DESTINY RESOURCE SERVICES CORP.

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DESTINY RESOURCE SERVICES CORP. ANNOUNCES 2007 FIRST QUARTER RESULTS AND DIVIDEND DECLARATION

CALGARY, ALBERTA **STOCK EXCHANGE: TSX**
May 11, 2007 **SYMBOL: DSC**

Destiny Resource Services Corp. (DSC:T) announced today its 2007 First Quarter and the declaration of a dividend of $0.24 per share.

"2007 is an interesting year for Destiny Resource Services Corp." said Bruce Libin, Executive Chairman & CEO. "On the one hand, we are optimistic about our Company and its businesses and prospects. On the other hand, we operate in an industry which is experiencing more than a 20% reduction in activity compared to last year and we are comparing our results to the exceptional year that was 2006."

FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,		
	2007	2006	Change
(000's, except per share amounts)	**$**	$	%
Revenue	**17,196**	26,199	(34)
EBITDA(1)	**1,717**	5,574	(69)
Per share – basic and diluted	**0.31**	1.00	(70)
Net income	**1,657**	3,313	(50)
Per share – basic and diluted	**0.30**	0.59	(50)
Weighted average shares outstanding*:*			
Basic	**5,577**	5,575	0
Diluted	**5,595**	5,596	1
As at	**Mar. 31, 2007**	Dec. 31, 2006	Change %
Total assets	**29,958**	31,180	(4)
Working capital	**5,239**	5,620	(7)
Shareholders' equity	**14,441**	14,123	2

(1) "EBITDA" is 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). 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 5,577,081 shares and 50,000 options outstanding as at May 11, 2007.

Mr. Libin continued with the balance of the Letter to Shareholders from the Q1’07 Report:

DIVIDEND OF $0.24 PER SHARE, PAYABLE JUNE 15 TO SHAREHOLDERS OF RECORD JUNE 10

Our Board of Directors adopted a dividend policy in late 2004 and Destiny began paying dividends in 2005. The June 15 dividend marks our 10th consecutive quarterly dividend, with the aggregate from inception being $2.24 per share. At each meeting our Board considers many factors. For today’s announcement, these include:

1. cash forecast to be generated from operating activities for 2007
2. cash required for capital expenditures for 2007
3. forecast operating bank line at the end of the year
4. Destiny has no term debt
5. the availability of debt and equity capital to fund growth and expansion
6. forecast cash tax expense for 2007 and 2008
7. initiatives underway to enhance business for 2007 and 2008 and acquisition and expansion opportunities before the Company
8. the degree of committed backlog in the forecast
9. the status of our Kodiak business (for more elaboration see the “Kodiak” section below)
10. the state of the industry and expectations for 2008

The Board, using their collective wisdom and experience to balance the above factors and other considerations, determined Destiny will pay a dividend of $0.24 per share on June 15, 2007.

The decision with respect to future dividends will be made each quarter and will depend upon the Company’s progress and status, including cash position and cash needs as seen at the relevant time.

Q1’07 RESULTS

Our EBITDA and net income, both absolute and per share, are down significantly from the first quarter of 2006. As discussed in the Management’s Discussion and Analysis, there are several contributing factors, including: revenue is down as industry activity levels are down; gross margin dollars are down reflecting the lower activity, competitive pressures and rising costs; general and administrative expenses are up as the rising costs of doing business ($200,000) and the costs of our reorganization ($950,000) more than offset the self-regulating reduction in our profit-sharing plan accrual ($1,000,000).

Notwithstanding this, as described in “Outlook” below, we have a positive view on 2007, 2008 and the future of Destiny.

US OPERATIONS

Our opportunities, and our ability to pursue them, in the United States continue to grow. Our US revenues were just under $3 million in 2005, the year we began operating south of the border. This was 4.6% of total revenues. This grew to $5.8 million (6.6% of revenue) in 2006. Our forecast has the US contributing $9.7 million (13.7%) in 2007.

Importantly, the growth in 2007 includes the provision of services not only by our Wolf Survey & Mapping division and our Kodiak division (both operating in the US throughout the years in discussion), it also includes services by our line-clearing division (Destiny Resources) and our shot-hole drilling division (Double R Drilling).

To support this growth and better establish Destiny in the United States, we have hired Terry Wattie (US Business Development Manager), leased premises for a shop and office in Houston, Texas and committed to an ever greater presence of our senior people to marketing, client relationships and operating expertise in the US.

Our approach is not intended to be complicated. We know we do first quality work safely. We want to build our business and our reputation in the US by doing first quality work safely.

KODIAK: PRODUCT DEVELOPMENT; COMMERCIAL REALITY

Destiny bought the business and assets of Kodiak Nav Solutions in early 2005 for $2 million. Since then, and forecast through 2007, we will have invested another $2.6 million in product development. With the main focus of the product development now approaching commercialization, we are reviewing what we have and where we will go with it.

