



DESTINY RESOURCE SERVICES CORP.

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

DESTINY RESOURCE SERVICES CORP. ANNOUNCES 2007 RESULTS AND ANNUAL MEETING OF SHAREHOLDERS

CALGARY, ALBERTA
March 05, 2008

STOCK EXCHANGE: TSX
SYMBOL: DSC

Destiny Resource Services Corp. (DSC:T) announced today its 2007 year end and fourth quarter results 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, 2007 and 2006:

| <i>(000's, except per share amounts)</i> | Year ended December 31 | | Change |
|--|---------------------------|--------|--------|
| | 2007 | 2006 | |
| | \$ | \$ | % |
| Revenue | 65,202 | 89,031 | (27) |
| Gross margin | 8,953 | 19,176 | (53) |
| EBITDA ⁽¹⁾ | 5,273 | 14,346 | (63) |
| Per share – basic | 0.95 | 2.57 | (63) |
| Per share – diluted | 0.95 | 2.56 | (63) |
| Net income | 265 | 7,668 | (97) |
| Per share – basic | 0.05 | 1.38 | (97) |
| Per share – diluted | 0.05 | 1.37 | (97) |
| Funds from operations ⁽¹⁾ | 5,479 | 14,115 | (61) |
| Per share – basic | 0.98 | 2.53 | (61) |
| Per share – diluted | 0.98 | 2.52 | (61) |
| Capital expenditures : | 3,628 | 3,277 | 11 |
| Weighted average number of shares outstanding: | | | |
| Basic | 5,577 | 5,575 | 0 |
| Diluted | 5,579 | 5,595 | (0) |
| Total assets | 26,636 | 31,180 | (15) |
| Working capital | 5,082 | 5,620 | (10) |
| Shareholders' equity | 11,711 | 14,123 | (17) |

(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 "net change in non-cash working capital" line in the operating activities section. 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 30,000 outstanding options as at March 5, 2008

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

A look back at 2007 shows at number of significant events and developments in Destiny:

- it was a year of reduced industry activity with higher operating costs when compared to 2006.
- lower volume and lower margins unfolded beyond our expectations, meaning our attempt to maintain the high level of dividends established in 2006 was not achievable. Thus we paid aggregate dividends in 2007 of \$0.48 per share, all in the first half of the year.
- we undertook a re-organization, with accompanying non-recurring expenses of a million dollars.
- we recognized our cumulative investment in navigation and positioning technology was not, especially in the environment of reduced industry activity, going to be recovered and took a write-down of almost 3 million dollars.
- despite the volume, margin, extraordinary expenses and write-down, we generated funds from operations of \$5.5 million, of which 29% came from the 4th quarter, traditionally a slower period for us.
- the self-funding nature of our Profit-Sharing Plans operated: with no profit, there was no distribution with respect to 2007, compared to an aggregate award with respect to 2006 of \$2.9 million.
- we have an excellent, industry-leading safety program and commitment to safety. Special thanks are due to Ed Kapala (recently promoted to General Manager, Safety), to the entire Safety Group and to everyone in the Company, as safety is an essential component of everyone's job. We have enjoyed the benefits of this by having one of the lowest WCB premium rates in our industry.
- our investment in administrative, computer and communications systems will reward us over time. Special thanks are due to Patrick Egli, our CFO, and the entire administrative and information technology team.

Lessons from 2007:

- be ever more nimble, more creative.
- always emphasize safety: we owe it to our people; over the long-run, the best safety record will make us an employer and service provider of choice.
- cut costs, be more efficient; examine every level of fixed costs.
- expand our share of the market in the United States.
- consider opportunities outside of Canada and the United States.
- improved accounting and administrative systems can aid operating decisions.
- technology can improve efficiencies and reduce exposure to safety risks.
- we have excellent counsel from our Board of Directors and incredible depth, wisdom and experience in our Executive Management Team and our Operations Team.
- we have skills, talent and commitment in our work force, in the field, in our offices and in our shops.

2008: Outlook, challenges, strategies

- our profits and cash flow from 2005, 2006 and 2007 enabled us to pay healthy dividends to our shareholders. They also enabled us to invest and re-invest in our people, our equipment and our management and administrative systems, positioning us well to capitalize on future opportunities.
- the overall market will be approximately the same as 2007, so growth will have to come from market share in Canada and the United States or from opportunities in other jurisdictions.

