



DESTINY RESOURCE SERVICES CORP.

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DESTINY RESOURCE SERVICES CORP. ANNOUNCES Q1'06 RESULTS; \$0.24 PER SHARE DIVIDEND DECLARATION

CALGARY, ALBERTA
May 09, 2006

STOCK EXCHANGE: TSX
SYMBOL: DSC

Destiny Resource Services Corp. (DSC:T) announced today its Q1'06 results and the declaration of a dividend of \$0.24 per share payable June 15, 2006 to shareholders of record June 10, 2006.

"The first quarter of 2006 saw the continuation, and expansion, of the growth Destiny experienced throughout 2005" said Bruce Libin, Executive Chairman and Chief Executive Officer. "Our reputation for quality and safety serves us well as we continue to reap the benefits of the investments we have made in people and equipment. Strong operations, excellent results and our outlook for the balance of 2006 give us confidence as we declare our sixth consecutive quarterly dividend. This dividend of \$0.24 per share is consistent with the increased dividend declared and paid in the first quarter of 2006."

FINANCIAL HIGHLIGHTS

	Three Months Ended		
		March 31,	
	2006	2005	Change
	\$	\$	%
<i>(000s, except per share amounts) (unaudited)</i>			
Revenue	26,199	16,604	+ 58
Net income for the period	3,313	2,090	+ 59
Per share – basic and diluted	0.59	0.38	+ 55
EBITDA ⁽¹⁾	5,574	3,030	+ 84
Per share – basic and diluted	1.00	0.55	+ 82
Weighted average shares outstanding for the period (000s)			
Basic	5,575	5,495	+ 1
Diluted	5,596	5,500	+ 2
	Mar. 31,	Dec. 31,	Change
	2006	2005	
As at	\$	\$	%
Working capital	3,441	601	+ 473
Total assets	30,900	21,744	+ 42
Shareholders' equity	13,762	11,787	+ 17
Book value per share outstanding	2.47	2.13	+ 16

(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 income as gross margin less general and administrative expenses (not including gain on disposal of property and equipment). This measure does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies; however, Destiny is consistent in its calculation of EBITDA for each reporting period.

(2) There are 5,575,081 shares and 53,000 options outstanding as at May 9, 2006.

Dividend Declaration

The Board of Directors declared a dividend of \$0.24 per share on each of the 5,575,081 shares outstanding. The dividend will be paid June 15, 2006 to shareholders of record June 10, 2006.

"Paying dividends is a goal we set for Destiny in 2004" said Mr. Libin. "It is the intent of Destiny to pay a dividend each quarter. The Board of Directors will determine the dividend, if any, each quarter in light of operating and financial factors, results to date and our outlook for the balance of the year. At present, our outlook for 2006 is positive. We are subject to the risks and uncertainties attendant with businesses like ours, including commodity prices and weather, so no assurance can be given of the Company's ability to sustain the dividend at this or any level."

Election of Directors

At the Annual General Meeting of Shareholders held May 9, 2006, Nathan Feldman, David McGoey, Jim Rathwell, Glen Roane and Bruce Libin were re-elected as directors of Destiny.

Q1'06 Review and Outlook for 2006

Mr. Libin continued with the balance of the Letter to Shareholders from the Q1'06 Report:

Q1'06 Review

"Q1'06 was very strong for Destiny in all respects. The growth in our financial metrics (as highlighted elsewhere in this report) is a gratifying scorecard measuring the effort of our people and the significant investment the Company has made, and continues to make, in people, systems and equipment. Aided by strong industry activity and generally co-operative weather throughout the quarter, we put together results of which we are proud.

"I must point out, however, a damper on the celebration. One of the benefits of the troubles of Destiny of the past, in addition to forcing focus on quality, safety and cost control, was the tax losses created. One of the drawbacks to our present success is we have not just used, but burned through, the tax losses. As you will note from the income statement and balance sheet, we are now accruing current tax expense. This means we, as shareholders, will now have to share our success with various governments. To quantify this, taxes represent 31.4% of Q1'06 income before taxes, compared to 3.2% for all of 2005. (Q1'05 taxes of \$580,000 were effectively reversed in Q2'05).

