



DESTINY RESOURCE SERVICES CORP.

Corporate Head Office
#300, 444 – 58th Avenue SE
Calgary, Alberta, Canada T2H 0P4
Phone: (403) 237-6437
Fax: (403) 233-8714
Email: destiny@destiny-resources.com
Website: www.destiny-resources.com

DESTINY RESOURCE SERVICES CORP. ANNOUNCES 2004 RESULTS, DIVIDEND DECLARATION AND CONSOLIDATION

CALGARY, ALBERTA
March 17, 2005

STOCK EXCHANGE: TSX
SYMBOL: DSC

Destiny Resource Services Corp. (DSC:T) announced today: (1) 2004 year end and fourth quarter results; (2) the declaration of a dividend of \$0.01 per share payable March 31, 2005 to shareholders of record March 29, 2005; and (3) the consolidation of its shares on the basis of 20 “old” shares for “1 new” share effective April 1, 2005.

“2004 was a year of significant progress for Destiny. The groundwork laid in 2004, together with activity so far in 2005, have us further energized and comforted as to the Company’s future.” said Bruce Libin, Executive Chairman and Chief Executive Officer.

Financial Highlights

The following table highlights certain financial information of the Company’s continuing operations for the quarters and years ended December 31, 2004 and 2003:

<i>(000’s, except per share and share amounts)</i>	Three months ended December 31		Year ended December 31	
	2004	2003	2004	2003
Revenue	7,431	5,837	33,630	28,057
Direct expenses	7,011	5,074	29,545	24,798
Gross margin	419	763	4,085	3,259
EBITDA ⁽¹⁾	46	240	2,870	2,204
Income (loss) from continuing operations	(421)	(1,215)	943	(1,140)
Per share – basic and diluted	(0.01)	(0.02)	0.02	(0.02)
Income from discontinued operations	71	238	403	1,074
Per share – basic and diluted	0.00	0.00	0.01	0.02
Net income (loss) for the period	(349)	(977)	1,347	(126)
Per share – basic and diluted	(0.01)	(0.02)	0.03	0.00
Capital expenditures ⁽²⁾	322	649	1,707	1,075
Weighted average shares outstanding <i>(000’s)</i>	53,284	52,711	52,856	52,711
Total assets			11,391	16,910
Shareholders’ equity			7,845	(699)
Book value per share outstanding			0.07	(0.01)

⁽¹⁾ EBITDA is provided to assist investors in determining the ability of Destiny to generate cash from operations and is calculated from the consolidated statement of operations as gross margin less general and administrative expenses. This measure does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

⁽²⁾ Capital expenditures shown here relate to the Company's continuing operations only.

Dividend Declaration

The Board of Directors declared a dividend of \$0.01 per share on each of the 110,951,618 shares outstanding. The dividend will be paid March 31, 2005 to shareholders of record March 29, 2005.

"Paying dividends is a goal we set for Destiny in 2004" said Mr. Libin. "The equity issue, by way of rights offering, at the end of 2004 permitted us to retire all term debt and put Destiny in a position to use cash generated for distribution to the shareholders rather than debt service. This, together with earnings for 2004, let us achieve this goal. It is the intent of Destiny to pay a dividend each quarter of 2005. The Board of Directors will determine the dividend, if any, each quarter in light of operating and financial factors. At present, our outlook for 2005 is positive. We are subject to the risks and uncertainties attendant with businesses like ours, including commodity prices and weather and so no assurance can be given of the Company's ability to sustain the dividend at this or any level."

20 for 1 Consolidation

The shares of Destiny will be consolidated on a 20 "old" shares for 1 "new" share basis effective April 1, 2005. It is anticipated the common shares will commence trading on the TSX on a consolidated basis two or three days thereafter.

"In November we sought the approval of the shareholders to effect a consolidation of the common shares. The Board of Directors determined the consolidation will be on a 20 to 1 basis." said Mr. Libin. This is a further step in the transitioning of Destiny."

Letters of transmittal will be mailed to shareholders in the next week.

Annual General Meeting of Shareholders

Destiny will hold its annual general meeting of shareholders on May 10, 2005.

2004 Review and Outlook for 2005

Mr. Libin continued with the balance of the Letter to Shareholders from the 2003 Annual Report for Destiny:

Accomplishments in 2004 include:

Operational

- We continued to expand the client base for each of our businesses
- We enhanced our reputation as a provider of safe, quality services
- We solidified a commitment from a client for work in the Canadian Arctic for 2005
- We made the largest non-military purchase of GPS equipment from Leica and successfully deployed that equipment
- We acquired additional capacity for our Line-Clearing business and successfully deployed that equipment
- We set the stage for the entry of our Wolf Survey & Mapping business into the United States

Financial and Structural

- We completed the disposition of non-core businesses begun in 2003
- We placed new term debt as required for the on-going businesses
- We entered into a new commercial banking relationship, providing smoother access to capital at a low cost
- We paid down the amount owing on the 1999 debentures and restructured the payment obligations thereon
- We determined to reduce the cash required for debt service and pay cash dividends to the shareholders
- The Board of Directors established a dividend policy
- Shareholders voted in favour of a rights issue and share consolidation
- We undertook an equity offering by way of a rights issue and on December 30 successfully closed this financing
- We used the proceeds from the rights issue to retire all term debt of the Company
- We were introduced to the opportunity to acquire Kodiak Nav Solutions, which we completed in January 2005

The above accomplishments are significant. Destiny made much progress in 2004. That said, we are only modestly satisfied with the final bottom line results for the year. Our business segment was active without being particularly robust and our operations and profitability were affected, in the three final quarters of the year, by adverse weather conditions.

