



**DESTINY RESOURCE SERVICES CORP.
2007 Third Quarter Interim Report**

As at and for the three and nine month period ended September 30, 2007

Destiny Resource Services Corp. (the "Company") provides Seismic Front-End Services comprised of seismic survey and mapping (Wolf Survey and Mapping), seismic line clearing (Destiny Resources) and shot-hole drilling (Double R Drilling) to energy explorers and producers and to seismic acquisition companies, navigation, positioning and asset management technology (Kodiak Nav Solutions) to improve the productivity and safety of seismic operations, and locating services (Advanced Locating Services).

Common shares of Destiny Resource Services Corp. trade on The Toronto Stock Exchange under the ticker symbol DSC.

FINANCIAL HIGHLIGHTS

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2007	2006	Change	2007	2006	Change
<i>(\$000s, except per share amounts)</i>	\$	\$	%	\$	\$	%
Revenue	19,243	23,637	(19)	48,073	66,770	(28)
EBITDA ⁽¹⁾	1,575	3,531	(55)	4,123	10,898	(62)
Per share – basic and diluted	0.28	0.63	(55)	0.74	1.95	(62)
Net income/(loss) for the period	(2,198)	1,869	(218)	(364)	5,686	(106)
Per share – basic and diluted	(0.39)	0.34	(218)	(0.07)	1.02	(106)
Weighted average shares outstanding for the period(000s)						
Basic ⁽²⁾	5,577	5,575	0	5,577	5,575	0
Diluted ⁽²⁾	5,580	5,594	0	5,591	5,595	0
				Sept. 30,	Dec. 31,	
				2007	2006	Change
As at	\$			\$		%
Working capital				4,054	5,620	(28)
Total assets				27,860	31,180	(11)
Shareholders' equity				11,082	14,123	(22)
Book value per share outstanding				1.99	2.53	(22)

(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 November 13, 2007.

LETTER TO SHAREHOLDERS

Fellow Shareholders,

The old curse of “may you live in interesting times” has an apt ring to it for Destiny today. We have record oil prices, and relatively low gas prices. We have tax cuts for Canadian corporations and we have royalty increases for oil and gas producers in Alberta. We have technical success with our Kodiak AccuDrill product, into a diminished market for seismic services. We are gaining traction with our US operations, yet have to translate into an ever stronger Canadian dollar. We have a decent operating year offset by Q1’s non-recurring expenses of \$950,000 and by Q3’s \$2 million write-down (\$2.9 million, less a reduction of future income tax liability of \$0.9 million) of our investment in Kodiak. We have equity markets near their all time highs, and our share price marking new lows, almost daily. We paid \$0.48 per share in dividends in the first half of the year, and suffered a very strong market reaction to the dropping of the dividend for the second half.

Comment on share price and efforts going forward

Our announcement of the elimination of our Q3’07 dividend coincided with stock market troubles around sub-prime loans. Since then, there has been a relatively low price for natural gas, a strong rise in the Canadian dollar (which reduces capital available for international companies which budget in US dollars), an increase in royalty rates in Alberta and general market malaise with respect to Canadian oilfield services companies.

While all of these factors have, I expect, influenced the trading in Destiny shares, they are not ones we can control. Rather our team is working on our opportunities, on cost control and on best positioning our Company for the environment within which we work. In part, this last goal means ever emphasizing our delivery of quality and safety, of being the seismic service provider of choice.

There is a great deal of effort going on at our Company, on all fronts, to plan for 2008 and beyond. Yes, there are many things we could do better – and we will try to do them. However, there is no reason for anyone inside Destiny to feel any sense other than confidence we will climb this mountain; we believe our shareholders should share in that view and in our outlook.

