team and Board of Directors of the Company following the Merger, see “*Directors and Officers After Giving Effect to the Merger*” of this annual information form. For detailed information, see “*Pro Forma Information of Destiny After Giving Effect to the Merger – Officers and Directors of New Destiny*” in the Merger Circular.

The Board of Directors is presently composed of six members consisting of Messrs. Hage, Libin, Roane, McDermott, Barr and Kennedy. Three of the six current members of the Board, being Messrs. Roane, Barr and Kennedy are "independent" (as defined in NI 58-101). The Board has concluded that both Mr. Hage and Mr. Libin are not independent by virtue of the fact that they are members of management of the Company. The Board of Directors has also concluded that Mr. McDermott is not independent by virtue that he is a partner of Cadent Energy Partners, LLC, which manages Cadent Logan S.a.r.l., a principal shareholder of the Company. The Board of Directors intends to add a seventh member being Mr. Coppé who is a partner of Cadent Energy Partners, LLC, which manages Cadent Logan S.a.r.l., a principal shareholder and is considered not to be independent. The Company believes that composition of the Board of Directors fairly reflects the investment of minority Shareholders. The Chair of the Board is Mr. McDermott.

#### *Board Committees*

The Board of Directors has two committees, each of which is described below. The Board of Directors as a whole attends to governance functions.

*Audit Committee.* The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the duties of the Company's external auditors. In addition, the Audit Committee meets quarterly with the Company's auditors and reviews the Company's financial statements and the auditors' report or comments thereon before they are submitted to the Board of Directors for approval.

*Compensation Committee.* The Compensation Committee administers the Company's executive compensation program. For further information on the duties of the Committee see "Compensation Committee and Report on Executive Compensation".

During the fiscal 2009 year, there were 6 meetings of the Board of Directors, as a part of which there were 4 *in camera* sessions. In addition, the Board of Directors approved several written resolutions without meeting.

#### *Mandate of the Board*

The Board of Directors has ultimate responsibility with respect to the business and affairs of the Company. The Board of Directors discharges its responsibilities through the Audit Committee, the Compensation Committee and the senior executive officers of the Company. At meetings of the Board of Directors, members receive and discuss reports on the operations of the Company, financial statements and information, significant capital expenditures, proposed debt and equity financing, strategic plans and any other matters of a material nature. The day to day operations of the Company are delegated to the senior management. All matters of a material nature or significant tactical or strategic importance require the approval of the Board of Directors.

Meetings are scheduled to review and approve the audited and unaudited financial statements of the Company and to deal with such other business as may properly come before such meetings. Frequency of meetings, as well as the nature of the business to be discussed thereat, varies depending upon the activities of the Company and other events that affect the Company in the course of its operations.

#### *Shareholder Communications*

Senior management of the Company is generally responsible for Shareholder communications. Shareholder enquiries are forwarded to the appropriate senior officer of the Company for response.

#### *Expectations of Senior Management*

There are strong lines of communication between management and the Board of Directors. The Board of Directors is involved in monitoring and assessing senior management principally through contact with the senior management team and through discussions at meetings of the Board of Directors. In addition, the Compensation Committee assesses the individual performance of senior management as part of its compensation review.

#### *Audit Committee Disclosure*

For the 2009 fiscal year, the Audit Committee was made up of three (3) 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 that all members of the Audit Committee are financially literate.

The Audit Committee communicates regularly and directly with management and the Shareholders' auditors. The Audit Committee met four times in 2009. Time was set aside regularly to meet with the Shareholders' auditors, without management.

Pursuant to the completion of the Merger, on March 31, 2010, the members of the Audit Committee are Messrs. Kennedy (Chair), Barr and Roane, each of whom the Board of Directors had determined is financially literate.

