DESTINY RESOURCE SERVICES CORP.
2009 Third Quarter Interim Report
As at and for the three and nine-month period ended September 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") FOR Q3'09

The following discussion and analysis of financial results for the nine months ended September 30, 2009 ("Q3'09") and September 30, 2008 ("Q3'08") is based on information available until November 11, 2009 (unless otherwise noted) and upon the Company's unaudited consolidated interim financial statements for the periods presented, which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and should be read in conjunction with the Company's audited consolidated financial statements and Annual Report for the prior fiscal year ended December 31, 2008.

Certain statements included in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking statements involving known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe" and "plan". These statements reflect management's current expectations regarding future events and operating performance and are valid only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties, including the impact of general economic conditions, industry conditions, changes in laws and regulations, increased competition, fluctuations in commodity prices and foreign exchange, and interest rates and stock market volatility. The Company does not reconcile past forward-looking information but presents its most current view based on the known facts on hand at the time of dissemination. Specifically the outlook section may contain forward-looking information which will be identified as such.

Non-GAAP Measurements: The MD&A contains the terms Earnings Before Interest, Taxes and Depreciation and Amortization ("EBITDA") and Gross Margin 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 gross margin and EBITDA may not be comparable to that reported by other companies. Gross margin is calculated from the consolidated statements of operations and is defined as revenue less direct expenses. EBITDA is calculated from the consolidated statements of operations as gross margin less general and administrative expenses (not including gain on disposal of property and equipment) and adjusted for unrealized foreign exchange gains or losses. The Company calculates EBITDA consistently each quarter and evaluates its performance based on this metric. The Company considers EBITDA to be a key measure as it demonstrates the Company's ability to generate the cash necessary to pay dividends and to fund future capital investment. The calculation for gross margin and EBITDA are presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	**2009**	2008
	$	$	$	$
Revenue	**18,261,907**	18,136,397	**52,343,949**	50,870,648
Direct Expenses	**14,774,847**	16,857,950	**43,627,684**	44,374,904
Gross margin	**3,487,060**	1,278,447	**8,716,265**	6,495,744
Less general and administrative	**844,744**	119,958	**2,390,184**	1,467,351
Unrealized foreign exchange loss (gain)	**415,046**	50,144	**16,480**	(106,233)
Unrealized gain on financial instruments	**(29,801)**	---	**(29,801)**	---
EBITDA	**2,257,071**	1,108,345	**6,339,402**	5,134,626

REVENUE

Year to date revenues for 2009 at $52.3 million were higher than the $50.9 million over the same period last year. Revenues for Q3'09 at $18.3 million were also very close to the $18.1 million in Q3'08. For 2009 depressed commodity prices have reduced the demand for exploration activities in Canada which in turn has reduced the Company's overall level of work in this geographic region. This has been offset by increased activity on projects in the US. Two clients exceeded 10% of gross revenues for Q3'09 compared to only one client in Q3'08 and represented in aggregate approximately 84% of year to date revenues (56% in 2008).

GROSS MARGIN

Gross margin for Q3'09 was approximately $3.5 million, representing 19.0% of revenues, a $2.2 million increase over the $1.3 million, representing 7.0% of revenues, over the same period last year. Contributing to the percentage increase in margin was increased efficiencies based on cost cutting measures in the field undertaken by all divisions. In addition, the Company reversed accruals of $0.8 million taken in Q1'09 in anticipation of training expenses to be incurred in connection with the utilization of the Company's technology. Experience proved the roll-out and implimentation of technology to be more efficient than anticipated.

Year to date gross margin for 2009 at $8.7 million represented 16.7% of revenues which was more than the $6.5 million representing 12.8% of revenues over the same period last year.

Gross margins are dependent on competitive factors and the service mix over time.

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. For Q3'09 these expenses were $0.8 million compared to $0.1 million for Q3'08. For the nine months ended September 30, 2009 these expenses were $2.4 million compared to $1.5 million over the same period last year. Q3'09 included profit sharing accruals of $0.4 million compared to a $0.3 million reversal during the same quarter last year. In 2009 the Company utilized consultants to assist with financial compliance (IFRS and CSOX) and tax work (relating to the material weakness) resulting in increased costs of approximately $0.2 million. Normalized operating general and administrative expenses (excluding profit sharing and increased compliance costs) are $0.5 million for Q3 and $1.8 million for year to date for both years.