Outlook for 2006

"It appears the balance of 2006 will be strong also. We are experiencing a second quarter which will rival, at the income before income taxes line, the exceptional second quarter of last year. We believe the year as a whole will be meaningfully better overall than 2005, with the exception of the income tax expense line. Capital spending and activity by the exploration segment of the oil and gas industry appear to be moving to new levels, and we anticipate enjoying at least our fair share of that.

"Destiny's reputation and industry knowledge enable us to open many doors in seeking the opportunity to perform our services. Execution, with quality and safety, by the men and women in the field and in our shops and offices, enables us to have repeat work for clients. Our strong returns are due to the efforts of these people. Representing the shareholders and the Board of Directors, we say thank you to each 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:

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DESTINY RESOURCE SERVICES CORP.

CONSOLIDATED BALANCE SHEETS (unaudited)

	March 31, 2006	December 31, 2005
	\$	\$
ASSETS [note 2]		
Current		
Accounts receivable [note 5]	18,549,773	9,124,205
Inventory	759,805	734,760
Prepaid expenses	437,962	434,820
	19,747,540	10,293,785
Property and equipment	11,152,393	11,450,537
	30,899,933	21,744,322
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness [note 2]	5,830,573	1,946,126
Accounts payable and accrued liabilities	9,504,974	7,726,828
Income taxes payable	971,461	20,000
	16,307,008	9,692,954
Future income taxes	830,688	264,544
Commitments and contingencies [notes 2 and 6]		
Shareholders' equity		
Share capital [note 3]	8,349,935	8,349,935
Retained earnings	5,412,302	3,436,889
	13,762,237	11,786,824
	30,899,933	21,744,322

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

<i>(unaudited)</i>	Three months ended March 31	
	2006	2005
	\$	\$
Revenue	26,198,811	16,604,274
Direct expenses	18,927,457	12,586,873
Gross margin	7,271,354	4,017,401
Other expense (income)		
General and administrative	1,697,849	987,473
Amortization of property and equipment	752,239	391,277
Gain on disposal of property and equipment	(25,415)	(2,486)
Interest expense	54,378	16,767
Other income	(38,733)	(46,079)
	2,440,318	1,346,952
Income before income taxes	4,831,036	2,670,449
Income taxes		
Current	951,461	---
Future	566,144	580,000
	1,517,605	580,000
Net income for the period	3,313,431	2,090,449
Retained earnings, beginning of period	3,436,889	646,980
Dividends	(1,338,018)	(1,109,515)
Retained earnings, end of period	5,412,302	1,627,914
Basic and diluted per share amounts <i>(note 4)</i>		
Net income for the period per common share:		
Basic and diluted	0.59	0.38

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31	
	2006	2005
	\$	\$
<i>(unaudited)</i>		
CASH FLOWS PROVIDED BY (USED IN):		
Operating activities:		
Net income	3,313,431	2,090,449
Items not involving cash:		
Amortization of property and equipment	752,239	391,277
Gain on disposal of property and equipment	(25,415)	(2,486)
Future income taxes	566,144	580,000
Funds from operations	4,606,399	3,059,240
Net change in non-cash working capital <i>[note 7]</i>	(6,724,148)	(4,018,433)
	(2,117,749)	(959,193)
Financing activities:		
Net increase in bank indebtedness	3,884,447	3,003,332
Dividends paid	(1,338,018)	(1,109,515)
	2,546,429	1,893,817
Investing activities:		
Purchase of property and equipment	(606,566)	(2,152,128)
Proceeds on sale of property and equipment	177,886	19,500
	(428,680)	(2,132,628)
Decrease in cash for the period	---	(1,198,004)
Cash, beginning of period	---	1,198,004
Cash, end of period	---	---

See accompanying notes to the consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") FOR Q1'06

The following discussion and analysis of financial results for the three months ended March 31, 2006 ("Q1'06") and March 31, 2005 ("Q1'05") is based on information available until May 9, 2006 (unless otherwise noted) and upon the Company's consolidated interim financial statements for the periods presented, which were prepared in accordance with Canadian generally accepted accounting principles, and should be read in conjunction with the Company's consolidated financial statements and Annual Report for the prior fiscal year ended December 31, 2005.

Forward-looking Information

Statements 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 section) 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.