See "Audit Committee Information" in our Annual Information Form dated March 31, 2010 for more information about the Audit Committee, including the Mandate of the Audit Committee and information about the independence, financial literacy, relevant education and experience of Audit Committee members.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein and in connection with the Merger, to the knowledge of the Directors and officers of the Corporation, none of the Directors or executive officers of the Corporation, nor any person or company that beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, nor any of their respective associates or affiliates, has or has had any material interest, direct or indirect, in any transaction since the start of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information relating to Destiny may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Company is provided in the Company's consolidated financial statements and management discussion and analysis for the year ended December 31, 2009. Copies of the consolidated financial statements and the management and discussion and analysis of the Company may be obtained from the Executive Assistant at 300, 444 – 58<sup>th</sup> Avenue SE, Calgary Alberta T2H 0P4 or by facsimile at (403) 263-6748. The December 31, 2009 financial statements for Logan, a subsidiary of Destiny, can be found under Destiny's profile on SEDAR.

## SCHEDULE "A"

### DESTINY RESOURCE SERVICES CORP. (The "Company")

#### CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101"), the Company is required to disclose its corporate governance practices, as summarized below with respect to the fiscal year ended December 31, 2009.

#### 1. Board of Directors

As at December 31, 2009 and until March 1, 2010, the Board of Directors ("Board") was composed of five members, the majority of whom were independent. Mr. Libin was a member of management and is not considered independent. Messrs. Roane, Feldman, McGoey and Rathwell were independent of management and except for shares of the Company that they may hold; they were free of any interest, business or other relationship which could reasonably be perceived to materially interfere with their ability to act with a view to the best interest of the Company. As at December 31, 2009 and until March 1, 2010 Mr. Libin was the Chairman of the Board. Mr. Roane was Lead Director. ("Lead Director" means, when the Chair of the Board is an executive officer, the director who presides over meetings, in the absence of executive officers, of the independent directors and who shares with the Chair of the Board the responsibility for ensuring the independence of the Board and the effectiveness of the Board's functioning.) The Company believes the composition of the Board fairly reflected the investment of minority Shareholders.

The independent directors regularly hold scheduled meetings at which the non-independent director and members of management are not in attendance. Four such meetings were held in 2009.

Director	Independent or Not	Directorships in other public companies	Attendance at Meetings <sup>(1)</sup>
Bruce Libin <sup>(2)</sup>	Not Independent	Provident Energy Trust; Winstar Resources Ltd.	6 of 6
Glen Roane	Independent	Badger Income Fund; Enerplus Resources Fund; GBC North American Fund Inc.	6 of 6
Nathan Feldman	Independent	N/A	6 of 6
David McGoey	Independent	N/A	6 of 6
James Rathwell	Independent	N/A	6 of 6
Lorne Gartner <sup>(3)</sup>	Independent	N/A	2 of 6

Notes:

1. During the fiscal year ended December 31, 2009, the Board held 6 meetings.
2. During the fiscal year ended December 31, 2009, Bruce Libin was Executive Chairman and Chief Executive Officer of the Company and is therefore defined by regulation not to be independent.
3. Lorne Gartner was appointed to the board on May 21, 2009 and resigned on November 15, 2009.

As at March 1, 2010 the Board of Directors was re-constituted and consisted of six members being Messrs. Hage, Libin, Roane, McDermott, Barr and Kennedy. There was only one (1) meeting on April 9, 2010 of which all of the directors were present. The Board of Directors intends to add a seventh member being Mr. Coppé who is a Partner of the principal shareholder. The Company believes that composition of the Board of Directors fairly reflects the investment of minority Shareholders. The Chair of the Board is Mr. McDermott.

## **2. Board Mandate**

The Board of Directors of the Company has ultimate responsibility with respect to the business and affairs of the Company. The Board of Directors discharges its responsibilities through the Audit Committee, the Compensation Committee and the senior executive officers of the Company. At meetings of the Board of Directors, members receive and discuss reports on the operations of the Company, financial statements and information, significant capital expenditures, proposed debt and equity financing, strategic plans and any other matters of a material nature. The day to day operations of the Company are delegated to the senior management. All matters of a material nature or significant tactical or strategic importance require the approval of the Board of Directors.