The profit sharing plans align the Company's incentive compensation for key employees with the interests of shareholders. The plans, which replaced 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. Subject to approval by the Board of Directors, 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 for Q3'09 at $0.9 million was at the same level as Q3'08. Year to date amortization expense for 2009 of $2.8 million was higher than the $2.5 million over the same nine months last year. The acquisition of business assets that occurred in April 2008 was included in the current year. Total net book value of property and equipment was $11.2 million at the end of Q3'09 compared to $12.3 million at last year end.

NET INTEREST EXPENSE

Net interest expense of less than $0.1 million for Q3'09 was lower than the $0.1 million for the same period last year. Year to date net interest expense for 2009 was $0.1 million compared to $0.3 million over the same period last year. Net interest expense arises from the Canadian demand bank loan, US long-term debt and is netted against interest income on cash balances.

INCOME TAXES

Management has used the benefits achieved through the corporate reorganization completed in Q1'07 against the other liabilities on the consolidated balance sheets. Part of this reorganization involved the opportunity for the Company to utilize potential tax losses that were not available prior to this reorganization. The ability of the Company to utilize these losses was not sufficiently certain to eliminate the recording of the liability. The income taxes that would otherwise be payable are therefore being shown as other liabilities. It is anticipated that this liability will remain current until its expiry in 2012 and that it will not require settlement in cash. Management uses estimates when calculating future income tax timing differences and when actual returns are filed this can cause "true-ups" in prior estimates to occur. At the point in time that these realizations occur, adjustments are made to these provisions to reflect this new information on hand.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amounts)	**Q3 2009**	**Q2 2009**	**Q1 2009**	**Q4 2008**	**Q3 2008**	**Q2 2008**	**Q1 2008**	**Q4 2007**	**Q3 2007**
Total Revenue	**18,262**	**11,367**	**22,715**	14,384	18,137	12,459	20,275	17,129	19,244
Net income (loss) for the period	**606**	**(604)**	**1,535**	212	(393)	83	1,930	129	(2,198)
Basic/diluted earnings per share	**0.11**	**(0.10)**	**0.27**	0.04	(0.07)	0.01	0.35	0.02	(0.39)
Weighted average number of shares outstanding									
Basic	**5,582**	**5,582**	**5,582**	5,580	5,583	5,583	5,577	5,577	5,577
Diluted	**5,582**	**5,582**	**5,582**	5,580	5,583	5,583	5,577	5,577	5,580

The above noted Summary of Quarterly Results highlights the following:

1. The Company's business historically 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.

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, the possibility of dividend payments and capital to finance strategic acquisitions. Sources of funds available to meet these capital requirements include cash on hand, cash flow from future operations, sale of assets, external lines of credit (bank facility with the ability to draw up to $15 million at prime plus 0.50%), equipment financing, term loans and access to equity markets. Although there is access to equity markets it is currently very limited for "small cap" companies due to current economic conditions.

The Company's balance sheet as at September 30, 2009 shows net working capital of $5.2 million compared to $3.5 million at last year end. Despite the risks associated with cash flow relating from changes in commodity prices, reduced revenue volumes and increased operating costs, the Company's balance sheet provides a potential buffer to mitigate some or all of these effects should they occur.

Current economic conditions are creating greater uncertainty in capital markets and with respect to the solvency and liquidity of many companies. The Company has not experienced changes in its operating or credit relationships with clients or suppliers to date and at present does not anticipate changes in current trade or other credit arrangements. (See also the Outlook section.)

LONG-TERM DEBT

On March 26, 2008 the Company obtained a $4 million USD capital loan which is secured by certain fixed assets for the purpose of better balancing capital financing with working capital financing which was used for the business asset acquisition that occurred on April 1, 2008. The term of this facility is for four years and the interest rate is based upon a choice between LIBOR plus 2.50% per annum or the bank's US base rate plus 1% per annum. Expected principal payments, made monthly, over the remaining 3 years are $1 million USD, $1 million USD and $0.5 million USD. For the nine months ended September 30, 2009 a total of $0.8 million USD was repaid on this loan. The Company's US operations act as a hedge against currency fluctuations.

WORKING CAPITAL

Net working capital at the end of Q3'09 was $5.2 million compared to $3.5 million at the end of 2008. At the end of Q3'09 this amount included $4.2 million of cash and also $5.5 million in other current liabilities ($4 million – December 31, 2008) which is anticipated to remain current and grow until its expiry in 2012 and not require settlement in cash (see Income Taxes section). The Q3'09 calculated ratio was 1.36:1 (1.28:1 at the end of 2008) which is higher than the minimum bank covenant ratio.