Q3’07 Results

While the write-down overwhelms our reported income (loss) before income taxes, a look into the numbers suggests we have reason to feel pretty good about our operations in a year of overall reduced industry activity. We generated EBITDA of \$1.6 million, or \$0.28 per share in the quarter, bringing us to \$4.1 million, or \$0.74 per share for the nine months of 2007. With our present book of business, we expect Q4’07 to nicely add to this. Margins were somewhat reduced in 2007 as compared to 2006 as a result of the combination of lesser activity somewhat affecting pricing while operating costs continued at higher levels. This was partially offset by there being no accrual for our profit sharing plans in 2007 as compared to \$1.0 million for Q3’06.

Cash flow and allocation of capital

Our early look at 2008 suggests we will have meaningful cash flow from operations in excess of the capital expenditures and working capital required to maintain our businesses. Funds spent in prior years on upgrading our equipment and adding to our productive capacity should permit reduced capital expenditures in 2008. Excess funds generated by operations will be used, in the judgment of our Board of Directors, for some or all of: strengthening our balance sheet, growth (whether organic or by acquisition), the purchase for cancellation of shares or dividends. Specific determinations will be made by the Board of Directors as appropriate from time to time.

Normal Course Issuer Bid

We believe an attractive investment for cash generated from our businesses is shares of Destiny. To that end, our Board of Directors has approved and we announce today we have filed a Notice of Intention to Make a Normal Course Issuer Bid (the “Notice”) with The Toronto Stock Exchange (the “TSX”) and that the TSX has accepted the Notice. Under the bid, Destiny will have the right to purchase for cancellation, commencing November 16, 2007, up to a maximum of 278,854 of its common shares, representing approximately 5% of its outstanding common shares over the following twelve months through the facilities of the TSX. Destiny currently has 5,577,081 common shares outstanding and its average daily trading volume for the past six months is 2,832. The normal course issuer bid will remain in effect until the earlier of November 15, 2008 or until Destiny has purchased the maximum number of shares permitted under the bid. The daily maximum of 1,000 common shares may be purchased for cancellation pursuant to the TSX Normal Course Issuer Bid rules.

Kodiak: developments; write-down

In 2005, Destiny bought the business of Kodiak Nav Solutions, looking to capture and grow the seismic-bag moving business and to develop and exploit the potential for remote seismic survey technology. This latter undertaking turned out to be much more challenging and expensive than originally thought, with 3 main consequences: (1) with our efforts aimed at product development, we weren't active or aggressive enough in pursuing the seismic-bag moving business. As a result, this business has not developed as it might have. We are now focused on growing revenue and margin and controlling costs from this business. (2) we spent much more than originally anticipated on internal development costs. Technical challenges, some initial lack of focus and other factors made the development of our AccuDrill product long and costly. (3) AccuDrill is up and running, a technical success, just as the market for heli-portable seismic drilling is chilling. This means the upside from the deployment of the technology and from the alternative deployment of the resources freed by using AccuDrill are much more limited.

We have now in place marketing plans for Q4'07 and for 2008 for the seismic bag-moving business. We see the opportunity to move this business forward, both from a top line and a contribution perspective. We will utilize the AccuDrill technology to the fullest extent possible going forward. Our present plans call for this to be a tool available for our Wolf Survey & Mapping division. We are finalizing some other Kodiak technologies (with costs understood and acceptable) that will equip us to get further value from Kodiak going forward.

However, these items are all prospective while our history is actual and the carrying costs real. Rather than surmise as to the future value of Kodiak, we are this quarter writing off the sunk costs from the acquisition and the product development. This write-down of \$2.9 million (and an accompanying reduction in future income tax liabilities of \$0.9 million) will give Kodiak a fresh start as we move forward in 2008.

Outlook

Destiny operates in a cyclical business, the seismic industry. We survived the very difficult years of 2002 and 2003 and thrived in the extraordinary year of 2006. We have the experience, skills and will in our people, the flexibility in our costs and the ability with our balance sheet to survive a downturn and the capability and capacity to flourish in good times.