Outlook for 2005

2005 is starting strong and we believe will be a good year for Destiny. Items worthy of note are:

- On January 27 we acquired Kodiak Nav Solutions. This business adds business lines, synergies, technology and further management skills to Destiny. We are encouraged by all early signs with respect to this \$2 million transaction and are delighted to have Steve Matthews, Jim McLellan and their team as part of Destiny.
- Each of our three businesses pre-Kodiak (Wolf Survey & Mapping, Destiny Line Clearing and Double R Drilling) have had strong first quarters (so far) and are seeing signs for a very active year
- We have expanded our equipment base with the purchase of additional mulchers for the Line Clearing division and are planning to add to our capacity in Wolf Survey & Mapping, Double R Drilling and Kodiak Nav Solutions. Present plans call for significant capital expenditures for Destiny in 2005, with a large percentage attributable to capacity expansion.
- We are actively pursuing our initiative to do business (and make money) in the US. We expect the amount of revenue generated south of the border to be decent this year and meaningful in the near term.
- To effect expansion in existing businesses and in the US, we have asked each of Joe Pilienci (Wolf Survey & Mapping) and Murray Leier (Destiny Line Clearing) to take on greater responsibilities within their businesses and have asked Warren Plue to accept responsibility for the establishment and growth of survey and mapping in the US (in addition to other responsibilities). Jim Holt will continue to lead Double R Drilling, including its Arctic operations and joint venture and the focus and expansion of our seismic drilling business.
- We are instituting a profit sharing plan for our Operations Team and for our Executive Management Team wherein a portion of bottom line earnings, after a priority return to shareholders, will be available for high performing individuals. One-half of each award under these plans will be paid in cash and one-half in shares of Destiny that will be purchased in the market.
- We are searching for a Chief Financial Officer / Controller to round out our Executive Management Team

- Our Board of Directors has approved the payment on March 31, 2005 of a dividend of \$0.01 per share to shareholders of record on March 29, 2005
- Our Board of Directors has approved the consolidation of Destiny's outstanding common shares, effective April 1, 2005, on the basis of 20 "old" shares for 1 "new" share"

There are many good things happening at Destiny. None of them are possible without the effort, commitment and dedication of the men and women in the field and in our offices. Once again, on behalf of the Board of Directors and the shareholders, I express our gratitude to every one of them.

On behalf of the Board of Directors,



Bruce R. Libin, Q.C.
Executive Chairman and
Chief Executive Officer

Destiny provides Seismic Front-End Services comprised of seismic survey and mapping (Wolf Survey & Mapping), seismic line clearing (Destiny Resources) and shot-hole drilling (Double R Drilling) to energy explorers and producers and to seismic acquisition companies. Destiny provides navigation, positioning and asset management technology to improve the productivity and safety of seismic operations through its Kodiak Nav Solutions division.

For further information please contact:

Bruce R. Libin, Q.C.
Executive Chairman and Chief Executive Officer
Destiny Resource Services Corp.
Phone: (403) 237-6437
Fax: (403) 233-8714
Email: blibin@destiny-resources.com

**DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED BALANCE SHEETS**

As at December 31	2004 \$	2003 \$
ASSETS [note 4]		
Current		
Cash and cash equivalents	1,198,004	---
Accounts receivable [note 4]	4,261,300	5,672,894
Inventory [note 4]	561,888	459,160
Prepaid expenses	325,459	317,084
Current assets of discontinued operations [note 9]	---	5,313,650
	6,346,651	11,762,788
Property and equipment [note 3]	5,044,266	5,147,120
	11,390,917	16,909,908
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness [note 4]	---	3,077,302
Accounts payable and accrued liabilities	3,483,824	3,651,093
Income taxes payable	61,973	68,950
Current portion of long-term debt [note 5]	---	783,942
Current liabilities of discontinued operations	---	194,424
Current portion of debentures [note 6]	---	3,000,000
	3,545,797	10,775,711
Debentures [note 6]	---	6,833,884
Commitments and contingencies [note 16]		
Shareholders' equity (deficiency)		
Share capital [note 7]	7,198,140	8,370,998
Retained earnings (deficit)	646,980	(9,070,685)
	7,845,120	(699,687)
	11,390,917	16,909,908

See accompanying notes to the consolidated financial statements.

**DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS (DEFICIT)**

Year ended December 31	2004 \$	2003 \$
Revenue	33,629,852	28,057,075
DIRECT EXPENSES	29,544,635	24,797,972
GROSS MARGIN	4,085,217	3,259,103
Other expenses (income):		
General and administrative	1,214,811	1,053,970
Amortization of property and equipment <i>[note 3]</i>	1,249,000	1,282,804
(Gain) on disposal of property and equipment	(100,345)	(118,930)
Interest <i>[note 10]</i>	772,717	2,371,719
Other expenses (income) <i>[note 11]</i>	(5,914)	(190,589)
	3,130,269	4,398,974
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	954,948	(1,139,871)
Income taxes <i>[note 12]</i>		
Current	12,000	59,650
	942,948	(1,199,521)
Income (loss) from continuing operations		
Income from discontinued operations, net of income taxes <i>[note 9]</i>	403,719	1,073,798
Net income (loss) for the year	1,346,667	(125,723)
Deficit, beginning of year	(9,070,685)	(8,944,962)
Elimination of deficit against share capital <i>[note 7]</i>	8,370,998	---
RETAINED EARNINGS (DEFICIT), END OF YEAR	646,980	(9,070,685)

Per share amounts *[note 7(b)]*

See accompanying notes to the consolidated financial statements.

**DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended December 31	2004 \$	2003 \$
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES:		
Net income (loss) from continuing operations	942,948	(1,199,521)
Items not involving cash:		
Amortization of property and equipment	1,249,000	1,282,804
Amortization of deferred charges	45,000	782,693
(Gain) on disposal of property and equipment	(100,345)	(118,930)
Cash flow from operations	2,136,603	747,046
Net change in non-cash working capital <i>[note 14]</i>	1,287,813	(1,737,482)
	3,424,416	(990,436)
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	(3,077,302)	2,272,306
Issue of long-term debt	3,550,000	---
Repayment of long-term debt	(4,333,942)	(4,651,266)
Repayment of debentures	(6,026,000)	(166,116)
Increase in deferred charges	(45,000)	(84,195)
Rights Offering, net of costs <i>[note 8]</i>	3,228,688	---
	(6,703,556)	(2,629,271)
INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,706,544)	(1,074,631)
Proceeds on sale of property and equipment	660,743	176,782
Cash flow from discontinued operations <i>[note 9]</i>	5,522,945	4,517,556
	4,477,144	3,619,707
INCREASE IN CASH AND CASH EQUIVALENTS	1,198,004	---
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	---	---
Cash and cash equivalents, end of year	1,198,004	---

See accompanying notes to the consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2004 RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

The following discussion and analysis of financial results for the year ended December 31, 2004 is based on information available until March 17, 2005 and should be read in conjunction with the Company's consolidated financial statements and related notes contained in this Annual Report.

Certain statements included in this Management's Discussion and Analysis relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known (see "Business Risks") and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results implied by such forward-looking statements.

Non-GAAP Measurements: The MD&A contains the terms Earnings Before Interest, Taxes and Depreciation and Amortization ("EBITDA"), "cash flow from operations" and "operating cash flow" which should not be considered an alternative to, or more meaningful than "net income" or "cash flow from operating activities" as determined in accordance with Canadian GAAP as an indicator of the Company's financial performance. These terms do not have any standardized meaning as prescribed by GAAP and therefore, the Company's determination of EBITDA, cash flow from operations or operating cash flow may not be comparable to that reported by other companies. The reconciliation between net income and cash flow from operations or operating cash flows can be found in the consolidated statements of cash flows in the consolidated financial statements. EBITDA is calculated from the consolidated statement of operations as gross margin less general and administrative expenses. The Company evaluates its performance based on EBITDA and cash flow from operations. The Company considers cash flow from operations and EBITDA to be key measures as they demonstrate the Company's ability to generate the cash necessary to pay dividends and to fund future capital investment.

OVERALL PERFORMANCE

December 31, 2004 marked a milestone for Destiny – the Company exited the year with no long-term debt and with no bank borrowings outstanding. The Company entered 2005 with a strong balance sheet, a solid group of profit and cash flow generating operations (including Kodiak Nav Solutions acquired in January 2005) and the ability to commence paying shareholders quarterly dividends.

During 2004, the Company determined to reduce the amount of cash utilized for debt service and to adopt a dividend policy aimed at distributing cash generated by the business in excess of requirements for running the business to the shareholders. As a consequence, an equity issue by way of a Rights Offering was undertaken. Shareholders were offered the right to subscribe, for every share they held, for one additional share for \$0.14. The issue was fully subscribed and on December 30, 2004, Destiny issued 52,711,309 common shares for gross proceeds of \$7.38 million. Proceeds from the Rights Offering together with proceeds from sales of businesses and the placement early in the year of new term debt enabled Destiny to retire \$17.1 million of term debt and obligations during the year and end the year with no long-term debt.