Meetings are scheduled to review and approve the audited and unaudited financial statements of the Company and to deal with such other business as may properly come before such meetings. Frequency of meetings, as well as the nature of the business to be discussed thereat, varies depending upon the activities of the Company and other events that affect the Company in the course of its operations.

During the fiscal 2009 year, there were 6 meetings of the Board of Directors, as a part of which there were 4 *in camera* sessions. In addition, the Board of Directors approved several written resolutions without meeting.

### *Board Committees*

The Board of Directors has two committees, each of which is described below. The Board of Directors as a whole attends to governance functions.

*Audit Committee.* The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the duties of the Company's external auditors. In addition, the Audit Committee meets quarterly with the Company's auditors and reviews the Company's financial statements and the auditors' report or comments thereon before they are submitted to the Board of Directors for approval.

*Compensation Committee.* The Compensation Committee administers the Company's executive compensation program. For further information on the duties of the Committee see "Compensation Committee and Report on Executive Compensation".

### The following is the official Board Mandate:

#### *Policy Statement*

The Board of Directors (the "Board") of the Company has the responsibility to oversee the conduct of the business of the Company and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Company.

#### *Composition and Operation*

The Board is to be constituted of a majority of individuals who qualify as unrelated directors. An unrelated director is one who is independent of management and is free from any interest and 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 interest of the Company other than interests and relationships arising from shareholdings.

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the full Board and determining compensation for the directors. Subject to the Articles and By-Laws of the Company and the Alberta Business Corporations Act, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

## *Responsibilities*

The Board's fundamental objectives are to enhance and preserve long-term Shareholder value, to ensure the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders such as employees, customers and communities may have in the Company. In broad terms, the stewardship of the Company involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

## *Specific Duties*

### 1. Legal Requirements

- (a) the Board has the oversight responsibility for meeting the Company's legal requirements and for properly preparing, approving and maintaining the Company's documents and records.
- (b) The Board has the statutory responsibility to:
  - (i) manage the business and affairs of the Company;
  - (ii) act honestly and in good faith with a view to the best interests of the Company;
  - (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the Alberta Business Corporations Act and the regulations thereto, the Articles and By-Laws of the Company, and other relevant legislation and regulations.
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which under law may not be delegated to management or to a committee of the Board:
  - (i) any submission to the Shareholders of a question or matter requiring the approval of the Shareholders;
  - (ii) the filling of a vacancy among the Directors;
  - (iii) the issuance of securities;
  - (iv) the declaration of dividends;
  - (v) the purchase, redemption or any other form of acquisition of shares issued by the Company;
  - (vi) the payment of a commission to any person in consideration of his/her purchase or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - (vii) the approval of management proxy circulars; and
  - (viii) the approval of any take-over bid circular or Directors' circular.

### 2. Independence

The Board shall have the responsibility to:

- (a) implement appropriate structures and procedures to permit the Board to function independently of management;
- (b) implement a system which enables the Board to engage an outside advisor at the expense of the Company in appropriate circumstances; and
- (c) provide an orientation and education program for newly appointed members of the Board.

### 3. Strategy Determination

The Board shall:

- (a) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business; and
- (b) annually review operating and financial performance results relative to established strategy, budgets and objectives.

### 4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to Shareholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

5. Appointment, Training and Monitoring of Senior Management  
The Board shall:
  - (a) appoint the Chief Executive Officer (“CEO”) and senior officers, approve (upon recommendations from the Compensation Committee) their compensation, and monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing Shareholder value;
  - (b) ensure that a process is established that adequately provides for succession planning, including the appointment, training and monitoring of senior management; and
  - (c) establish limits of authority delegated to management.
  
6. Reporting and Communication  
The Board has the responsibility to:
  - (a) verify that the Company has in place policies and programs to enable the Company to communicate effectively with its Shareholders, other stakeholders and the public generally;
  - (b) verify that the financial performance of the Company is adequately reported to Shareholders, other security holders and regulators on a timely and regular basis;
  - (c) verify that the financial results are reported fairly and in accordance with generally accepted accounting standards;
  - (d) verify the timely reporting of any other developments that have a significant and material impact on the value of the Company; and
  - (e) report annually to Shareholders on its stewardship of the affairs of the Company for the preceding year.
  
