



DESTINY RESOURCE SERVICES CORP.

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DESTINY RESOURCE SERVICES CORP. ANNOUNCES 2006 RESULTS; DIVIDEND DECLARATION AND ANNUAL MEETING OF SHAREHOLDERS

CALGARY, ALBERTA
March 05, 2007

STOCK EXCHANGE: TSX
SYMBOL: DSC

Destiny Resource Services Corp. (DSC:T) announced today its 2006 year end and fourth quarter results, the declaration of a dividend of \$0.24 per share and the Annual Meeting of Shareholders.

FINANCIAL HIGHLIGHTS

The following table highlights certain financial information of the Company's operations for the years ended December 31, 2006 and 2005:

<i>(000's, except per share amounts)</i>	Year ended December 31		Change %
	2006 \$	2005 \$	
Revenue	89,031	64,457	+38
Gross margin	19,176	12,946	+48
EBITDA ⁽¹⁾	14,346	9,652	+49
Per share – basic	2.57	1.74	+48
Per share – diluted	2.56	1.74	+47
Net income	7,668	7,237	+6
Per share – basic	1.38	1.31	+5
Per share – diluted	1.37	1.31	+5
Funds from operations ⁽¹⁾	14,115	9,547	+48
Per share – basic	2.53	1.73	+46
Per share – diluted	2.52	1.73	+46
Capital expenditures :			
For cash	3,277	7,710	(57)
For shares	---	967	N/A
Total	3,277	8,677	(62)
Weighted average shares outstanding:			
Basic	5,575	5,533	+1
Diluted	5,595	5,542	+1
Total assets	31,180	21,744	+43
Working capital	5,620	601	+835
Shareholders' equity	14,123	11,787	+20

(1) "EBITDA" and "funds from operations" are provided to assist investors in determining the ability of Destiny to generate cash from operations. EBITDA is calculated from the consolidated statements of operations and retained earnings as gross margin less general and administrative expenses (not including gain on disposal of property and equipment). Funds from operations is obtained from the consolidated statements of cash flows and is the subtotal before the first "net change in non-cash working capital". These measures do 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 and funds from operations for each reporting period.

(2) There are 5,577,081 outstanding shares and 51,000 outstanding options as at March 5, 2007

DIVIDEND DECLARATION

The Board of Directors declared a dividend of \$0.24 per share on each of the 5,577,081 shares outstanding. The dividend will be paid March 15, 2007 to shareholders of record March 10, 2007.

ANNUAL MEETING OF SHAREHOLDERS

Destiny will hold its Annual General and Special Meeting of shareholders on May 11, 2007.

CEO LETTER TO SHAREHOLDERS FROM ANNUAL REPORT

2006 was an exceptional year for Destiny Resource Services Corp. We thought we'd shot the lights out with our activity and profit in 2005, that things couldn't get much better. And then we left 2005 in the dust with our activity and profit in 2006 – and with an increase in our dividend to \$0.96 per share. The MD&A section of this annual report analyzes and breaks down the year, section by section of our income statement and balance sheet. While some statistics will pop up in this letter, mostly you will read about our key asset, our people.

Destiny has grown to about 240 employees in our quiet moments (of which there were few in 2006) and about 500 when we are all out. To achieve what we did in 2006, we pushed every one of those people – and got remarkable contribution in return. As shareholders, we must be appreciative of the efforts of so many.

Upgrade of our Executive Management Team:

During 2006 (and early 2007) we took several steps, which individually and collectively upgraded the executive leadership at Destiny:

- Jim Holt is Chief Operating Officer. Jim's many years experience, including almost 20 with Destiny, together with his insights ideally position him to lead our operations.
- Warren Plue is V-P Survey US; Navigation and Positioning. Warren built Wolf Survey & Mapping from scratch; started and developed our US Survey business and now has assumed responsibility for our Kodiak Nav Solutions business.
- Joe Pilieci is V-P Survey Canada; Technical Operations. Joe's strengths include organizational and operational efficiency. We are tapping into this by having Joe responsible for all aspects of our technical businesses (survey & mapping, navigation & positioning and locating). In addition, Joe is Destiny's Chief Safety Officer.
- Pete Scott is V-P Drilling. Pete joined Destiny in September and already we are benefiting from his experience and insights.
- Patrick Egli is CFO. 2006 was Patrick's first full year at Destiny and we continue to benefit from his organizational skills and constant focus on continuous improvement.
- Murray Leier is V-P Line Clearing. Destiny formally acknowledged Murray's contribution with his V-P title in February of this year.