- our sense of uncertainty as to the size of the market is somewhat greater today than at any time in recent years.
- work hard at growth in the US, especially in our core Front-End Seismic Services businesses: pursue organic growth; examine and pursue acquisition opportunities.
- competitors will be more aggressive with pricing, so we will have to match or provide superior service.
- cost control must be an ever growing part of everyone's job.
- early signs are for an operating year better than 2007.
- develop and exploit technology: utilize our dispatch system for Advanced Locating Services; utilize Kodiak's Accudrill as a competitive advantage; refine other Kodiak technologies for commercial application; test innovative approaches to drilling and survey.
- we have the systems, the people, the leadership, the equipment in place to do more.
- review our compensation plans to ensure they are responsive to competition and incentivize and reward the right behaviors.
- push our Executive Management Team to new heights; even more fully utilize the expertise in our Operations Team.
- determine best uses for the cash we will generate: our Board and Executive Management Team will assess the relative wisdom and merits of using cash flow for some or all of capital expenditures, acquisitions, funding other expansion, dividends, share buyback, other strategic and tactical initiatives.
- exploration for oil and gas in the basins in which we work will be driven, over the long-run, by economic factors, adjusted for risks. We see the price of natural gas, a key commodity in exploration in the Western Canadian Sedimentary Basin, moving to levels which should stimulate activity and demand for Destiny's services. Other factors, such as operating and service costs and royalties, will play important roles in determining if it is only the most cost effective operators and the most economic plays that will advance.
- normal course issuer bid: in late 2007, Destiny initiated the process to be able to buy, in the market, shares of the Company for cancellation. With many initiatives seemingly continually under examination, we felt it prudent to stay out of the market. While it is not clear any of these initiatives will come to pass, we will not pursue share buy-back until we are comfortable all shareholders who may sell have access to all appropriate knowledge.

Share price: actions we took during the year (including paying a high dividend for 2 quarters and then suspending dividends, taking a write-down on our investment in Kodiak Nav Solutions), combined with challenges in equity markets as a whole and reduced activity and profit for Destiny led to a steep drop in the trading price of our shares. While we make operating and capital decisions for the best long-term view of the Company, we are conscious of the share price. With our Board and all of our Management as shareholders, all participate in the hurt. We are not brave enough to predict equity markets, nor the market's response to our business as we go forward. We are comfortable enough to believe in the future of our Company and the expectation of a decent year in 2008.

Thank you: to our shareholders for their support and patience; to our Board of Directors for their wisdom and guidance; to our Executive Management Team and Operations Team for their leadership and commitment; to the men and women in our shops and offices and in the field for their commitment to safety and quality and for earning the right, every day, for Destiny to be the seismic services provider of choice.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'B. Libin', with a long horizontal stroke extending to the right.

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:

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

CONSOLIDATED BALANCE SHEETS

| <i>As at December 31</i> | 2007 | 2006 |
|---|-------------------|-------------------|
| | \$ | \$ |
| ASSETS [note 6] | | |
| CURRENT | | |
| Accounts receivable [note 11] | 14,743,474 | 17,361,520 |
| Inventory | 1,004,717 | 1,195,769 |
| Prepaid expenses | 465,055 | 452,071 |
| Income taxes receivable | 360,430 | --- |
| Future income tax asset [note 8] | 517,808 | --- |
| | 17,091,484 | 19,009,360 |
| Property and equipment [notes 2 and 5] | 9,303,901 | 11,867,270 |
| Intangibles [note 3] | 240,426 | 303,146 |
| | 26,635,811 | 31,179,776 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT | | |
| Bank indebtedness [note 6] | 4,782,491 | 1,966,658 |
| Accounts payable and accrued liabilities | 7,226,666 | 11,376,336 |
| Income taxes payable | --- | 46,710 |
| | 12,009,157 | 13,389,704 |
| Future income tax liabilities [note 8] | 1,781,959 | 3,667,330 |
| Other long-term liabilities [notes 4 and 8] | 1,133,686 | --- |
| Commitments and contingencies [notes 6 and 12] | | |
| Shareholders' equity | | |
| Share capital [note 7] | 8,369,935 | 8,369,935 |
| Retained earnings | 3,341,074 | 5,752,807 |
| | 11,711,009 | 14,122,742 |
| | 26,635,811 | 31,179,776 |