REVENUE

Revenue for Q1'06 was \$26.2 million, an increase of 58% from \$16.6 million in Q1'05. Demand for the Company's Front-End oilfield services continues to increase. In response to this demand, by additional recruiting and training, combined with the increased capital expenditures in 2005 of \$7.7 million, the Company has increased its productive capacity. Within the seismic drilling division the heli-portable drilling crew count (on a full time equivalent basis) was 200% over last year. Three clients exceeded 10% of gross revenues each for Q1'06 and represented in aggregate approximately 59% of current quarter revenues. Over the same period last year there was only one client with more than 10% of revenue, representing approximately 26% of the quarter's revenue.

GROSS MARGIN

Gross margin for Q1'06 was approximately \$7.3 million, representing 27.8% of the current quarter's revenues, compared to \$4 million representing 24.2% of revenues over the same quarter last year. The increase in magnitude of dollars is primarily attributed to greater activity levels in Q1'06 compared to Q1'05, with some modest increases in pricing. The increase in the gross margin percentage resulted from the Company's continued efforts to control costs and increase margins.

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, and profit sharing plan accruals were approximately \$1.7 million for Q1'06 compared to \$1 million over the same period last year. Included in these expenses are profit sharing plan accruals at \$1.3 million in Q1'06 compared to only \$0.6 million in Q1'05.

The profit sharing plans were instituted to better align the Company's incentive compensation for key employees with the interests of shareholders. The plans, which replace bonuses and the grant of stock options, are 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 from the plans are made one-half in cash and one-half in shares, which are purchased in the market.

AMORTIZATION OF PROPERTY AND EQUIPMENT

Amortization expense for Q1'06 was at \$0.8 million, an increase from \$0.4 million over the same period last year. 2005 property and equipment additions were \$8.7 million which were acquired throughout the year. Amortization for Q1'06 is for the entire three months on these assets whereas only a small portion of these assets were acquired and subject to amortization at the end of Q1'05.

INTEREST EXPENSE

Interest expense at \$0.1 million for Q1'06 was slightly higher than the less than \$0.1 million for Q1'05. Increased general business volumes for 2006 have required greater usage of the operating line to fund activities. All interest expense for both periods relates to this short-term bank operating facility.

INCOME TAXES

The Company has fully utilized its tax loss carry-forwards and has incurred a current income tax expense of \$1 million. Differences in the tax and accounting value for assets at the end of Q1'06 have increased the future income tax liability to approximately \$0.8 million. As this liability was \$0.3 million at last year end, the Q1'06 future income tax expense was approximately \$0.6 million. At the end of Q1'05 the future income tax expense was \$0.6 million and there were no current income tax expense. At the end of 2005 the future income tax provision was \$0.3 million.

SUMMARY OF QUARTERLY RESULTS

A summary of operating results by quarter for the last 2 years is as follows:

<i>(000's, except per share amounts)</i>	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004
Total Revenue	26,199	11,844	21,216	14,793	16,604	7,430	12,200	1,204
Income (loss) from continuing operations	3,313	1,842	1,325	1,979	2,091	(421)	1,057	(1,437)
Income (loss) from discontinued operations	---	---	---	---	---	72	---	332
Income (loss) for the period	3,313	1,842	1,325	1,979	2,091	(349)	1,057	(1,105)
Basic & diluted earnings (loss) per share:								
From continuing operations	0.59	0.33	0.24	0.36	0.38	(0.16)	0.40	(0.55)
From discontinued operations	---	---	---	---	---	0.03	---	0.13
For the period	0.59	0.33	0.24	0.36	0.38	(0.13)	0.40	(0.42)
Number of shares outstanding weighted average								
Basic	5,575	5,568	5,554	5,548	5,495	2,664	2,636	2,636
Diluted	5,596	5,591	5,567	5,571	5,500	2,664	2,636	2,636

The above noted Summary of Quarterly Results highlights the following:

1. The Company's business is seasonal with Q1 and Q3 traditionally being the two strongest quarters and Q2 and Q4 normally being the weakest quarters. The underlying causes of the seasonality are weather conditions, the Company being restricted from entering and conducting work in designated wildlife areas at certain times of the year and the timing of customer capital spending programs.
2. The Company discontinued operations in several businesses in 2003. Amounts in 2004 represent recoveries relating to insurance and bad debts for these discontinued operations.

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, payment of dividends and capital to finance strategic acquisitions. Sources of funds available to meet these capital requirements include cash flow from operations, external lines of credit, equipment financing, term loans and access to equity markets.