Growth in activity and market share:

2006 saw an incredible level of activity for each of our businesses.

- Wolf Survey & Mapping, in Canada, surveyed 27,007.27 kilometres of seismic line with field operations 361 days, shutting down only for the Christmas break.
- Destiny Resources cut 13,153.63 kilometres of seismic line over 63 jobs. Of this, 42.5% was hand cut and 54.5% was cut with mulchers.
- Double R Drilling had heli-portable operations all 12 months of the year and drilled an aggregate of 96,511 shot-holes (40% of which were heli-portable) over 50 projects.
- Wolf Survey & Mapping US revenues and profit margins increased more than 100% in 2006, the second year for the division. Wolf Survey & Mapping US continues to hire and train US citizens to fill senior field positions and future management positions within Destiny.
- Our Kodiak Accu-Drop revenue (geophysical acquisition equipment navigation and inventory management) grew by 25% as we achieved further market inroads in the USA and Canada.

In addition, we acquired Advanced Locating Services on November 1. We are delighted to have Mike Derouin and the others from Advanced as a part of the Destiny team and, as anticipated, we have already experienced a growth in this business.

With this growth and breadth, we have taken steps to ensure the maintenance of our quality, especially in the more technology oriented businesses of survey & mapping, positioning & navigating and locating. To that end, Joe Pilioci, as noted above, has accepted overall responsibility for the delivery of the services of these businesses and Mark Strickland, as noted below, has accepted the General Manager role for these businesses. We believe that having a North American integrated operations group will enhance our capacity to deliver our services with uniform quality and with our endless commitment to safety.

Strong Safety Record:

Destiny continues to value our commitment to safety: the health and safety of our people (and of those who work around them) and our caring for the environment are fundamental to the way we do business and to the way we want to do business. Destiny has a moral obligation to our people, to have them return to their families in as healthy a state as when they left home; to achieve this equates to a great deal of time, energy and money expended on safety. At the same time, we believe this gives us a competitive advantage in attracting and retaining people and in making us eligible to work for all oil and gas companies and all seismic companies.

That Destiny prizes safety was recognized by 2 of our divisions earning the Alberta Work Safe Award: congratulations and thanks must go to every employee of Wolf Survey & Mapping and Destiny Resources – and to our Safety Department.

And notwithstanding our excellent record for safety, to enhance our commitment we took several steps to upgrade our Safety Department. As noted below, Ed Kapala joined Destiny as Manager, Safety. Ed has since added 3 first quality individuals as Safety Advisors and is working hard to ever improve our policies and procedures.

During 2006, Destiny had a loss time incident record very favourable compared to our industry, yet, with 3 incidents, still too high for a Company that believes one loss time incident is too many. Our efforts for safety continue in 2007.

Financial Stability

We ended the year with a strong balance sheet. We had working capital of \$5.6 million (compared to \$0.6 million at December 31, 2005) and no long-term debt (also none at year-end 2005). 2006 capital expenditures of \$3.3 million and dividends of \$5.4 million were funded through \$14.1 million of funds generated through operations.