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director



Director

**CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME AND RETAINED EARNINGS**

Years ended December 31

| | 2007 | 2006 |
|--|-------------|-------------|
| | \$ | \$ |
| Revenue <i>[note 11]</i> | 65,201,521 | 89,031,355 |
| Direct expenses | 56,248,559 | 69,854,936 |
| Gross margin | 8,952,962 | 19,176,419 |
| Other expenses: | | |
| General and administrative | 3,680,337 | 4,830,645 |
| Impairment on property and equipment <i>[note 2]</i> | 2,843,060 | --- |
| Amortization of property and equipment and intangibles | 3,148,547 | 3,185,398 |
| Interest on bank indebtedness | 310,650 | 223,966 |
| Gain on disposal of property and equipment | (26,154) | (100,525) |
| | 9,956,440 | 8,139,484 |
| Income (loss) from operations before income taxes | (1,003,478) | 11,036,935 |
| Income taxes <i>[note 8]</i> | | |
| Current tax expense | 1,134,436 | 6,740 |
| Future tax expense (recovery) | (2,403,179) | 3,361,720 |
| Net income tax expense (recovery) | (1,268,743) | 3,368,460 |
| Net income and comprehensive income for the year | 265,265 | 7,668,475 |
| Retained earnings, beginning of year | 5,752,807 | 3,436,889 |
| Dividends <i>[note 7]</i> | (2,676,998) | (5,352,557) |
| Retained earnings, end of year | 3,341,074 | 5,752,807 |
| Per share amounts <i>[note 7b]</i> | | |
| Basic | 0.05 | 1.38 |
| Diluted | 0.05 | 1.37 |

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| <i>Years ended December 31</i> | 2007 | 2006 |
|---|-------------|-------------|
| | \$ | \$ |
| CASH FLOWS PROVIDED BY (USED IN) | | |
| Operating activities: | | |
| Net income from operations | 265,265 | 7,668,475 |
| Items not involving cash: | | |
| Amortization of property and equipment and intangibles | 3,148,547 | 3,185,398 |
| Future income taxes | (751,685) | 3,361,720 |
| Gain on disposal of property and equipment | (26,154) | (100,525) |
| Impairment on property and equipment <i>[note 2]</i> | 2,843,060 | --- |
| Funds from operations | 5,479,033 | 14,115,068 |
| Net change in non-cash working capital <i>[note 10]</i> | (2,032,678) | (4,091,820) |
| | 3,446,355 | 10,023,248 |
| Financing activities: | | |
| Increase in bank indebtedness | 2,815,833 | 95,260 |
| Issuance of shares <i>[note 7]</i> | --- | 20,000 |
| Dividends | (2,676,998) | (5,352,557) |
| | 138,835 | (5,237,297) |
| Investing activities: | | |
| Purchase of property and equipment | (3,628,039) | (3,277,154) |
| Proceeds on sale of property and equipment | 288,675 | 159,452 |
| Business acquisition <i>[note 5]</i> | --- | (1,300,000) |
| Net change in non-cash working capital <i>[note 10]</i> | (245,826) | (368,249) |
| | (3,585,190) | (4,785,951) |
| Change in cash and cash equivalents | --- | --- |
| Cash and cash equivalents, beginning of year | --- | --- |
| Cash and cash equivalents, end of year | --- | --- |

See accompanying notes to the consolidated financial statements.

2007 ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2007 RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

The following discussion and analysis of financial results for the year ended December 31, 2007 is based on information available until March 5, 2008 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 ("MD&A") 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 "net change in non-cash working capital" line in the operating activities section. 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

Overall revenues for 2007 at \$65.2 million were considerably lower than the \$89 million from 2006. Gross margin for the Company was at 14% compared to 22% in 2006. Revenues in Canada were impacted by a reduction in oilfield activity which reduced demand for the services provided by the Company. Also, this tighter market in Canada provided downward pressure on pricing resulting in lower overall gross margins on awarded jobs. For the U.S. revenues doubled over last year, however, gross margins declined due to the Canadian infrastructure support costs utilized. It is expected over the longer term that dedicated U.S. personnel will be used to support the growing business in this geographic market which should result in better gross margins.