For clients representing more than 10% of trade accounts receivable, approximately 86% of trade accounts receivable at September 30, 2009 (78% at September 30, 2008) are with two clients (three in 2008). With respect to its largest client, the Company 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 the Company as their sub-contractor of choice when contracting with the Company's client. Approximately 79% of trade accounts receivable at September 30, 2009 were less than 60 days old (65% were less than 30 days old).

PROPERTY AND EQUIPMENT

Property and equipment as at September 30, 2009 was at $11.2 million which was less than the $12.3 million at December 31, 2008. Amortization (excluding intangibles) for this period was $2.6 million. Purchases net of disposals of approximately $1.4 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 and long-term debt facility (see note 3). The Company has no hedging, capital leases or any other "off balance sheet" contractual obligations. The Company also has a purchase commitment for four drills with a supplier in the amount of $0.6 million which is expected to be paid by the end of 2009.

(in $000's)	**Payments Due by Future Year**				
	Total	**0-1 Years**	**2 - 3 years**	**4 - 5 Years**	**After 5 years**
Operating Leases	7,236	1,593	2,217	1,564	1,862

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.

SHAREHOLDERS' EQUITY

Shareholder's equity increased from $13.1 million at the end of 2008 to $14.6 million at the end of Q3'09 and can be entirely contributed to year to date net income of $1.5 million.

As at November 11, 2009, the number of issued and outstanding common shares is 5,582,581. There were no outstanding options as at September 30, 2009.

BUSINESS RISKS

The Company is subject to the risks and variables inherent in the oilfield services industry. Demand for 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. Concentration of credit risk is high for the Company but levels today are consistent with those in the past. The Company is fully aware of this risk

and mitigates it as discussed in the credit risk section. Environmental standards and regulations are continually becoming more stringent in this industry and the Company is committed to maintaining its high standards. The direction to expand into the US market will create a shift in the geographic makeup of business which will require risks such as foreign exchange to be monitored and mitigated. Business risks are also mitigated by establishing strategic alliances with reputable partners, developing new technologies and methodologies as well as investigating new business opportunities.

Current economic conditions are creating greater uncertainty in capital markets and with respect to the solvency and liquidity of many companies. There is the possibility that the Company may experience solvency and liquidity issues with its clients and suppliers. However at the present time this is not known and there is no expectation of this event occurring based on past experience. At this time the Company has not developed any contingency plans in relation to the possibility of this event.

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. As at September 30, 2009 the Company had a net cash balance of $4.2 million.

OUTLOOK

Our drive to integration and innovation saw some significant achievements this quarter. We completed the first program ever with our AccuStacker™ technology, enabling us to survey source points on an as-drilled basis from our land based drills. We learned a great deal during this program, are grateful to our clients for working with us on it and are ready to turn this proprietary survey tool into a profitable asset. At the same time, we further utilized our proprietary AccuDrill™ technology in heli-portable applications, moving to unquestioned acceptance of results and benefits.

The quarter also saw the virtual completion of our **Destiny Safety Management System™** Destiny's safety record derives from our view that safety is an inherent part of every job and from our commitment and efforts in training and re-enforcing appropriate behaviors. We now have a management tool that equals our results. A great many hours and incredible experience have given us further opportunity to enhance our commitment and delivery of safe services.

Forward-looking information:

Destiny is focused for 2009 on its competitive strengths, on efficiencies and on preparing for the future. Destiny believes its competitive strengths include its safety record, its methods of operation, its capacity to handle programs of large scale and its record of quality and innovation. Each of these areas is being nurtured, maintained, supplemented and/or promoted, as appropriate. The Company is seeking to drive down costs and to enhance efficiency, always without compromise to safety, quality and integrity. Destiny is investing in research, innovation and creativity, seeking to enhance the services we offer to our clients.

The Company believes it has adequate working capital and debt and equity capital, together with a cost structure that has sufficient flexibility, to be able to adapt to changing market conditions. Given the present state of financial markets and overall liquidity issues, the Company is less certain than in prior years with its access to capital. The Company has a contractually committed term and operating loan and has no reason to believe that it cannot draw on these available credit lines when required.