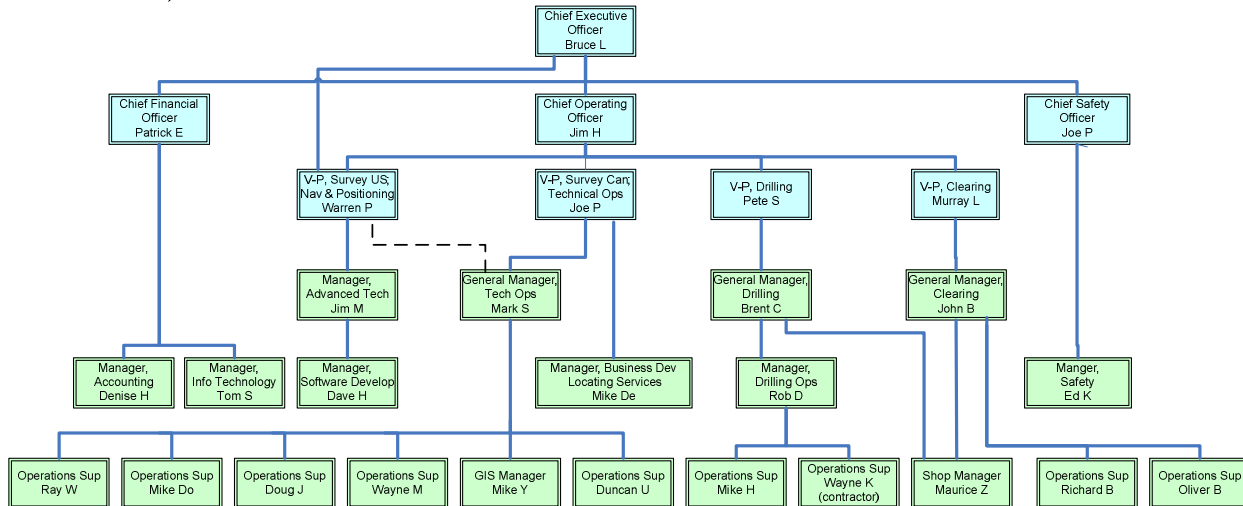
While proud of not having debt outside of our day-to-day operating bank line, we view this not as a goal in itself but as a sign of strength and flexibility. Our balance sheet will permit us to respond to changing industry conditions, be they grow or the opposite, and will let us consider expansion and acquisitions with the knowledge we can afford them.

Growth in the Quality of our Operations Team:

Reporting to our Executive Management Team is the Operations Team, to whom we look for planning, execution, leadership and succession. In 2006 we added to the Operations Team and clarified roles and responsibilities. Our Operations Team, as of February 1, 2007, numbers 20. Significant additions to or changes in responsibility are:

- John Bjorklund was appointed General Manager, Clearing.
- Brent Chalmers was appointed General Manager, Drilling.
- Mark Strickland was appointed General Manager, Technical Operations
- Tom Stewart joined Destiny as Manager, Information Technology
- Mike Derouin joined Destiny, on the acquisition of Advanced Locating Services, as Manager, Locating Services
- Rob Doroshenko was promoted to Operations Manager, Drilling
- Ed Kapala joined Destiny as Manager, Safety
- Doug Jardine, Wayne Maryniuk, Duncan Underwood and Mike Hildebrand became Operations Supervisors
- Mike Young was appointed Manager, GIS Services

Destiny Resource Services Corp.
 Organization Chart
 Feb 1, 2007



Community Involvement

In 2006 Destiny continued to support the communities in which we live and work and the industry in which we operate. Examples are:

- the Calgary office earned Platinum recognition from the United Way for participation in the 2006 campaign
- we support a school meals program, for which the spouse of one of our people is a key volunteer, in Grande Prairie
- Jim Holt, our COO, serves on the boards of the Canadian Association of Geophysical Contractors and Enform, the industry's training and safety services vehicle

Human Resources and Compensation

Destiny is, for all aspects of what we do, in the service business. Among other implications, this means we are always dependent upon our people to do the right thing and to do it well, safely and efficiently. In turn, we try to compensate our people fairly for their contributions and efforts and to do so recognizing the environment within which we operate.

Our basic compensation philosophy is to pay a fair wage (whether salary or hourly) and to reward for value added. For our field people, the value added is generally based on productivity, coupled with their record for safety and care of their equipment. For our office based people, the value added is determined by attitude, commitment and contribution to profit. Our goal, never easy to achieve, is to have our senior people (Executive Management Team and Operations Team) have base compensation in the 50th to 70th percentile of comparable positions in the oilfield service industry and to have the opportunity for earning to the top of the charts through variable, incentive compensation.