In 2007 the Company has a loss from operations, before income tax, of \$1.0 million compared to a net income from operations, before income tax, of \$11.0 million for 2006. Included in 2007 are non-recurring costs of \$0.9 million in corporate restructuring costs that were incurred during Q1'07 and a \$2.8 million write down relating to the navigation, positioning and asset management technology incurred during Q3'07. Total cash dividends paid for 2007 were \$0.48 per share compared to \$0.96 per share for 2006.

Working capital at the end of 2007 was at \$5.1 million compared to \$5.6 million at the end of 2006. The calculated ratio at 1.42 at the end of 2007 remains at a strong level and remains unchanged from the end of 2006.

SELECTED FINANCIAL INFORMATION

The following table highlights certain financial information of the Company's operations for the three months and years ended December 31, 2007 and 2006:

| <i>(000's, except per share)</i> | Three months ended | | Year ended | |
|---|--------------------|--------|-------------|--------|
| | December 31 | | December 31 | |
| | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ |
| Revenue | 17,129 | 22,261 | 65,202 | 89,031 |
| Gross margin | 1,947 | 4,691 | 8,953 | 19,176 |
| EBITDA ⁽¹⁾ | 1,150 | 3,448 | 5,273 | 14,346 |
| Per share – basic | 0.21 | 0.62 | 0.95 | 2.57 |
| Per share – diluted | 0.21 | 0.62 | 0.95 | 2.56 |
| Net income for the period | 629 | 1,982 | 265 | 7,668 |
| Per share – basic | 0.11 | 0.36 | 0.05 | 1.38 |
| Per share – diluted | 0.11 | 0.35 | 0.05 | 1.37 |
| Funds from operations ⁽¹⁾ | 1,569 | 3,701 | 5,479 | 14,115 |
| Per share – basic | 0.28 | 0.66 | 0.98 | 2.53 |
| Per share – diluted | 0.28 | 0.66 | 0.98 | 2.52 |
| Capital expenditures | 1,118 | 1,232 | 3,628 | 3,277 |
| Weighted average number of shares outstanding | | | | |
| Basic | 5,577 | 5,576 | 5,577 | 5,575 |
| Diluted | 5,577 | 5,595 | 5,579 | 5,595 |
| Total assets | | | 26,636 | 31,180 |
| Working capital | | | 5,082 | 5,620 |
| Shareholders' equity | | | 11,711 | 14,123 |

- (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 "net change in non-cash working capital" line in the operating activities section. 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, 2007 ("2007") and December 31, 2006 ("2006") as well as the three months ended December 31, 2007 ("Q4'07") and December 31, 2006 ("Q4'06").

REVENUE

Revenue for 2007 was \$65.2 million compared to \$89 million in 2006 and for Q4'07 were \$17.1 million compared to \$22.3 million for Q4'06.

Revenues from the U.S. grew from \$5.9 million in 2006 to \$11.9 million in 2007. The conclusion of the strategic plan analysis for this geographic market conducted during the year was to focus on expansion. Current activities are concentrated in the northeast with further expansion plans for the central and southern parts of the US.

Revenues from Canada decreased from \$83.2 million in 2006 to \$53.3 million in 2007. Activity during 2006 was extremely high and did not follow the general seasonality patterns experienced in past years, especially with the traditional annual spring break-up. For 2007, a return to the past seasonality trends was evident.

Approximately 63% of revenues for 2007 (71% - 2006) were represented by sales to one customer.

GROSS MARGIN

Gross margin at \$9 million for 2007 represented 13.7% of revenues compared to gross margin of \$19.2 million or 21.6% of revenues for 2006. The overall decrease for 2007 over 2006 is due to:

- Lower overall revenues.
- Increased downward pressure on client bid pricing due to a tighter market.
- Short-term Canadian infrastructure support for the growing U.S. market.

For Q4'07, gross margin was \$1.9 million or 11.4% of Q4'07 revenues compared to \$4.7 million or 21.1% of Q4'06 revenues. Gross margins are dependent on competitive factors and the service mix over a certain period of time.

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 \$3.7 million for 2007 compared to \$4.8 million in the same period last year. Included in 2006 expenses was \$2.9 million for profit sharing. Reduced activity levels in 2007 resulted in no profit sharing for the year. Included in 2007 expenses was \$0.9 million relating to the Q1'07 corporate reorganization.