As we look forward to the completion of 2009 and to 2010, we note the impact of seasonality will again loom large in our businesses. Work in Canada in Q4'09 mostly now depends on how quickly winter comes, enabling access to areas that require frozen ground. We foresee the aggregate of Q4'09 and Q1'10 being busy and profitable for us in Canada. At present our sense is the balance of 2010 is not especially bright, though there are a few signs of encouragement. We know from experience there will be work to be done and we believe our track record will get us at least our fair share.

In the United States, it appears things will be relatively active in the Gulf Coast region and quite busy in the northeast. Our Houston based survey and drilling businesses have excellent prospects in front of them and we anticipate the ability for increased utilization of our assets in this market.

In the context of this, we continue to assess the spectrum of strategic alternatives for Destiny, seeking to achieve value for our shareholders.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at December 31, 2008, the Company identified a material weakness in its internal control over financial reporting because it did not maintain effective controls over the accounting for income taxes, including the determination and reporting of future income tax assets and liabilities and related income tax provisions. Specifically, the Company did not have adequate personnel to enable it to properly consider and apply generally accepted accounting principles for income taxes, review and monitor the accuracy and completeness of the components of the income tax provision calculations and the related future income taxes and to ensure that the rationale for certain tax positions was appropriate.

During 2008, delinquent tax returns were completed for 2006 and 2007, which resulted in a difference between non-capital loss carry forwards between Canadian tax authority and Company records. The result of this was a $0.5 million shortfall in the 2007 year end provision accruals and related tax expenses, which required a correction with 2007 comparatives.

The Company has taken several steps to remediate the deficiency, including ensuring that all tax filings are up to date and engaging a tax consultant to assist with accounting for income taxes. However, until this remediation has been adequately tested later this year, this material weakness could result in a material misstatement in the tax-related accounts described above that would not be prevented or detected.

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

ACCOUNTING PRONOUNCEMENTS

Current

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064 "Goodwill and Intangible Assets", replacing Section 3062 "Goodwill and Other Intangible Assets". The new section is effective on January 1, 2009. This new guidance requires recognizing all goodwill and intangible assets in accordance with CICA Section 1000, "Financial Statement Concepts". Section 3064 eliminates the current practice of recognizing items as assets that do not meet the Section 1000 definition and recognition criteria. Under this new guidance, fewer items meet the criteria for capitalization. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

Future

In December 2008, the CICA issued Section 1582 "Business Combinations", which will replace CICA Section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Currently the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is agreed upon and announced. This new guidance generally requires all acquisition costs to be expensed, which currently are capitalized as part of the purchase price. Contingent liabilities are to be recognized at fair value at the acquisition date and re-measured at fair value through income each period until settled. Currently only contingent liabilities that are resolved and payable are included in the cost to acquire the business. In addition, negative goodwill is required to be recognized immediately in income, unlike the current requirement to eliminate it by deducting it from the non-current assets in the purchase price allocation. Section 1582 will be effective for the Company on January 1, 2011 with prospective application.

In December 2008, the CICA issued Sections 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests", which replaces existing guidance under Section 1600 "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards will be effective for the Company on January 1, 2011.

Effective January 1, 2011 the Company is required to comply with International Financial Reporting Standards ("IFRS"). As such the Company will assess the requirements and impact by January 1, 2010 in order to ensure that comparatives for 2010 are in compliance

Capital Disclosures

The Company's objective with the management of its capital is to allow it to maximize the profitability of its investment in assets and to create long term value and enhance returns for its shareholders. The use of debt financing is based upon the Company's overall capital structure which is determined by considering industry norms and risks associated with its business activities. The Company wishes to maintain a target debt to equity ratio of less than 2:1 which is below the defined maximum under its current banking covenant requirement (2.5:1) in order to allow it to maintain access to this type of financing at a reasonable cost.

Debt is comprised of bank indebtedness, accounts payable, and all components of long-term debt. Equity is defined as total shareholders' equity less intangibles and goodwill. As at September 30, 2009, this calculated debt to equity ratio was 0.78:1 compared to 0.95:1 at last year end and was well below the maximum covenant requirement.

Financial Instruments

Fair Value of Financial Instruments

The Company's use of financial instruments at present is limited to working capital components and term debt financing for some capital expenditures.

The Company has financial instruments consisting of accounts receivable, demand bank loan, accounts payable and long-term debt.