In 2005, Destiny introduced a Profit-Sharing Plan for our senior people. Destiny had a good year, and so did the participants in the Profit-Sharing Plan. Likewise in 2006. With a year of experience with the Profit-Sharing Plan under our belt, the administration and deliberations for 2006 awards were more sophisticated and mature. Each person's contribution to profit was weighed against their opportunity to so contribute. I am delighted to report the range of awards, relative to eligibility for the Operations Team was 90% to 100%. For the Executive Management Team, excepting out a contractual factor for one member and the newness of another, awards were 95% of eligible amounts. This is a recognition of contribution and effort – while at the same time acknowledging all could have done better at some part of their responsibilities.

In 2006, between field bonuses, office bonuses and profit-sharing the Company paid (or allocated – see last year's annual report for the mechanics of the Profit-Sharing Plan) an aggregate of \$4,605,912. This compares to \$3,123,796 for 2005.

Challenges and Responses; Outlook

With all the good we achieved and all the progress we made in 2006, we continue to face a number of challenges for 2007 outside of the macro-economic factors influencing overall demand for our services. We generally believe we are capable of responding to the challenges.

- the line clearing industry faces continual demands for lesser impact on the environment and through training and investment in specialized equipment we have adapted to industry and government needs. Further significant investment will depend upon finding ways to profitably deploy our resources on a more year round basis.
- the development by our Kodiak business of a technological tool for surveying seismic source points from helicopters continues. We believe we are close to the solution, but we are not there at the time of writing.
- if industry activity levels diminish, we anticipate more pricing pressure from our customers and our competitors. We have invested considerable time, effort and dollars in training and technology and hope to maintain some margin dollars as a return on this investment.
- the cycles of the oil and gas industry, including exploration, are not lock-step as between Canada and the United States. To that end we are taking steps to enhance our presence in the US, including plans to relocate our US office to the Houston area. In addition to the work of Wolf Survey & Mapping US and the presence of Kodiak Nav Solutions in the US, we are working to have opportunities for our other services. We have achieved some early success with this, as we presently have some drills in Alaska and are about to mobilize line clearing equipment and drills for work in upstate New York. As well, Advanced has explored some possibilities south of the border.
- while small by the standards of Destiny's legacy businesses, Advanced gives us the opportunity to enhance margins on Wolf Survey & Mapping programs, to earn dollars from third party work (both seismic industry and other) and to explore further service offerings.
- growth brings with it expenses. Our overhead has grown as we have put in place the people and services necessary to accommodate our activity levels. 2007 will see further growth in our overhead as we are leasing a second building –adjacent to our Calgary office and shop – to house our staff.
- governments want taxes and accountants want booking of them. 2006 saw us record income tax expense of \$3.6 million, or 32.5% of income before taxes. This was up from \$1.2 million, or 15.6% of income before taxes in 2005. In neither year did we pay any significant cash taxes. 2007 will see a like circumstance, with a tax rate of just over 32% on pre-tax income and with no actual cash outlay.
- during 2006 we invested in new technologies and prepared for others for Wolf Survey & Mapping, all of which should enhance productivity in 2007
- capital expenditures in 2006 were \$4 million. Our budget for 2007 calls for capital expenditures of \$6.1 million, of which \$3.1 is for expansion. Naturally, actual expenditures will respond to market dynamics.
- 2006 saw some unique aspects which, even should 2007 have like activity levels, make it hard to repeat: we got an early start in Q2 to heli-drilling programs and we had 23% of our year's work (almost 9,000 heli-holes) in Q4, ordinarily a quiet time for this type of operation.
- our businesses undertook extensive training programs; we increased our efforts with regard to purchasing and cost control; we enhanced our maintenance programs, virtually eliminating downtime; we promoted consistency of output, quality of service. We reaped some of the benefit of this in 2006 and should see further returns in 2007.

As commodity prices retreated during 2006 from all time highs, we saw the start of cutting back on capital expenditures by the oil and gas industry. Exploration and production companies encountered both reduced revenues for their efforts and higher costs for services and have responded by eliminating more marginal programs and deferring some activity.