Operating results for 2004 were satisfying in that the Company was able to exceed its base budget despite the impact during each of the final three quarters of the year of adverse weather. Total revenues for 2004 rose 20% to \$33.6 million vs \$28.1 million for 2003. Income from continuing operations was \$0.9 million compared to a loss of \$1.1 million the prior year. Net income was \$1.3 million (\$0.03 per share) compared to a loss of \$0.1 million (\$0.00 per share) in 2003.

The positive cash flows from 2004 operations, together with the 2003 reorganization and the 2004 Rights Offering transactions, have significantly improved the financial position of the Company. The Company believes it is well positioned and focused to take advantage of the opportunities available in its marketplace. In addition, the acquisition of Kodiak Nav Solutions adds to the services the Company offers within its business segment and provides further technological advantages to existing operations. The Company expects to commence in 2005 to pay dividends on its Common Shares.

SELECTED FINANCIAL INFORMATION

The following table highlights certain financial information of the Company's continuing operations for the three months and years ended December 31, 2004 and 2003:

<i>(000's, except per share and share amounts)</i>	Three months ended December 31		Year ended December 31	
	2004	2003	2004	2003
Revenue	7,431	5,837	33,630	28,057
Direct expenses	7,011	5,074	29,545	24,798
Gross margin	419	763	4,085	3,259
EBITDA	46	240	2,870	2,204
Income (loss) from continuing operations	(421)	(1,215)	943	(1,140)
Per share – basic and diluted	(0.01)	(0.02)	0.02	(0.02)
Income from discontinued operations	71	238	403	1,074
Per share – basic and diluted	0.00	0.00	0.01	0.02
Net income (loss) for the period	(349)	(977)	1,347	(126)
Per share – basic and diluted	(0.01)	(0.02)	0.03	0.00
Capital expenditures ⁽¹⁾	322	649	1,707	1,075
Weighted average shares outstanding (000's)	53,284	52,711	52,856	52,711
Total assets			11,391	16,910
Shareholders' equity			7,845	(699)
Book value per share outstanding			0.07	(0.01)

(1) Capital expenditures shown here relate to the Company's continuing operations only.

RESULTS OF OPERATIONS

The following analysis of the Company's results of operations refers to both the years ended December 31, 2004 ("2004") and December 31, 2003 ("2003") as well as the three months ended December 31, 2004 (Q4-04") and December 31, 2003 ("Q4-03").

Please note that the analysis pertains to the Company's continuing operations of Seismic Front-End Services. Excluded from the analysis is the activity of the following businesses that have been classified in the 2003 consolidated financial statements as discontinued operations:

- Surface Preparation
 - Battle River Oilfield Construction
- Post-Drilling Construction
 - McConnell Welding & Construction
 - Big Foot Metal Systems
 - Team Pipeline

REVENUE

Revenue for 2004 was \$33.6 million, a \$5.6 million or 20% increase from the \$28.0 million recorded during 2003. This increase in revenue is attributable to:

- a \$2.8 million increase in the revenue recorded by the Company's line clearing division in the third quarter of 2004 compared to the third quarter of 2003. During 2003, line clearing revenue was negatively impacted as a result of much of the line clearing work being performed in north eastern British Columbia where the Company's clients often support line clearing work being contracted to First Nations companies. During 2004 the Company was successful in being awarded significant contracts in Alberta.
- A slight increase in overall industry activity.
- Increased heli-portable seismic drilling activity throughout the first quarter of 2004 combined with favourable project scheduling which reduced the number of days that drilling equipment was idle.
- Successful marketing efforts have resulted in an increase in market share in the Company's survey & mapping and seismic drilling divisions.

Revenue for Q4-04 was \$7.4 million, a \$1.6 million or 27% increase from the \$5.8 million for Q4-03. The increase is attributable to higher levels of industry activity and less disruption by adverse weather conditions in 2004 as compared to 2003.

GROSS MARGIN

For 2004 gross margin increased to \$4.1 million, a \$0.8 million or 25% increase from the \$3.3 million in 2003. The overall increase in the 2004 gross margin is attributed primarily to the following factors:

- A 20% increase in revenue in 2004.
- Improved field efficiency in the Company's survey & mapping division.
- Lower operating costs in the Company's seismic line clearing division achieved through decreased use of higher cost subcontractors and rented equipment.
- Improved field efficiency in the Company's shot-hole drilling division resulting from initiatives implemented by this division's management whose tenure is now into its second winter season.
- The Company altering its cost structure so that a greater portion of direct expenses are variable as opposed to fixed which results in a reduction in overall costs.

For Q4-04, gross margin was \$0.4 million, a \$0.4 million or 45% decrease from the \$0.8 million for Q4-03. Although revenue increased by 27% for Q4-04 vs Q4-03, the margin for the period decreased due to the mix of projects involved. In addition, Q4-04 results were negatively impacted by the payment of bonuses to administrative, operations and management personnel which had not been accrued during the year. For 2005, the Company is introducing profit sharing plans for its operations and management leadership, the expense for which will be accrued on a monthly basis.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses, which represent primarily the costs associated with the corporate head office and the lease of the survey & mapping division's shop and office, totalled \$1.2 million for 2004 compared to \$1.1 million for 2003.