Kodiak's legacy business uses Kodiak products to make an aspect of the seismic recording process (the deploying of recording devices) safer and more efficient. This business has benefited from the investment in product development as we have made the products more robust. In addition, this business has benefited from applying some of Destiny's operational expertise to the way in which it operates.

Kodiak's Product Development Group has been working to make commercially viable a product to be used for surveying shot-hole source points, in heli-portable drilling applications, by helicopter rather than by surveyors on the ground. After many stutter steps (including time delays and significant cost over-runs), we are now testing what we believe is a fully viable product. The impact of this, at least initially is two-fold: it should let our Wolf Survey & Mapping division, on both sides of the border, be more efficient in the use of resources for surveying in heli-portable programs; and it should enable Wolf to competitively deploy the freed resources in other work.

As we are about to utilize this product, we face 2 new realities: the costs have run to the point where our intent of keeping the tool in-house may make it difficult to achieve an acceptable return on the investment; and the current lesser level of activity in our industry may make redeployment of the "freed resources" less likely or less profitable. Management and your Board of Directors are carefully reviewing this situation with the expectation of making some key decisions by year end. It is possible we conclude the future and returns are very bright. It is possible we conclude the investment to date should be written off. It is likely we come up somewhere in between.

Leading the review, and the development of the appropriate business plan and model for Kodiak, is Warren Plue. After having built Wolf Survey & Mapping from scratch and initiated Destiny's ventures in the US, Warren has taken on the full time responsibility of Kodiak, with its strengths and challenges.

COSTS OF DOING BUSINESS

While our levels of activity for 2007 will be below what they were for 2006, and while we have our eye on all expenditures, the growth of Destiny has required a new level of fixed costs. With having bought Advanced Locating in the fall of 2006, with the enhancement of our Safety programs and our accounting and reporting and with our offices in Calgary and Grande Prairie, cities of salary escalation, we have added people and costs. We are having to add further to that with leasing additional space in Calgary and Houston to handle this growth.

All of these costs are managed, all are included in our forecasts. They are mentioned as it is important for the owners of our Company to know higher levels of fixed expenses are being incurred.

OUTLOOK

We have a positive outlook for 2007 and 2008. Forecasting agencies and associations are generally calling for weaker and volatile commodity prices (especially for natural gas) and lower levels of oil and natural gas industry field activity in 2007; indeed that has been experienced through-out western Canada's conventional oil and gas business through the first quarter of 2007. However, the seismic sub-sector is driven by somewhat different dynamics than those driving the drilling sub-sector. Seismic activity, representing a relatively small proportion of oil and natural gas producers' capital spending, remains an important component of future success regardless of current commodity prices and therefore may be less volatile than commodity prices. While this bodes well for Destiny, tighter capital budgets may motivate exploration companies to seek licensed data rather than shoot new, proprietary data, which is more costly. The declines in drilling levels forecast for 2007 are expected to be weighted towards shallow natural gas and coalbed methane wells. Exploration drilling, which is more heavily dependent on seismic interpretation (and, hence, on obtaining access to raw data), is not forecast to decline as much.

We like the businesses we have, the quality reputation we have earned and the opportunities in front of us. Coupled with the relative strength of our balance sheet, the leadership ability of our senior people and the support of our largest shareholders, we see Destiny as having the ability to provide healthy returns on its investments.

OUR PEOPLE

We mentioned above the growing number of people. As shareholders, we must be grateful for the commitment to quality and safety shown, daily, by 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 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.

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DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2007	December 31, 2006
	$	$
ASSETS *[note 3]*		
CURRENT		
Account receivable *[note 7]*	**16,223,247**	17,361,520
Inventory	**1,278,369**	1,195,769
Prepaid expenses	**350,934**	452,071
	17,852,550	19,009,360
Property and equipment *[note 4]*	**11,818,298**	11,867,270
Intangibles	**287,466**	303,146
	29,958,314	31,179,776
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Bank indebtedness *[note 3]*	**5,062,869**	1,966,658
Accounts payable and accrued liabilities	**7,513,916**	11,376,336
Income taxes payable	**36,901**	46,710
	12,613,686	13,389,704
Future income taxes	**---**	3,667,330
Other long term liabilities *[note 2]*	**2,903,537**	---
Commitments and contingencies *[notes 3 and 8]*		
Shareholders' equity		
Share capital	**8,369,935**	8,369,935
Retained earnings	**6,071,156**	5,752,807
	14,441,091	14,122,742
	29,958,314	31,179,776