While industry statistics on expected capital expenditures (and the year-over-year reduction thereof) are available, the lack of data correlating seismic expenditures to capital expenditures makes us have to rely more on market intelligence and anecdotal information as we plan our year. What we hear and see suggests 2007, for Destiny, will likely look somewhat between 2005 and 2006 on the revenue and gross margin lines. Our first quarter operations to the date of writing certainly support this.

As an investor in Destiny, I view the Company as uniquely positioned. It has a strong reputation in a niche market, it is fundamentally a low tech business (with some higher tech components), it requires a relatively low rate of reinvestment to maintain the currency of its capital, it has an executive and operations leadership with experience

and capacity to respond to industry conditions and to lead its industry and it returns a good portion of its earnings to the shareholders. All this makes me pleased to be a shareholder.

Thank you.

As a shareholder, I appreciate the value of my investment rests with the key assets of our Company, its people. To each of them, for all they did in 2006 and for all they will do in 2007, I say, on behalf of the Executive Management Team, the Board of Directors and all shareholders, "thank you".

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'BRL', written in a cursive style.

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 also provides navigation, positioning and asset management technology to improve the productivity and safety of seismic operations through its Kodiak Nav Solutions division and locating services to a variety of industries through its Advanced Locating Service division.

For further information please contact:

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CONSOLIDATED BALANCE SHEETS

As at December 31

	2006	2005
	\$	\$
ASSETS [note 5]		
Current		
Accounts receivable [note 11]	17,361,520	9,124,205
Inventory	1,195,769	734,760
Prepaid expenses	452,071	434,820
	19,009,360	10,293,785
Property and equipment [notes 2 and 4]	11,867,270	11,450,537
Intangibles [note 3]	303,146	---
	31,179,776	21,744,322
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness [note 5]	1,966,658	1,946,126
Accounts payable and accrued liabilities	11,376,336	7,726,828
Income taxes payable	46,710	20,000
	13,389,704	9,692,954
Future income taxes [note 8]	3,667,330	264,544
Commitments and contingencies [notes 5 & 12]		
Shareholders' equity		
Share capital [note 6]	8,369,935	8,349,935
Retained earnings	5,752,807	3,436,889
	14,122,742	11,786,824
	31,179,776	21,744,322

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

**CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS**

Year ended December 31

	2006	2005
	\$	\$
Revenue	89,031,355	64,457,011
Direct expenses	69,854,936	51,511,106
Gross margin	19,176,419	12,945,905
Other expenses (income):		
General and administrative	4,830,645	3,293,740
Amortization of property and equipment and intangibles	3,185,398	2,122,502
Interest <i>[note 7]</i>	223,966	154,155
Gain on disposal of property and equipment	(100,525)	(101,648)
	8,139,484	5,468,749
Income from operations before income taxes	11,036,935	7,477,156
Income taxes [note 8]		
Current tax expense / (recovery)	6,740	(24,265)
Future tax expense	3,361,720	264,544
Net income for the year	7,668,475	7,236,877
Retained earnings, beginning of year	3,436,889	646,980
Dividends	(5,352,557)	(4,446,968)
Retained earnings, end of year	5,752,807	3,436,889
Per share amounts [note 6]		
Basic	1.38	1.31
Diluted	1.37	1.31

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31	2006	2005
	\$	\$
CASH FLOWS PROVIDED BY (USED IN)		
Operating activities:		
Net income from operations	7,668,475	7,236,877
Items not involving cash:		
Amortization of property and equipment and intangibles	3,185,398	2,122,502
Amortization of deferred charges <i>[note 7]</i>	---	25,000
Future income taxes	3,361,720	264,544
Gain on disposal of property and equipment	(100,525)	(101,648)
Funds from operations	14,115,068	9,547,275
Net change in non-cash working capital <i>[note 10]</i>	(4,091,820)	(1,650,975)
	10,023,248	7,896,300
Financing activities:		
Increase in bank indebtedness	95,260	1,946,126
Issuance of shares <i>[note 6]</i>	20,000	184,800
Dividends paid	(5,352,557)	(4,446,968)
	(5,237,297)	(2,316,042)
Investing activities:		
Purchase of property and equipment	(3,277,154)	(7,709,853)
Proceeds on sale of property and equipment	159,452	250,303
Business acquisition <i>[note 4]</i>	(1,300,000)	---
Net change in non-cash working capital <i>[note 10]</i>	(368,249)	681,288
	(4,785,951)	(6,778,262)
Increase (decrease) in cash and cash equivalents	---	(1,198,004)
Cash and cash equivalents, beginning of year	---	1,198,004
Cash and cash equivalents, end of year	---	---

See accompanying notes to the consolidated financial statements.