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.

General and administrative expenses for Q4'07 was \$0.8 million compared to \$1.2 million for Q4'06. The accrual for profit sharing in 2006 of \$0.6 million represented the most significant difference.

AMORTIZATION OF PROPERTY AND EQUIPMENT

Amortization expense for 2007 was \$3.1 million and was slightly less than in 2006. Disposals of property and equipment in 2007 resulted from normal course business activities with no specific noteworthy items.

GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT

The gain on the sale of property and equipment was less than \$0.1 million in 2007 compared to \$0.1 million for 2006. These gains represent the normal course disposal of property and equipment.

INTEREST EXPENSE

Total interest expense of \$0.3 million for 2007 is slightly higher than the \$0.2 million for 2006.

INCOME TAXES

The current tax expense and related long-term liability of \$2.9 million as at December 31, 2007 will become current upon filing of the 2006 and 2007 tax returns which is anticipated to occur in the first half of 2008. Management intends to apply the benefits achieved through the corporate reorganization completed in Q1'07 against this liability with the expectation that there will be no cash expense associated with extinguishing this liability. Scientific research and development expenditures for 2005 have now been finalized and submitted for allowable tax deduction. Additionally, the Company is pursuing allowable scientific research and development deductions for 2006 and will recognize these upon completion of the claim. The effect of the \$2.9 million impairment of property and equipment, for future income tax liability calculation purposes, was a reduction of \$0.9 million for this component. The future income tax asset of \$0.5 million is entirely attributed to U.S. operations and assets.

Summary of Quarterly Results

| <i>(000's, except per share amounts)</i> | Q4 2007 | Q3 2007 | Q2 2007 | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Revenue | 17,129 | 19,244 | 11,633 | 17,196 | 22,262 | 23,636 | 16,934 | 26,199 |
| Net income (loss) for the period | 629 | (2,198) | 177 | 1,657 | 1,982 | 1,869 | 504 | 3,313 |
| Basic earnings per share | 0.11 | (0.39) | 0.03 | 0.30 | 0.36 | 0.34 | 0.09 | 0.59 |
| Diluted earnings per share | 0.11 | (0.39) | 0.03 | 0.30 | 0.35 | 0.34 | 0.09 | 0.59 |
| Weighted average number of shares outstanding | | | | | | | | |
| Basic | 5,577 | 5,577 | 5,577 | 5,577 | 5,576 | 5,575 | 5,575 | 5,575 |
| Diluted | 5,577 | 5,580 | 5,594 | 5,595 | 5,595 | 5,594 | 5,596 | 5,596 |

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 |
|-----------------------------------|--------------|--|
| Q4'07 | Q4'06 | |
| \$17,129 | \$22,262 | The strength of the quarter is normally dependent upon prevailing weather conditions, which affect access to project areas, and the timing of client capital budget spending plans. |
| Q3'07 | Q3'06 | |
| \$19,244 | \$23,636 | 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. For 2007 increased client demand for services in this year had created the opportunity for an extension in the traditional season resulting in this quarter being the largest for the year. |
| Q2'07 | Q2'06 | |
| \$11,633 | \$16,934 | 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. |
| Q1'07 | Q1'06 | |
| \$17,196 | \$26,199 | 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

The Company'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 2008 and beyond.

WORKING CAPITAL

Working capital at the end of 2007 was at \$5.1 million compared to \$5.6 million at the end of 2006. The calculated ratio at 1.42 at the end of 2007 remains at a strong level and remains unchanged from the end of 2006.

PROPERTY AND EQUIPMENT

The net book value of property and equipment decreased by \$2.6 million from the \$11.9 million at the end of 2006 to \$9.3 million at the end of 2007. Amortization for 2007 amounted to \$3.1 million which was very close to the amount over the same period last year. Total 2007 capital expenditures were \$3.3 million (\$3.1 million in 2006). A total of \$2.8 million was considered an impairment in the cumulative value of the development costs incurred to the end of Q3'07 and was consequently written off. These costs were related to the development of the navigation, positioning and asset management technology (Kodiak Nav Solutions) and were comprised primarily of capitalized salaries and expenses. There is still perceived value in the hard assets which are expected to provide benefit for the future and the carrying value of these assets is approximately \$0.3 million.