For analytical purposes the best comparison is to "total" general and administrative expenses, which for 2003 was the total of the amounts allocated between continuing operations and discontinued operations, which totalled \$1.2 million. Using this comparison, the decrease from 2003 to 2004 in total corporate office costs was \$0.4 million or 33% which was achieved through the elimination of certain costs made possible by the recent downsizing of the Company. The Company expects that general and administrative expense will be approximately \$1.4 million for fiscal 2005, including the impact of the profit sharing plans being implemented.

G&A expense for Q4-04 was \$0.4 million compared to \$0.5 million for Q4-03.

AMORTIZATION OF PROPERTY & EQUIPMENT

Amortization expense was \$1.2 million in 2004 compared to \$1.3 million in 2003. The total is not necessarily comparable year over year however, as it will be a function of the timing of purchases of new property and equipment, and any related disposals. Amortization expense for Q4-04 was similarly \$0.3

million compared to \$0.4 million for Q4-03. With purchases of new equipment undertaken and planned, the Company expects that depreciation and amortization expense will be approximately \$2.4 million for fiscal 2005.

GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS

The Company reported a gain on the sale of capital assets of \$0.1 million arose in both 2004 and 2003. These gains represent the normal course disposal of capital assets.

INTEREST EXPENSE

Total interest expense fell to \$0.8 million for 2004, a decrease of \$1.6 million or 68% compared to the 2003 total of \$2.4 million.

Interest expense on long-term debt and debentures was \$0.7 million for 2004, a 45% decrease from the \$1.2 million incurred in 2003. This decrease is due to the reduction in long-term debt and debentures that was achieved through the reorganization process.

Bank charges, operating loan and other interest expense were \$0.1 million for 2004, an 82% decrease from the total of \$0.4 million incurred in 2003. This significant decrease is due to:

- Lower average operating loan balances during 2004 made possible by the strong cash flow generated in the first and third quarters and by the \$1.2 million supplement to working capital provided by the \$3.5 million term loan issued in February 2004.
- Dramatically reducing the total interest and fees on the Company's operating loan facility by being able to move from an asset-based lender to a more conventional facility with a chartered bank.

Interest expense also includes amortization of deferred charges, which decreased from \$0.8 million for 2003 to \$0.1 million for 2004. The Company was able to achieve this 94% reduction through the reorganization, by either eliminating old debt of the Company, that when issued had significant associated financing fees (the balance of which was written off in 2003), or replacing the old debt with debt that has lower associated financing fees.

Interest expense for Q4-04 was \$0.2 million compared to \$0.8 million for Q4-03, a decrease of \$0.6 million or 72% which is attributed to the much lower levels of term debt and short-term borrowings outstanding in the period.

INCOME TAXES

The Company was not in a taxable position in 2004 or 2003, with minor "capital" taxes and minor income tax expense related to an inactive subsidiary company being the only tax expense booked for 2004.

The Company has significant unutilized Canadian non-capital tax loss carry forwards available as at December 31, 2004, the benefit of which has not been fully recognized in the consolidated financial statements.

Summary of Quarterly Results

<i>(000's, except per share and share amounts)</i>	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Revenue from continuing operations	7,430	12,200	1,204	12,796	5,819	10,154	1,333	10,734
Revenue from discontinued operations	---	---	---	---	1,706	7,686	5,256	11,310
Total Revenue	7,430	12,200	1,204	12,796	7,525	17,840	6,589	22,040
Income (loss) from continuing operations	(421)	1,057	(1,437)	1,744	(1,030)	183	(1,089)	783
Income (loss) from discontinued operations	72	---	332	---	52	594	(1,078)	1,459
Income (loss) for the period	(349)	1,057	(1,105)	1,744	(977)	777	(2,167)	2,242
Basic & diluted earnings (loss) per share:								
From continuing operations	(0.00)	0.02	(0.03)	0.03	(0.02)	0.00	(0.02)	0.01
From discontinued operations	0.00	---	0.01	---	---	0.01	(0.02)	0.03
For the period	0.00	0.02	(0.02)	0.03	(0.02)	0.01	(0.04)	0.04
Basic & diluted number of shares outstanding (wtd avg 000s)	53,284	52,712	52,712	52,712	52,712	52,712	52,712	52,712

The Summary of Quarterly Results highlights the fact that the Company's business is seasonal with Q1 and Q3 traditionally being the two strongest quarters and Q2 and Q4 traditionally being the weakest quarters. The underlying causes of the seasonality are the weather and the Company being restricted from entering certain wildlife areas at certain times of the year. Revenue activity for the Company's continuing operations, by fiscal quarter, can be characterized as follows:

Revenue by quarter	<i>(000's)</i>	Description of Quarterly Seasonality
Q4'04	Q4'03	
\$7,430	\$5,837	The fourth quarter is traditionally the Company's third busiest quarter as was the case in each of Q4'04 and Q4'03. The strength of the quarter is normally dependent upon prevailing weather conditions, which affect access to project areas, and the timing of client capital budget spending plans.
Q3'04	Q3'03	
\$12,200	\$10,154	The third quarter is traditionally the Company's second busiest quarter as was the case in each of Q3'04 and Q3'03. Ground conditions are normally dry and, as in the first quarter, the Company is permitted access to all of the areas in which the Company operates. The relative strength of this quarter is largely dependent on utilization rates for the Company's six heli-portable drill crews and the number of days lost due to weather conditions.
Q2'04	Q2'03	
\$1,204	\$1,333	As was the case in Q2'03, the second quarter is traditionally the Company's slowest quarter due to spring break-up. As the ground thaws regulators and landowners prohibit the company from accessing most work areas until the ground dries out and becomes passable to heavy equipment and vehicles without causing damage to the roads and land. Traditionally the roads reopen towards the end of May. The Company is further restricted from certain areas

that protect various wildlife species during their migration and calving seasons which usually extend to the middle of June. While revenue is comparable between Q2'04 and Q2,03, in Q2'04 the revenue was earned primarily in April with work not resuming until July, 2004, which is in contrast to Q2'03 where spring break-up starting earlier at the end of March, 2003 with work resuming in June 2003.

Q1'04	Q1'03	
\$12,796	\$10,734	As in each of 2004 and 2003, the first quarter is traditionally the Company's busiest quarter. The ground and unpaved roads are frozen which permits the Company to access and conduct work in the areas in which the Company operates. It should be noted that an early spring thaw will reduce the amount of revenue that can be generated in the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

Destiny's capital requirements consist primarily of working capital necessary to fund operations, capital expenditures related to the purchase and manufacture of operating equipment and capital to finance strategic acquisitions. Sources of funds to satisfy these capital requirements include cash flow from operations, external lines of credit, equipment financing, term loans and equity markets.

The Company believes it has adequate cash generating capability, capital resources and access to capital to meet its working capital, capital expenditure and dividend requirements for 2005 and beyond.

WORKING CAPITAL

At December 31, 2004, the Company had a working capital of \$2.8 million compared to \$1.0 million at December 31, 2003. This \$1.8 million increase in 2004 is due to such factors as:

- closing of the Rights Offering on December 30, 2004, which supplemented working capital by \$1.1 million (\$3.4 million cash received, less \$2.3 million repayment of bank term loan)
- an increase in operating cash flow to \$2.1 million in 2004, which was used to repay secured term debts, and acquire additional capital assets.

PROPERTY AND EQUIPMENT

The net book value of property and equipment is \$5.0 million at December 31, 2004, a net decrease of \$0.1 million compared to \$5.1 million at December 31, 2003. Purchases of new property and equipment were \$1.7 million for 2004, offset by amortization expense of \$1.2 million and the book value of assets sold of \$0.7 million. Capital additions for the 4th quarter were \$1.7 million for Q4-04 compared to \$1.1 million for Q4-03.

Subsequent to year end, in January 2005 the Company acquired the operating assets of Kodiak Nav Solutions Ltd. ("Kodiak") at a cost of approximately \$2.0 million (of which \$1.0 million was paid in the form of 5,529,000 common shares issued by the Company). Kodiak is a synergistic acquisition which will enhance the Company's use of leading edge technologies in the conduct of its projects for the seismic industry.

LONG-TERM DEBT AND DEBENTURES

The Company had three objectives in restructuring its long-term debt, a process which commenced in the first half of 2003. The objectives were to first pay down long-term debt through proceeds realized on the sale of non-core assets and businesses; second, to refinance \$2.0 million of the Successor Debentures with long-term debt; and third, to consolidate its remaining long-term debt under one loan. The Company achieved all three objectives, and in 2004 was able to achieve a repayment of a total of \$14.1 million of secured term-debt (\$10.6 million outstanding at the end of 2003, plus \$3.5 million new term debt which was issued in 2004). The main transactions which occurred in 2004 were:

- the \$0.8 million of long-term debt (excluding debentures) that existed as at December 31, 2003 was repaid in January and February 2004 through regularly scheduled principal payments and the use of proceeds from the sale of the assets of Battle River Oilfield Construction.
- in February 2004, the Company issued a new variable rate term loan of \$3.5 million maturing in March 2007, with minimum annual repayments of approximately \$0.9 million. The proceeds of this term loan were used to repay \$2.0 million of the 8% Senior Debenture, to repay \$0.3 million of equipment purchase contracts, and the remaining \$1.2 million used to supplement working capital. Through December 2004, this loan had been repaid by \$1.2 million, leaving a balance of \$2.3 million which was then paid out on the December 30 2004 closing of the Rights Offering.
- principal of \$9.8 million owing as at December 31, 2003 on the Debentures was repaid through 2003, including a final payment of \$3.8 million through the Debenture holder's investment in an additional 35,821,350 common shares through its participation in the Rights Offering.