7. Monitoring and Acting  
The Board has the responsibility to:
  - (a) review and approve the Company’s financial statements and oversee the Company’s compliance with applicable audit, accounting and reporting requirements;
  - (b) verify that the Company operates at all times within applicable laws and regulations to the highest ethical and moral standards;
  - (c) approve and monitor compliance with significant policies and procedures by which the Company is operated;
  - (d) monitor the Company’s progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
  - (e) take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant; and
  - (f) verify that the Company has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities.
  
8. Environmental, Health and Safety Matters  
The Board shall review the effectiveness and adequacy of safety and environmental control, reporting, training and response procedures, which may include:
  - (a) discussing the Company’s safety and environmental policies with management;
  - (b) discussing safety and environmental standards with management in relation to current regulations;
  - (c) reviewing the Company’s procedures for identifying, controlling, reporting and responding to safety and environmental incidents;
  - (d) monitoring the Company’s safety and environmental training and staff evaluation practices;
  - (e) reviewing the Company’s system of record keeping and obtaining base-line environmental data;
  - (f) reviewing the Company’s methods of evaluating compliance with its policies and regulatory requirements and discussing the results with management; and
  - (g) reviewing the Company’s accounting and reporting of environmental costs, liabilities and contingencies.
  
9. Other Activities
  - (a) the Board shall prepare and distribute the schedule of Board meetings for each upcoming year; and
  - (b) the Board may perform any other activities consistent with this mandate, the By-Laws of the Company and any other governing laws as the Board determines necessary or appropriate.

### **3. Position Descriptions**

The Board has not developed written position descriptions for any of the chair, the chair of each Board committee or the CEO. Instead, the Board delineates the role and responsibilities of each such position by utilizing the knowledge and experience of the members of the Board, as a whole.

### **4. Orientation and Continuing Education**

New directors are provided with material with respect to the Company, its operations and finances and the role of the Board, its committees and directors. Audit Committee meetings, which generally include all directors, will often include a component on new reporting responsibilities and initiatives. Board meetings often include presentations by management which serves as part of the continuing education of the directors. Directors are offered, from time to time, the opportunity to see operations of the Company. Directors are encouraged to participate in continuing education with respect to its duties and responsibilities.

### **5. Ethical Business Conduct**

The Board has adopted a written Code of Business Conduct, a copy of which is available from the Corporate Secretary of the Company. The Board satisfies itself regarding compliance with the Code by asking questions of management and the auditors.

There have been no transactions for which a director or executive officer has a material interest. Should such a matter arise, the Board will exclude the interested person from participating in the discussion and vote, if required, on the matter.

### **6. Nomination of Directors**

The Board as a whole has acted as a nominating committee. The independence and capability of directors helps assure an objective process is achieved.

### **7. Compensation**

The year ended December 31, 2009, the members of the Compensation Committee were Messrs. Feldman (Chair), Rathwell and Roane, each an independent director. After the merger on March 1, 2010 the members of the Compensation Committee are Messrs. Barr (Chair), McDermott and Roane.

The Compensation Committee administers the Company's executive compensation program. It is the Compensation Committee's responsibility to review the structure and competitiveness of the Company's compensation and benefits programs generally, to make compensation recommendations to the Board of Directors and to administer the awards of remuneration to the Company's senior officers. The Compensation Committee also makes recommendations to the Board with respect to the compensation of the independent directors.

### **8. Other Board Committees**

Other than the Audit Committee and the Compensation Committee there are no other committees of the Board.

### **9. Assessments**

The Board as a whole and the independent directors discuss, *in camera*, the effectiveness of the Board and its committees. No formal process has been instituted for the assessment of individual directors. On an informal basis, individual factors for each director such as attendance, conduct and contribution are observed.