CONTRACTUAL OBLIGATIONS AS AT DECEMBER 31, 2007

As at December 31, 2007 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 | \$8,195,913 | \$1,473,130 | \$2,305,706 | \$1,395,803 | \$3,021,274 |

SHAREHOLDERS' EQUITY

Shareholders' equity at the end of 2007 was \$11.7 million which decreased by \$2.4 million from the \$14.1 million at the end of 2006. Generated net income was \$0.2 million and cumulative disbursed cash dividends were \$2.7 million.

As at March 5, 2008, the number of issued and outstanding common shares is 5,577,081 with 30,000 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:

Property and equipment

Property and equipment is recorded at cost and are amortized over their estimated useful lives. The Company evaluates the carrying value of these 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 lives 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 \$0.1 million which has been recorded (less than \$0.1 million – 2006) 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 2007 and 2006. 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 the Company 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 the Company does not expect these standards to have a significant impact in our financial statements upon adoption.

BUSINESS RISKS

The Company 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 the Company's 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 the Company is committed to maintaining its high standards. The Company 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 down by \$4.8 million as at December 31, 2007 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 and also a cost structure that has sufficient flexibility to be able to adapt to changing market conditions. Services provided are in connection with the exploration for a commodity, natural gas, that is plentiful in the areas where the Company operates but is subject to pricing volatility. Management is experienced at all levels of sales, operations and administration and is focused to achieve success in both the short- and long-term.

Operationally the Company is focused on growth opportunities in all of its geographic segments. As Canada is a relatively mature market, growth is expected to be achieved organically and at a slower pace than the US. The focus will be on maximizing margins in this segment. In the U.S., there is a much greater potential for growth opportunity in with all of its services (drilling, survey and line clearing) than in Canada due to its significantly larger market size. Growth is expected to be achieved in all services from the combination of organic and acquisition where there is a fit and economic viability. The Company continues to evaluate overall infrastructure levels in light of existing and planned business and will adjust levels accordingly and where appropriate. Focus on this initiative will be intense for 2008.

The Company will continue to review expansion opportunities, both organically and by acquisition. These involve, in each case, the requirement for capital expenditures beyond the normal course for the Company. The Company may pursue any or all of these opportunities, and others that may present themselves. In doing so the Company may incur term debt, issue equity, retain cash that might otherwise be paid as dividends or any combination of the foregoing.

The Company expects the overall market for its services will be approximately the same as 2007. However, the sense of uncertainty as to the size of the market is greater than at any other time in recent years.

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. Both the CEO and CFO confirm that there was no change to the Company’s internal control over financial reporting that occurred during the most recent reporting period that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

In accordance with the requirements of Multilateral Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings and its amendment under Multilateral Instrument 52-313, evaluations of the design and operating effectiveness of DC&P and the ICFR 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 ICFR is 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”).

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. Although the possibility of a material misstatement may exist, management believes that the probability of this event is remote. Presently both the CEO and CFO 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 consolidated 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") 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 all of the quarters of 2007 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. The Company is aware of the pronouncements (but not yet implemented) on Going Concern (Section 1400), Inventories (Section 3031), Capital Disclosures (Section 1535) and Financial Instruments (Section 1562), but have not yet assessed their impact on the consolidated financial statements.

NORMAL COURSE ISSUER BID

On November 13, 2007, the Toronto Stock Exchange (the "TSX") accepted a Notice of Intention to Make a Normal Course Issuer Bid filed by the Company. Under the terms of the normal course issuer bid, the Company will have the right to purchase for cancellation, up to a maximum of 278,854 of its common shares, representing approximately 5% of its outstanding common shares. The Company currently has 5,577,081 common shares outstanding and its average daily trading volume for the past six months from November 13, 2007 was 2,832 common shares. The purchases, which may commence on November 16, 2007, would be made in the open market through the facilities of the TSX, up to a daily maximum of 1,000 common shares. The normal course issuer bid will remain in effect until the earlier of November 15, 2008 or until the Company has purchased the maximum number of common shares permitted. As of March 5, 2008 no purchases have yet been made. Shareholders may obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid, without charge, by writing to the Corporate Secretary at 300, 444 – 58th Avenue S.E., Calgary, AB T2H 0P4.