2006 ANNUAL REPORT

FOR THE YEAR-ENDED DECEMBER 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2006 RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

The following discussion and analysis of financial results for the year ended December 31, 2006 is based on information available until March 5, 2007 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") and "funds from operations" 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 or funds from operations may not be comparable to that reported by other companies. EBITDA is calculated from the consolidated statements of operations and retained earnings (deficit) as gross margin less general and administrative expenses (not including gain on disposal of property and equipment). Funds from operations is obtained from the consolidated statements of cash flows and is the subtotal before the first "net change in non-cash working capital". The Company evaluates its performance based on EBITDA and funds from operations. The Company considers funds 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

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

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

Overall revenues increased by over a third from prior year (\$89 million compared to \$64.5 million) and gross margin increased by 48% (\$19.2 million compared to \$12.9 million). Annual dividends for 2006 at \$5.4 million (\$0.96 per share) have increased by almost \$1 million from 2005 at \$4.4 million (\$0.80 per share). Earnings per share for 2006 were \$1.38 compared to \$1.31 last year. Funds from operations for 2006 was \$14.1 million (\$9.5 for 2005).

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

SELECTED FINANCIAL INFORMATION

The following table highlights certain financial information of the Company's operations for the three months and years ended December 31, 2006 and 2005:

<i>(000's, except per share)</i>	Three months ended		Year ended	
	December 31		December 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue	22,261	11,844	89,031	64,457
Gross margin	4,691	2,321	19,176	12,946
EBITDA ⁽¹⁾	3,448	2,118	14,346	9,652
Per share – basic	0.62	0.38	2.57	1.74
Per share – diluted	0.62	0.38	2.56	1.74
Net income for the period	1,982	1,842	7,668	7,237
Per share – basic	0.36	0.33	1.38	1.31
Per share – diluted	0.35	0.33	1.37	1.31
Funds from operations ⁽¹⁾	3,701	2,087	14,115	9,547
Per share – basic	0.66	0.38	2.53	1.73
Per share – diluted	0.66	0.38	2.52	1.73
Capital expenditures	1,232	2,854	3,277	8,677
Weighted average shares outstanding				
Basic	5,576	5,568	5,575	5,533
Diluted	5,595	5,568	5,595	5,542
Total assets			31,180	21,744
Working capital			5,620	601
Shareholders' equity			14,123	11,787

(1) "EBITDA" and "funds from operations" are provided to assist investors in determining the ability of Destiny to generate cash from operations. EBITDA is calculated from the consolidated statements of operations and retained earnings as gross margin less general and administrative expenses (not including gain on disposal of property and equipment). Funds from operations is obtained from the consolidated statements of cash flows and is the subtotal before the first "net change in non-cash working capital". These measures do 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 and funds from operations for each reporting period.

RESULTS OF OPERATIONS

The following analysis of the Company's results of operations refers to both the years ended December 31, 2006 ("2006") and December 31, 2005 ("2005") as well as the three months ended December 31, 2006 ("Q4'06") and December 31, 2005 ("Q4'05").

REVENUE

Revenue for 2006 was at \$89 million compared to \$64.5 million in 2005. This represented a 38% increase, which can be attributed to:

- Extension of the season from the traditional 4 months to 8 months for the 2006 heli-portable projects, due to client demand.
- The survey business in the US has doubled its revenue over last year.
- Reputation in the industry allows us to expand business with existing clients and attract new clients.

Revenue for Q4'06 was \$22.3 million compared to \$11.8 million for Q4'05. Increased demand for services in Q3'05 resulted in more work being compressed into that quarter with less available for Q4'05. Also revenues for all four quarters in 2006 were higher than in 2005.