DEBENTURES

The financial reorganization of the Company, which was orchestrated throughout 2003, centered on the 1999 Debenture owned by the Company's majority Shareholder, First Reserve Fund VIII, L.P. ("First Reserve"). In September 2003, the Successor Debentures (which resulted from the bifurcation of the 1999 Debenture) together with the approximately 56.21% of the Common Shares owned by First Reserve were sold to Destiny Resource Investment L.P. ("DRILP").

In December 2003, the terms of the Successor Debentures were amended, with the Company and DRILP agreeing (i) to extend the maturity of each of the Successor Debentures to July 2, 2008; (ii) for the Company to pay \$2.0 million from the proceeds of the new term debt and \$3.0 million from the proceeds of the sale of the Battle River heavy equipment as retirement of principal on the Senior Debenture; and (iii) to replace the formula for interim payments on each of the Successor Debentures with a requirement for semi-annual payments based on a formula that incorporates cash flow from operations, proceeds of disposition of assets, capital expenditures and term debt principal payments.

The amount outstanding on the Successor Debentures decreased from \$9.8 million as at December 31, 2003 to \$3.8 million as at September 30, 2004 following the \$5.0 million repayments of principal referred to above that took place in February 2004 and following a \$1.0 million semi-annual payment for the six month period ended June 30, 2004 that took place in August 2004. As a result of the August 2004 payment, the Senior Debenture was retired. As noted above, the remaining \$3.8 million of principal owing on the Debentures was repaid on December 30, 2004 concurrent with the closing of the Rights Offering.

CONTRACTUAL OBLIGATIONS AS AT DECEMBER 31, 2004

Upon closing of the Right Offering, Destiny repaid all remaining long-term debt, and thus at the December 31, 2004 year end its' only future contractual payment obligations are in the form of operating leases on premises and equipment. The Company has no other "off balance sheet" contractual obligations.

	Payments Due by Future Year				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Operating Leases	\$ 2,068,000	\$ 536,000	\$ 679,000	\$ 570,000	\$ 283,000

SHAREHOLDERS' EQUITY

The shareholders' deficiency as at December 31, 2003 of \$0.7 million has been eliminated with the Company now reporting shareholders' equity of \$7.8 million, due to 2004 net income of \$1.3 million, and \$7.3 million additional share capital raised (less costs of \$0.2 million) pursuant to the Rights Offering.

On May 5, 2004, at the Annual General Meeting, the shareholders passed a special resolution approving the reduction of the stated capital of the Company's common shares by \$8.4 million, being the entire amount thereof, and offsetting the amount against the Company's deficit.

On November 16, 2004, at a Special Meeting, the shareholders passed a special resolution approving the consolidation (reverse split) of the shares on a basis of up to 20 to 1 as determined by the Board of Directors. On March 17, 2005, the Board of Directors resolved to effect the consolidation effective April 1, 2005 on a 20 for 1 basis.

RESTRUCTURE AND DISCONTINUED OPERATIONS

With the Company burdened by high debt levels and with a \$10 million debenture maturing on July 2, 2004, in 2003 Destiny determined it was in the best interests of shareholders for the Company to reduce debt through the sale of non-core businesses and to restructure the remaining debt.

During 2003 the Company initiated a number of major transactions to achieve this debt reduction objective. These transactions, which saw the Company dispose of two of its three business segments, pay down debt and restructure its remaining debt have significantly altered the composition of the Company as outlined below.

The reorganization process that had been ongoing for three years was completed in February 2004 with the collection of the proceeds from the sale of the last divestiture, with the issuance of \$3.55 million of new term debt and the associated use of the majority of the proceeds to repay other secured term debts.

In 2003 the Company initiated a number of major transactions to achieve its debt reduction objective. These transactions, the last of which culminated in the first quarter of 2004, saw the Company dispose of two of its three business segments, pay down debt and restructure its remaining debt, and significantly alter the composition of the Company as outlined below.

- The Company's continuing operations now consists of one business segment, being Seismic Front-End Services, which is comprised of seismic survey and mapping, seismic line clearing and shot-hole drilling.
- For financial statement reporting, the 2003 results of operations and the financial position of Battle River Oilfield Construction, McConnell Welding and Construction, Big Foot Metal Systems and Team Pipeline have been presented in the consolidated financial statements as discontinued operations.