During 2005, the Company increased its bank facility from \$5 million to \$10 million, with the ability to draw to \$18 million during the months of June through September. In addition, the rate on the facility was reduced to prime plus 1%.

The Company believes that it has the capital resources and availability to meet its working capital and capital expenditure requirements and to pay dividends in accordance with its dividend policy for 2006 and beyond.

WORKING CAPITAL

Net working capital of \$3.4 million at March 31, 2006 has increased from \$0.6 million at last year end. Major components of this net increase can be attributed to: YTD funds from operations of \$4.6 million, less cash dividends of \$1.3 million and less \$0.6 million of capital expenditures financed from working capital. The working capital ratio was at 1.21:1 at the end of Q1'06 compared to approximately 1:1 at last year end. The Company has available a \$10 million revolving demand bank operating loan facility, which was drawn by \$5.8 million at the end of Q1'06.

For clients representing more than 10% of trade accounts receivable, approximately 70% of trade accounts receivable at March 31, 2006 (16% at March 31, 2005) are with four clients (one in 2005). With respect to its largest client, Destiny provides services both directly for the client's own account (for the development of seismic data for the client to sell) and indirectly for work for third party exploration and production companies, most of which are substantial oil companies and several of which specify Destiny as their sub-contractor of choice when contracting with Destiny's client. Approximately 97% of trade accounts receivable at March 31, 2006 were less than 60 days old (58% were less than 30 days old).

PROPERTY AND EQUIPMENT

Property and equipment decreased by \$0.3 million from \$11.5 million at December 31, 2005 to \$11.2 million at March 31, 2006. Amortization for Q1'06 was \$0.8 million. Purchases of \$0.6 million were made over this period and were sustaining expenditures for the operating business.

CONTRACTUAL OBLIGATIONS

The Company's future contractual payment obligations are in the form of operating leases on premises and equipment. The Company has no hedging, capital leases or 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	\$ 2,236,697	\$ 790,841	\$ 946,944	\$ 498,912	\$ ---

SHAREHOLDERS' EQUITY

Shareholder's equity increased from \$11.8 million at the end of 2005 to \$13.8 million at the end of Q1'06. Net income for the Q1'06 was \$3.3 million and cash dividends paid were \$1.3 million.

As at May 9, 2006, the number of issued and outstanding common shares is 5,575,081 with 53,000 additional common shares reserved for potential future issuance pursuant to options outstanding under the Company's stock option plan.

NEW CANADIAN ACCOUNTING PRONOUNCEMENTS

The Canadian Institute of Chartered Accountants ("CICA") has issued a number of accounting pronouncements, some of which may impact the Company's reported results and financial position in future periods. See the 2005 Annual Report.

BUSINESS RISKS

Destiny is subject to the risks and variables inherent in the oilfield services industry. Demand for the Company's products and services depend on the exploration, development and production activities of energy companies. These activities are directly affected by factors such as oil and gas commodity prices, weather, changes in legislation, exchange rates, the general state of domestic and world economies, concerns regarding fuel surpluses or shortages, substitution through imports or alternative energy sources, changes to taxation or regulatory regimes and the broad sweep of international political risks such as war, civil unrest, nationalization and expropriation or confiscation, which are all beyond the control of the Company and cannot be accurately predicted. The oil market is influenced by global supply and demand considerations and by the supply management practices of OPEC. The natural gas market is primarily influenced by North American supply and demand and by the price of competing fuels. The risks associated with external competition are minimized by concentrating 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 could impact the Company's ability to meet its financial covenants on its revolving, bank operating loan facility. Bank lines were drawn by \$5.8 million as at March 31, 2006 and were well below the maximum allowable limit at that time.

OUTLOOK

Destiny believes that it has adequate working capital, cash flow from operations and access to capital to fund ongoing business requirements. Management believes the Company has a cost structure that has sufficient variability 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, which is escalating in value and is plentiful in the areas in which the Company operates.

Destiny periodically encounters expansion opportunities to consider. 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, and retain cash that might otherwise be paid as dividends or any combination of the foregoing.

DISCLOSURE CONTROLS AND PROCEDURES

As defined in Multilateral Instrument 52-109, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that financial and non-financial information required to be disclosed is duly recorded, processed, summarized, accumulated and communicated to management. It must be disclosed on a timely basis and be in accordance with provincial and territorial securities legislation.

The Company has designed and evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded they were effective as of the end of the period covered by this report.