GROSS MARGIN

Gross margin at \$19.2 million for 2006 represented 21.6% of revenues compared to gross margin of \$12.9 million or 20.2% of revenues for 2005. The overall increase for 2006 over 2005 is due to:

- Larger revenues in 2006 compared to 2005.
- Further efficiencies have translated into better field margins, as we are in the second year of an extensive education and training program.
- The investment of new capital equipment in 2005 resulted in lower repair and maintenance costs for 2006.

For Q4'06, gross margin was \$4.7 million or 21.1% of Q4'06 revenues compared to \$2.3 million or 19.6% of Q4'05 revenues. Gross margins are dependent on the product mix over a certain period of time. The product mix is dependant on a variety of factors, such as prevailing economic conditions and competition, which will change the product mix and hence the gross margin in any given period. Improvements in the quarter were reflective of the entire year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses, which represent primarily the costs associated with the corporate head office, the profit sharing plans and the lease of the Survey & Mapping division's shop and office, were approximately \$4.8 million for 2006 compared to \$3.3 million in the same period last year. The 2006 expense of \$2.9 million (1.6 million in 2005) for the Company's profit sharing plans represented the majority of this increase. The balance of the increase can be attributed to increased infrastructure costs in response to increased business activities.

The profit sharing plans were instituted to 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 are made one-half in cash and one-half in shares, purchased in the market.

G&A expense for Q4'06 was \$1.2 million compared to \$0.2 million for Q4'05. The fourth quarter accrual for profit sharing in 2006 was \$0.9 million higher than over the same period last year.

AMORTIZATION OF PROPERTY & EQUIPMENT

Amortization expense for 2006 was \$3.2 million compared to \$2.1 million in 2005. Amortization is dependant on the timing of additions to property and equipment and intangibles. In 2005 a total of \$8.7 million was invested in purchases of property and equipment. These purchases were amortized at the full rate in 2006. Disposals of property and equipment in 2006 resulted from normal course business activities with no specific noteworthy items.

GAIN ON DISPOSAL OF CAPITAL ASSETS

The Company reported a gain on the sale of capital assets of \$0.1 million in both 2006 and 2005. These gains represent the normal course disposal of capital assets.

INTEREST EXPENSE

Total interest expense at \$0.2 million at the end of 2006 has remained very close to the less than \$0.2 million at the end of 2005.

INCOME TAXES

The Company was not in a taxable position in 2006 or 2005, with the exception of a small current tax obligation from the acquired Advanced Locating Services business at the end of 2006. The Company has unutilized Canadian non-capital tax loss carry forwards available as at December 31, 2006, the benefit of which has been fully recognized in the consolidated financial statements.

Summary of Quarterly Results

<i>(000's, except per share amounts)</i>	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Total Revenue	22,261	23,636	16,934	26,199	11,844	21,216	14,793	16,604
Net income for the period	1,982	1,869	504	3,313	1,842	1,325	1,979	2,091
Basic earnings per share	0.36	0.34	0.09	0.59	0.33	0.24	0.36	0.38
Diluted earnings per share	0.35	0.34	0.09	0.59	0.33	0.24	0.36	0.38
Number of shares outstanding weighted average								
Basic	5,576	5,575	5,575	5,575	5,568	5,554	5,548	5,495
Diluted	5,595	5,594	5,596	5,596	5,591	5,567	5,571	5,500

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. 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 client capital spending programs.

Revenue by quarter (000's)		Description of Quarterly Seasonality
Q4'06	Q4'05	
\$22,261	\$11,844	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. In 2005, as a result of the increased activity during Q3'05, Q4'05 became the slowest quarter due primarily to lower capacity experienced from holiday season.
Q3'06	Q3'05	
\$23,636	\$21,216	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. Increased client demand for services, due to increased volumes of work required, has created opportunity for an extension in the traditional season. For 2005 this was the busiest quarter due to the extension of the season as a result of demand from clients.
Q2'06	Q2'05	
\$16,934	\$14,793	The second quarter has traditionally been 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.
Q1'06	Q1'05	
\$26,199	\$16,604	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.

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 funds 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 2007 and beyond.