Our fourth quarter is about half done, and we are generally satisfied with the level of activity. We believe we have a strong share of a somewhat weak market and we believe we will have reasonable results. Our backlog for Q1'08 is strong in some businesses and less some in others. We are just through our first full pass at putting together our budget for 2008. Our early indications are for a year with operations approximating those of 2007.

We are challenging our people to do more with less: to make our resources work to their maximum. While Destiny has prided itself on its well-earned reputation for quality and safety, we are going to have even greater emphasis on operational excellence.

We expect a somewhat tighter Canadian seismic market in 2008 than 2007. We see the U.S. as a growth opportunity, albeit one with many well entrenched competitors. One particular challenge we face south of the border is growing our American workforce, thereby reducing travel costs and letting us pay wages in the now cheaper US currency. Destiny has an experienced, seasoned management team with the ability and capacity to undertake new initiatives that are within our domain. We continue to evaluate possibilities.

Our people

The many initiatives described above will require the continued dedication, commitment and application of intellect we have come to expect from the many men and women who work for Destiny. It will be their drive and hard work that will generate successful results in Q4'07 and in 2008 and beyond. On behalf of all shareholders, I want to thank each of them, for what they have done and for what they will do.

And finally, a special note about the people in our office in Calgary. We have just completed our annual United Way campaign. This year we have a record participation of 98%, once again earning Platinum Level recognition for the people of Destiny. All should be proud.

On behalf of the Board of Directors,



Bruce R. Libin, Q.C.
Executive Chairman and
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") FOR Q3'07

The following discussion and analysis of financial results for the three and nine months ended September 30, 2007 ("Q3'07") and September 30, 2006 ("Q3'06") is based on information available until November 13, 2007 (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, 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, 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 year to date 2007 is \$48.1 million compared to \$66.8 million over the same period in 2006. 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. Overall industry activity levels remain considerably lower in 2007 than in 2006. Early indications from the marketplace indicate that revenue levels for 2008 are expected to more closely resemble 2007 than 2006.

One client exceeded 10% of gross revenues for Q3'07 and represented in aggregate approximately 62% of current year to date revenues. Over the same period last year there was one client with more than 10% of revenue, representing approximately 67% of the year to date revenue.

GROSS MARGIN

Gross margin for year to date Q3'07 was \$7 million (14.6% of revenues) compared to \$14.5 million (21.7% of revenues) for the same period last year. The impact of increased competition in the marketplace has resulted in downward pressure on pricing. The higher margins experienced in the past have not been as prevalent with current work.

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. At the end of Q3'07 total costs were \$2.9 million which included \$0.9 million relating to the Q1'07 corporate reorganization. Over the same period last year, total costs were \$3.6 million which included \$1.7 million for profit sharing plan accruals. There are no current year profit sharing accruals as a result of lower overall profitability levels.

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.

IMPAIRMENT ON PROPERTY AND EQUIPMENT

A total of \$2.9 million was considered as impairment in value of the development costs incurred to date and was consequently written off. These costs were related to the development of the navigation, positioning and asset management technology (Kodiak Nav Solutions) and 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.

AMORTIZATION OF PROPERTY AND EQUIPMENT

Amortization expense at \$2.5 million for the first nine months of 2007 was close to the level for the same period last year of \$2.3 million. For all three quarters for both years, quarterly amortization was approximately \$0.8 million.

INTEREST EXPENSE

Interest expense for year to date Q3'07 was at the same level as year to date Q3'06 at \$0.2 million. All interest expense for both periods relates to the short-term bank operating facility. Interest expense for Q3'07 was at \$0.1 million compared to less than \$0.1 million over the same period last year.

INCOME TAXES

The current tax expense and related long term liability of \$2.7 million as at September 30, 2007 will become current upon filing of the 2006 and 2007 tax returns which is anticipated to occur in the near future. 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.