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Three months ended March 31	
	2007	2006
(unaudited)	**$**	$
Revenue	**17,196,237**	26,198,811
Direct expenses	**13,739,634**	18,927,457
Gross margin	**3,456,603**	7,271,354
Other expenses (income)		
General and administrative *[note 2]*	**1,739,703**	1,659,116
Amortization of property and equipment and intangibles	**815,567**	752,239
Interest	**60,350**	54,378
Gain on disposal of property and equipment	**(51,602)**	(25,415)
	2,564,018	2,440,318
Income from operations before income taxes	**892,585**	4,831,036
Income taxes		
Current tax expense	**2,903,067**	951,461
Future tax expense / (recovery)	**(3,667,330)**	566,144
	(764,263)	1,517,605
Net income and comprehensive income for the period	**1,656,848**	3,313,431
Retained earnings, beginning of period	**5,752,807**	3,436,889
Dividends *[note 5]*	**(1,338,499)**	(1,338,018)
Retained earnings, end of period	**6,071,156**	5,412,302
Per share amounts *[note 6]*		
Basic and diluted	**0.30**	0.59

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31	
	2007	2006
(unaudited)	**$**	$
CASH FLOWS PROVIDED BY (USED IN)		
Operating activities:		
Net income for the period	**1,656,848**	3,313,431
Items not involving cash:		
Amortization of property and equipment and intangibles	**815,567**	752,239
Net income tax expense / (recovery)	**(763,793)**	566,144
Gain on disposal of property and equipment	**(51,602)**	(25,415)
	1,657,020	4,606,399
Net change in non-cash working capital *[note 9]*	**(2,724,456)**	(6,168,454)
	(1,067,436)	(1,562,055)
Financing activities:		
Increase in bank indebtedness	**3,096,211**	3,884,447
Dividends paid	**(1,338,499)**	(1,338,018)
	1,757,712	2,546,429
Investing activities:		
Purchase of property and equipment	**(754,313)**	(606,566)
Proceeds on sale of property and equipment	**55,000**	177,886
Net change in non-cash working capital *[note 9]*	**9,037**	(555,694)
	(690,276)	(984,374)
Increase (decrease) in cash and cash equivalents	**---**	---
Cash and cash equivalents, beginning of period	**---**	---
Cash and cash equivalents, end of period	**---**	---

See accompanying notes to the consolidated financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR Q1’07

The following discussion and analysis of financial results for the three months ended March 31, 2007 (“Q1’07”) and March 31, 2006 (“Q1’06”) is based on information available until May 11, 2007 (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, 2006.

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.

REVENUE

Revenue for Q1’07 at $17.2 million, was down by approximately 34% from $26.2 million in Q1’06. This is reflective of the overall general decline for these services within the industry. Our belief appears to be consistent with the industry in that this overall decline is temporary. Our market share remains at a consistent level as in the past. General industry trends indicate that by the fourth quarter of 2007 and beyond that overall activity will increase and approach similar levels as experienced in 2006.

Two clients exceeded 10% of gross revenues each for Q1’07 and represented in aggregate approximately 54% of current quarter revenues. Over the same period last year there were three clients with more than 10% of revenue, representing approximately 59% of the quarter’s revenue.

GROSS MARGIN

Gross margin for Q1’07 was approximately $3.5 million, representing 20.1% of revenues, and was down from $7.3 million representing 27.8% of revenues over the same period last year. Lower overall revenues in the current year over last, in conjunction with an increase in the number of service providers in the market place, have increased competition. Current quarter client bidding and work are reflective of this downward pressure on pricing.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the costs associated with the corporate head office, the lease of the Survey & Mapping division’s shop and office, profit sharing and the corporate reorganization. These costs were approximately $1.7 million for Q1’07 which were close to the amount over the same period last year. Included in these expenses were profit sharing plan accruals at $0.3 million in Q1’07 compared to $1.3 million in Q1’06 which arose from lower overall profitability levels. Expenses relating to the Q1’07 corporate reorganization are also included and were approximately $0.9 million.

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 at $0.8 million for Q1'07 was close to the same level compared to Q1'06. Total net book value of property and equipment of $11.8 million at the end of Q1'07 remains close to the level at the end of Q1'06 of $11.2 million.

INTEREST EXPENSE

Interest expense for Q1'07 was at the same level as Q1'06 at $0.1 million. All interest expense for both periods relates to this short-term bank operating facility.

INCOME TAXES

Pursuant to the reorganization conducted during Q1'07 the Company does not expect to have any current taxes payable for 2007. Scientific research and development expenditures for 2005 have now been finalized and submitted for allowable tax deduction. These deductions have increased total non-capital tax loss carry forwards available for the future which has resulted in no future income tax obligation at the end of Q1'07. Additionally, the Company is pursuing allowable scientific research and development deductions for 2006 and will recognize these upon completion of the claim.