WORKING CAPITAL

At December 31, 2006, the Company had a net working capital position of \$5.6 million compared to \$0.6 million at December 31, 2005. Significant components within this \$5 million increase are:

- Funds from operations generated a positive increase of \$14.1 million.
- Capital expenditures funded by funds from operations were \$3.3 million.
- 2006 YTD dividends paid to shareholders was \$5.4 million.

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

PROPERTY AND EQUIPMENT

The net book value of property and equipment was \$11.9 million at December 31, 2006, an increase of \$0.4 million from \$11.5 million as at December 31, 2005. Amortization for 2006 amounted to \$3.2 million (\$2.1 million in 2005). Total 2006 capital expenditures were \$3.3 million (\$8.7 million in 2005). The remaining \$0.3 million was acquired with the purchase of Advanced Locating Services business.

CONTRACTUAL OBLIGATIONS AS AT DECEMBER 31, 2006

As at December 31, 2006 year end the Company's 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	\$9,330,529	\$1,504,656	\$2,320,432	\$1,809,771	\$3,695,670

Operating lease commitments have increased by approximately \$7.1 million over last year end. This increase arises primarily from two components.

1. Vehicles, that were on short-term rental and have been converted to longer-term operating leases, are expected to save approximately 15% in total costs over the life of these leases. This has required an additional commitment of approximately \$1.3 million.
2. Premise expansion requirements for the growing businesses have resulted in a further commitment of \$5.8 million on these leases.

SHAREHOLDERS' EQUITY

Shareholders' equity increased by \$2.3 million from \$11.8 million at the end of 2005 to \$14.1 million. The major components of this increase were generated net income of \$7.7 million net of disbursed cash dividends of \$5.4 million.

As at March 5, 2007, the number of issued and outstanding common shares is 5,577,081 with 51,000 additional common shares reserved for potential future issuance pursuant to options outstanding under the Company's stock option plan.

CRITICAL ACCOUNTING POLICIES AND 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 misjudgment 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 less than \$0.1 million which has been recorded (\$0.1 million – December 31, 2005) 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 management's estimates of expected future costs to be incurred arising out of current year operating activity, including costs for repairs and maintenance and project completion.

Inventory

Inventory is net of an obsolescence provision of \$0.1 million for both for 2006 and 2005. Management's assessment of this obsolescence is based upon aging of inventory items and judgment. Discount factors are applied and are dependent on the date of last activity for a particular inventory item and range from 0% to 50%. Management's judgment based on experience and historical trends are used for discount factors of greater than 50% for any particular inventory item.

Income taxes

The Company follows the liability method of accounting for future income taxes, under which future income tax assets and liabilities are determined based on temporary differences between the accounting basis and the tax basis of the Company's assets and liabilities. Income tax rates used and statutes followed are those currently enacted or substantively enacted) that are expected to apply when these differences reverse. Income tax expense is the sum of the Company's provision for current income taxes and the difference between opening and ending balances of the future income tax assets and liabilities.

Financial Instruments

On January 1, 2007 we prospectively adopted the new Canadian accounting standards for financial instruments, hedges, and comprehensive income. The new rules will require the classification of investment securities as either trading, held to maturity or available for sale. Trading securities will be measured at fair value with gains or losses recorded in income. Available for sale securities will be measured at fair value with gains and losses recorded in a new section of shareholders equity under comprehensive income. There will be no change in accounting for held to maturity securities. At this time we do not expect these standards to have a significant impact in our financial statements upon adoption.

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. Accordingly, these inherent risks could cause the Company to become in violation of its covenants on the bank facility, which might result in repayment being demanded. Bank lines were drawn by \$2 million as at December 31, 2006 and were well below the maximum allowable limit at that time.

OUTLOOK

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.

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.

EVALUATIONS OF DC&P AND ICFR

The President & Chief Executive Officer ("CEO") and Vice-President, Finance & Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Company.

In accordance with the requirements of Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under their supervision as of the end of the period covered by this report.

Based on these evaluations, the CEO and CFO have concluded that the Company's disclosure controls and procedures are designed and operating effectively to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, are made known to them by others within those entities. They have also concluded that the Company's internal control over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP").

There was no change to the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.