SUMMARY OF QUARTERLY RESULTS

The above noted Summary of Quarterly Results highlights the following:

<i>(000's, except per share amounts)</i>	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Total Revenue	19,243	11,633	17,196	22,261	23,636	16,934	26,199	11,844	21,216
Net Income/(loss) for the period	(2,198)	177	1,657	1,982	1,869	504	3,313	1,842	1,324
Basic and diluted earnings/(loss) per share	(0.39)	0.03	0.30	0.35	0.34	0.09	0.59	0.33	0.24
Number of shares outstanding weighted average									
Basic	5,577	5,577	5,577	5,576	5,575	5,575	5,575	5,568	5,554
Diluted	5,580	5,594	5,595	5,595	5,594	5,596	5,596	5,591	5,567

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, the possibility of dividend payments 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 0.50%), equipment financing, term loans and access to equity markets. Currently the Company does not have any long-term debt.

The Company believes that it has the capital resources available to meet its working capital and capital expenditure requirements.

WORKING CAPITAL

Net working capital of \$4.1 million at September 30, 2007 has increased by \$0.5 million from the end of Q2'07 (decreased by \$1.5 million from last year end). Funds from operations generated approximately \$4 million which was offset by \$2.9 of year to date net capital expenditures and \$2.7 million in cash dividends. The working capital ratio has reduced to 1.29 at the end of Q3'07 compared to 1.42 at last year end and still remains at a consistent level compared to the 1.32 at the end of Q2'07. The Company has available a \$10 million revolving demand bank operating loan facility, which was drawn by \$6.9 million at the end of Q3'07.

Approximately 74% of trade accounts receivable at September 30, 2007 (85% at September 30, 2006) is with one client (one 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 76% of trade accounts receivable at September 30, 2007 were less than 60 days old (59% were less than 30 days old).

PROPERTY AND EQUIPMENT

Property and equipment as at September 30, 2007 at \$9.4 million decreased by \$2.5 million from the \$11.9 million at December 31, 2006. Total amortization to the end of Q3'07 was \$2.5 million, representing approximately \$0.8 million per quarter. Amortization over the same period last year amounted to approximately \$2.3 million. Total purchase of property and equipment for year to date Q3'07 was \$2.9 million and consisted of \$2.5 million for sustaining expenditures for the operating business and \$0.4 million for net development costs. Also included is the \$2.9 million write down relating to the navigation, positioning and asset management technology (Kodiak Nav Solutions).

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's future contractual payment obligations are in the form of operating leases on premises and equipment. The Company also has a purchase commitment for 4 drills with a supplier in the amount of \$1.2 million which is expected to be paid by the end of 2007. The balance remaining on this commitment is \$0.4 million as at September 30, 2007. These new drills will add capacity to service work that is part of backlog. The Company has no hedging, capital leases or any other "off balance sheet" contractual obligations.

<i>(in \$millions)</i>	Payments Due by Future Year				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Operating Leases	\$8.7	\$1.6	\$2.4	\$1.5	\$3.2

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 million. 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 approximately \$0.8.

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 at \$11.1 million at the end of Q3'07 decreased from \$14.1 million at the end of 2006. Net loss for year to date Q3'07 was \$0.4 million and cash dividends paid were \$2.7 million.

As at November 13, 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 transition in natural gas prices from regional to global has created short-term uncertainty which is being reflected in declining prices and has led to reduced motivation for exploration activities. The recent announcements of the Canadian federal changes with respect to taxation of income trusts and the provincial Royalty Review in Alberta have created a great deal of uncertainty and unrest in the oilfield services industry in western Canada. These specific uncertainties have greatly contributed to overall declining exploration activities in this region. Stabilization in these specific areas in the near future should reduce uncertainty and result in a return to normal business activity.

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 \$6.9 million as at September 30, 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.

During 2007, a return to the past seasonality trends was evident and is expected for the balance of the year and, according to early market indications, for 2008 as well. 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 the balance of 2007 and for 2008.