SELECTED FINANCIAL INFORMATION OF MAJOR 2003 DISPOSITION TRANSACTIONS

<i>(all amounts in \$millions)</i>	Proceeds on Sale	Gain (loss) on Sale	Term Loan Proceeds	Long-term Debt Repaid	Debenture repayment	2003 Revenue (to date of disposition)
Business Dispositions						
Battle River Oilfield Construction	\$4.4	\$0.5		\$0.6 ⁽¹⁾	\$3.0 ⁽¹⁾	\$11.6
McConnell Welding & Construction	\$2.0	\$(0.2)		\$0.2		\$8.3
Big Foot Metal Systems	\$0.4	\$0.0		\$0.0		\$1.0
Team Pipeline	\$1.3	\$0.3		\$0.5		\$5.0

New Financing

Term loan ⁽¹⁾			\$3.5	\$0.3	\$2.0	
	\$8.1	\$0.6	\$3.5	\$1.5	\$5.0	\$25.9

⁽¹⁾ Please note that these transactions occurred subsequent to December 31, 2003

The effects of these transactions was as follows:

- During the year ended December 31, 2003, the Company reported an overall gain on the dispositions of \$0.6 million.
- Total gross sale and term loan proceeds were approximately \$11.6 million. The proceeds were utilized as follows:
 - \$3.1 million was applied to the reduction of long-term debt, being term debt and equipment loans.
 - \$5.0 million was applied against the Senior Debenture. This reduction in amount outstanding on the Senior Debentures provided the opportunity for the Company to negotiate an extension on the maturity date of the Successor Debentures from July 2, 2004 to July 2, 2008.
 - The balance, after deducting costs and other adjustments, was used for capital expenditures and to supplement working capital.
- On a combined basis the businesses sold had 2003 revenue (to the dates of disposition) of \$25.9 million (2002 - \$27.2 million) or 48% (2002 – 54%) of the Company's total revenue.
- In 2004, the Company recognized additional income from discontinued operations of \$0.4 million, which was primarily from a recovery of excess insurance premiums paid in 2003, and for a partial recovery of a customer accounts receivable which had been written off as a bad debt in 2003.

CRITICAL ACCOUNTING ESTIMATES

In preparing the consolidated financial statements, various accounting estimates are made in applying the Company's accounting policies. The estimates require significant judgment on the part of management and are considered critical in that they are important to the Company's recording of financial condition and results. Management believes the critical accounting estimates for the Company are as follows:

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. The Company evaluates the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company recognizes an impairment charge when it is probable that estimated future cash flows of the underlying assets will be less than the carrying value of the assets.

Judgment is required in determining the useful life of capital assets and the appropriate method of amortization. Factors considered in estimating the useful lives of capital assets include expected future usage, effects of technological or commercial obsolescence, expected wear and tear from use or the passage of time and effectiveness of the Company's maintenance program.

The Company's investment in capital assets results in amortization expense being a significant operating cost to the Company and any misjudgement in estimating the useful life of the equipment could result in a misstatement of financial results.

Allowance for Doubtful Accounts

Accounts receivable is net of an allowance of \$0.1 million which has been recorded (\$0.1 million – December 31, 2003) in the consolidated financial statements, reflecting the amount of the balance for which collection is considered doubtful. In assessing the ability to collect accounts receivable,

management reviews individual customer receivable balances to determine accounts on which collection is not certain. For these accounts, an allowance for doubtful accounts is established. The amount of the allowance is based upon a review of the customer's credit information, past payment practices and overall financial strength of the customer.

Accrued liabilities

Accrued liabilities normally include managements estimates of expected future costs to be incurred arising out of current year operating activity, including costs for repairs and maintenance and project completion.

BUSINESS RISKS

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

The risks inherent in the oilfield services industry impact the Company's ability to meet its financial covenants on its revolving, bank operating loan facility (of which \$nil was utilized at December 31, 2004). Accordingly, the Company may become in violation of its covenants on the bank facility, which might result in repayment being demanded.

OUTLOOK

Following its reorganization and Rights Offering, the Company believes it has adequate working capital, capitalization and access to capital. Management believes the Company has a cost structure that has sufficient variability as to be able to adapt to the volatility of its industry. The Company has experienced management, at all levels of sales, operations and administration who are motivated to achieve success in both the short- and long-term. The Company provides services principally in connection with the exploration for a commodity, natural gas, that is escalating in value and is plentiful in the areas in which the Company operates.

The Company is encouraged by the indications of demand for its services. The Rights Offering was undertaken as a means of providing equity to retire term debt, thereby eliminating interest and debt repayment requirements, and creating free cash for potential distribution to shareholders by way of dividends.

Destiny will continue to review expansion opportunities, both organic and by acquisition. These involve, in each case, the requirement for capital expenditures beyond the normal course for the Company. Destiny may pursue any or all of these opportunities, and others that may present themselves. In doing so the Company may incur term debt, issue equity, retain cash that might otherwise be paid as dividends or any combination of the foregoing. The positive impact of the Rights Offering, to the extent it resulted in the elimination of all long-term debt from the Company's balance sheet, may be limited in time.

This release, or any part of it, may include comments that do not refer strictly to historical results or actions and may constitute forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or of the industry to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include general and industry economic and business conditions which, among other things, affect the demand for the services of the Company; competitive factors and industry capacity; the availability of personnel to manage the Company and manage and deliver its services; the ability of the Company to finance and implement its business strategy; changes in, or the failure to comply with, government law and regulations (especially relating to health, safety and environment); weather; and other such risks as may be identified in this release or in other published documents. Accordingly, there is no certainty that the Company's plans will be achieved.