SUMMARY OF QUARTERLY RESULTS

(000's, except per share amounts)	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**Q3 2005**	**Q2 2005**
Total Revenue	**17,196**	22,261	23,636	16,934	26,199	11,844	21,216	14,793
Net income for the period	**1,657**	1,982	1,869	504	3,313	1,842	1,325	1,979
Basic earnings per share	**0.30**	0.36	0.34	0.09	0.59	0.33	0.24	0.36
Diluted earnings per share	**0.30**	0.35	0.34	0.09	0.59	0.33	0.24	0.36
Number of shares outstanding weighted average								
Basic	**5,577**	5,576	5,575	5,575	5,575	5,568	5,554	5,548
Diluted	**5,595**	5,595	5,594	5,596	5,596	5,591	5,567	5,571

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.

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 (bank facility with the ability to draw up to $10 million at prime plus 0.75%), equipment financing, term loans and access to equity markets.

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 2007 and beyond.

WORKING CAPITAL

Net working capital of $5.2 million at March 31, 2007 has been maintained at a level close to the $5.6 million at last year end. The Company has available a $10 million revolving demand bank operating loan facility, which was drawn by $5 million at the end of Q1'07.

For clients representing more than 10% of trade accounts receivable, approximately 49% of trade accounts receivable at March 31, 2007 (70% at March 31, 2006) are with two clients (four in 2006). 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 88% of trade accounts receivable at March 31, 2007 were less than 60 days old (28% were less than 30 days old).

PROPERTY AND EQUIPMENT

Property and equipment as at March 31, 2007 was at 11.8 million which was slightly less than the $11.9 million at December 31, 2006. Amortization for Q1'07 was $0.8 million. Purchases net of disposals of $0.7 million were made over this period and were sustaining expenditures for the operating business.

COMMITMENTS AND 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	$9,164,967	$1,569,682	$2,345,657	$1,719,177	$3,530,451

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

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

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

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

SHAREHOLDERS' EQUITY

Shareholder's equity increased from $14.1 million at the end of 2006 to $14.4 million at the end of Q1'07. Net income for the Q1'07 was approximately $1.7 million and cash dividends paid were $1.3 million.

As at May 11, 2007, the number of issued and outstanding common shares is 5,577,081 with 50,000 additional common shares reserved for potential future issuance pursuant to options outstanding under the Company's stock option plan.

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 million as at March 31, 2007 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.

The Company's profitability continues to contribute to the strength in its balance sheet. With that in mind, it will maintain the tradition of quarterly dividends established over the last two years and will be declaring a dividend in Q2'07. The determination of the quarterly dividend is done by the board of directors at each quarter based on the prevailing market conditions and expectations for the market for the future.

As US operations has grown over the past two years the business is at a point where further investment in personnel and infrastructure will be undertaken at this time to take it to the next level. The Company has hired on a US business development manager and has committed to leased premises in order to actively and effectively pursue continued growth in the US market place. In the past the Company has only offered US services within the survey division. These services are being expanded to also include drilling and line clearing presently and for the future.

The Kodiak division's product line is expected to approach commercialization by the end of 2007. There is currently a focus on the transition from product development to product deployment and the result of these efforts are expected to create a contributing business line in 2008 as well as a determination of what level of product development activities will be continued for the future.

While current activity levels in the market place are lower than in 2006 the Company's belief appears to be consistent with the industry in that general business levels will increase starting in Q3'07. The Company continues to focus on maintaining its market share and the providing of its quality services to its clients.

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.

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.

As a consequence of the Company's small size and limited resources there exist specific control deficiencies resulting from inadequate segregation of duties as desired under an ideal control framework, although the Company does have compensating controls in place in all instances. None of these segregation of duty deficiencies has resulted in a misstatement to the financial statements. Although the possibility of a material misstatement may exist, management believes that the probability of this event is remote. Presently both the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. Also, the Audit Committee reviews the financial statements and key risks of the Company on a quarterly basis and queries management about significant transactions.

On occasion the Company records complex and non-routine transactions which can be extremely technical in nature and require an in-depth understanding of GAAP and income tax legislation. There is a risk that the reporting of these transactions may not be correctly recorded which could lead to a potential misstatement of the financial statements. The Company addresses this by consulting with third party expert advisors, where required, with the recording of these types of transactions.

ACCOUNTING PRONOUNCEMENTS

As required on January 1, 2007, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA Handbook") with respect to Accounting Changes (Section 1506), Comprehensive Income (Section 1530), Financial Instruments - Recognition and Measurement (Section 3855), Financial Instruments – Disclosure and Presentation (Section 3861), and Hedges (Section 3865). The adoption of these recommendations did not require any retroactive adjustments to the consolidated financial statements. These new sections outline prescribed guidelines for recognition, measurement, presentation and disclosure of these items. A review of Q1'07 did not result in the identification of any items that would affect comprehensive income. The Company has adopted these measures and procedures to review, record and disclose these items where required and as defined in these new sections of the CICA Handbook including disclosure and effect of accounting standards that have been pronounced but not yet implemented.