The Company has paid quarterly dividends of \$2.7 million (\$0.48 per share) in Q1'07 and Q2'07; however due to reduced overall profitability levels the Board elected not to pay any further dividends for this year. An evaluation will be undertaken in early 2008 to determine appropriate dividends going forward.

With the relatively mature market in Canada, expansion possibilities are being looked at in other geographic areas. Currently the Company is developing a strategic plan for continued penetration of the US marketplace for its services. Services offered at this time are primarily survey with some drilling and line clearing. For the future, expansion is anticipated within these three areas as well as adding locating services and navigation, positioning and asset management technology to the repertoire. The Company believes that opportunity exists in the US market to increase its market share as part of its overall growth strategy.

Development of the Kodiak division's current projects have been completed. This technology is now being used to provide competitive advantage while maintaining the high quality of service to the client. It has been concluded that the cumulative "soft" costs (capitalized salaries and expenses) of approximately \$2.6 million relating to these development activities do not have sufficient certain economic benefit for the future and therefore have been written off. However the "hard" assets (equipment) are expected to generate economic benefit for the future and their carrying value is at \$0.3 million. Product development activities for the future will be explored and pursued where economic viability exists. Reductions in overall headcount are expected from which will emerge a lean support group for operations.

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. 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 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 the first three 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. We are aware of the pronouncements (but not yet implemented) on Going Concern (Section 1400), Inventories (Section 3031), Capital Disclosures (Section 1535) and Financial Instruments (Sections 1562), but have not yet assessed their impact on the financial statements.

NORMAL COURSE ISSUER BID

On November 13, the Toronto Stock Exchange (the "TSX") accepted a Notice of Intention to Make a Normal Course Issuer Bid filed by Destiny. Under the terms of the normal course issuer bid, Destiny 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. Destiny currently has 5,577,081 common shares outstanding and its average daily trading volume for the past six months is 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 Destiny has purchased the maximum number of common shares permitted. 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.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2007	December 31, 2006
	\$	\$
ASSETS [note 3]		
CURRENT		
Accounts receivable [note 7]	15,954,691	17,361,520
Inventory	1,314,536	1,195,769
Prepaid expenses	555,212	452,071
Income taxes receivable [note 4]	360,545	---
	18,184,984	19,009,360
Property and equipment [note 4]	9,418,463	11,867,270
Intangibles	256,106	303,146
	27,859,553	31,179,776
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Bank indebtedness [note 3]	6,882,322	1,966,658
Accounts payable and accrued liabilities	7,248,274	11,376,336
Income taxes payable	---	46,710
	14,130,596	13,389,704
Future income taxes	---	3,667,330
Other long term liabilities [note 2]	2,646,735	---
Commitments and contingencies [notes 3 and 8]		
Shareholders' equity		
Share capital	8,369,935	8,369,935
Retained earnings	2,712,287	5,752,807
	11,082,222	14,122,742
	27,859,553	31,179,776

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

<i>(unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	19,242,983	23,636,792	48,072,507	66,769,743
Direct expenses	17,018,644	18,929,538	41,066,889	52,284,633
Gross margin	2,224,339	4,707,254	7,005,618	14,485,110
Other expense (income)				
General and administrative <i>[note 2]</i>	649,433	1,176,451	2,882,776	3,586,638
Impairment on property and equipment <i>[note 4]</i>	2,872,448	---	2,872,448	---
Amortization of property and equipment	831,101	801,409	2,452,944	2,328,693
Loss (gain) on disposal of property and equipment	14,673	(1,061)	(31,108)	(16,171)
Interest expense	108,976	46,026	212,675	186,256
	4,476,631	2,022,825	8,389,735	6,085,416
Income/(loss) before income taxes	(2,252,292)	2,684,429	(1,384,117)	8,399,694
Income taxes				
Current tax expense/(recovery)	(54,617)	108,694	2,646,735	108,694
Future tax recovery	---	707,181	(3,667,330)	2,604,966
Net income/(loss) and comprehensive income for the period	(2,197,675)	1,868,554	(363,522)	5,686,034
Retained earnings, beginning of period	4,909,962	4,578,335	5,752,807	3,436,889
<i>Dividends [note 5]</i>	---	(1,338,017)	(2,676,998)	(4,014,051)
Retained earnings, end of period	2,712,287	5,108,872	2,712,287	5,108,872
Basic and diluted per share amounts <i>[note 6]</i>				
Net income/(loss) for the period per common share				
Basic and diluted	(\$0.39)	\$0.34	(\$0.07)	\$1.02