The fair value of the Company's financial assets and liabilities:

(in $000s)	**September 30, 2009**		December 31, 2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables:				
Trade accounts receivable	**12,509**	**12,509**	9,403	9,403
Foreign exchange derivative asset	**30**	**30**	---	---
Total	**12,539**	**12,539**	9,403	9,403
Financial Liabilities				
Other financial liabilities:				
Trade accounts payable	**911**	**911**	2,245	2,245
Current portion of long-term debt	**1,071**	**1,071**	1,218	1,218
Long-term debt	**1,606**	**1,606**	2,741	2,741
Total	**3,588**	**3,588**	6,204	6,204

Foreign exchange contracts:

Term Due	**Amount $**	**Forward Rates CDN $**	**Unrealized Gain $**
November 2009	2,000,000	1.1013	29,801
Total US dollars	2,000,000		29,801
Exchange rate	1.0707		
Total CDN dollars	2,141,400		

Market Risk on Financial Instruments
The Company is exposed to market risk and potential loss from changes in the values of financial instruments. The Company currently does not hedge against fluctuations in commodity prices or interest rates. With respect to foreign exchange the Company is now utilizing forward currency contracts on US dollars based on the timing of these cash inflows. Specifically, the Company periodically formally analyzes its expected US cash flows and then determines the amount to hedge at any given point in time.

Sensitivity Analysis
The following table illustrates potential effects of changes in relevant risk variables on the Company's net income for the nine months ended September 30, 2009.

	Increase or Decrease	Increase or Decrease in Net Income *(in $000s)*
Interest rate	+25 BPS / -25 BPS	-2 / +2
Foreign exchange	+$0.05 / -$0.05	-132 / +132

Credit Risk
The Company's sales are to customers in the oil and gas industry, which results in a concentration of credit risk. The Company generally extends unsecured credit to these customers, and therefore the collection of receivables may be affected by changes in economic or other conditions and may accordingly affect the Company's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which the Company extends credit. The Company has not previously experienced any material credit losses on the collection of accounts receivable related to its operations.

At the end of Q3'09, two clients exceeded 10% of gross revenue represented in aggregate approximately 84% of year to date revenue. Over the same period last year there was one client with more than 10% of revenue, representing approximately 56% of the year to date revenue.

Approximately 86% of trade accounts receivable at September 30, 2009 (78% at September 30, 2008) was with two clients (three in 2008). With respect to its largest client, the Company 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 the Company as their sub-contractor of choice when contracting with the Company's client. Approximately 79% of trade accounts receivable at September 30, 2009 were less than 60 days old (65% were less than 30 days old).

Foreign Exchange Risk on Financial Instruments
Foreign exchange gains and losses are realized on net US working capital and long-term debt and on US denominated revenues and expenses. Gains and losses for US denominated revenues and expenses are translated into gross margin. Gains and losses on the net US working capital and long-term debt are reflected in other expenses as foreign exchange gain (loss).

Liquidity Risk on Financial Instruments
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk through its extensive budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations. The Company's objective is to maintain its current capital structure to ensure it has access to debt and equity funding as required (see Note 10). The primary risks that could affect the Company's cash flow are: (i) a significant drop in the price of crude oil or natural gas, (ii) a significant reduction in the volume of business from its most significant client, (iii) a significant increase in operating costs, or (iv) changes in bank lending practices. Although the Company has approximately $2.7 million of long-term debt it has a cash balance of $4.2 million as at September 30, 2009. The Company has the ability to draw on the demand bank loan up to a maximum of $9.3 million as calculated based on eligible receivables at that point in time.

At September 30, 2009, the Company's contractual maturities relate to long-term debt and expected principal payments were $0.3 million USD for the balance of 2009, $1 million USD in each of 2010 and 2011 and $0.3 million USD in 2012.

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. This expired on November 12, 2008 and there were no purchases made on this bid. On December 12, 2008, 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 279,129 of its common shares, representing approximately 5% of its outstanding common shares. The Company currently has 5,582,581 common shares outstanding and its average daily trading volume for the past six months from November 30, 2008 was 3,005 common shares. The purchases, which may commence on December 12, 2008, would be made in the open market through the facilities of the TSX, up to a daily maximum of 1,502 common shares until March 31, 2009 to which after this daily maximum becomes 1,000. The normal course issuer bid will remain in effect until the earlier of December 11, 2009 or until the Company has purchased the maximum number of common shares permitted. As of November 11, 2009 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.