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i>	Three Months Ended September 30, 2007		Nine Months Ended September 30, 2007	
	2007	2006	2007	2006
	\$	\$	\$	\$
CASH FLOWS PROVIDED BY (USED IN):				
Operating activities:				
Net income/(loss)	(2,197,675)	1,868,554	(363,522)	5,686,034
Items not involving cash:				
Amortization of property and equipment	831,101	801,409	2,452,944	2,328,693
Loss (gain) on disposal of property and equipment	14,673	(1,061)	(31,108)	(16,171)
Net income tax expense/(recovery)	(54,697)	1,179,173	(1,020,594)	2,414,969
Impairment on property and equipment	2,872,448	---	2,872,448	---
Funds from operations	1,465,850	3,848,075	3,910,168	10,413,525
Net change in non-cash working capital <i>[note 9]</i>	(3,046,756)	1,234,544	(3,271,541)	(4,649,889)
	(1,580,906)	5,082,619	638,627	5,763,636
Financing activities:				
Net increase (decrease) in bank indebtedness	2,614,201	(2,052,504)	4,915,664	673,689
Dividends paid <i>[note 5]</i>	---	(1,338,017)	(2,676,998)	(4,014,051)
	2,614,201	(3,390,521)	2,238,666	(3,340,362)
Investing activities:				
Purchase of property and equipment	(939,408)	(731,688)	(2,509,764)	(1,716,922)
Capitalized development costs	(84,407)	(21,884)	(416,582)	(328,430)
Proceeds on sale of property and equipment	12,700	3,002	127,909	34,904
Net change in non-cash working capital <i>[note 9]</i>	(22,180)	(941,528)	(78,856)	(412,826)
	(1,033,295)	(1,692,098)	(2,877,293)	(2,423,274)
Decrease in cash for the period	---	---	---	---
Cash, beginning of period	---	---	---	---
Cash, end of period	---	---	---	---

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
Notes to Interim Consolidated Financial Statements
(unaudited)
As at and for the three and nine month period ended September 30, 2007

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Destiny Resource Services Corp. (the "Company") provides Seismic Front-End Services comprised of seismic survey and mapping, seismic line clearing and shot-hole drilling to energy explorers and producers and to seismic acquisition companies, navigation, positioning and asset management technology to improve the productivity and safety of seismic operations, and locating services. The Company's business is seasonal with Q1 and Q3 traditionally being the two strongest quarters and Q2 and Q4 normally being the weakest quarters. The underlying causes of the seasonality are weather conditions, the Company being restricted from entering and conducting work in designated wildlife areas at certain times of the year and the timing of customer capital spending programs.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Certain information and disclosures normally required to be included in the notes to annual financial statements have been condensed or omitted. Since the determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these financial statements requires the use of estimates and assumptions. In the opinion of management, these financial statements have been prepared within reasonable limits of materiality. The interim financial statements follow the same significant accounting policies as described and used in the most recent annual report of the Company for the year ended December 31, 2006 and should be read in conjunction with that report except as noted below.

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 the first three 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. We are aware of the pronouncements (but not yet implemented) on Going Concern (Section 1400), Inventories (Section 3031), Capital Disclosures (Section 1535) and Financial Instruments (Sections 1562), but have not yet assessed their impact on the financial statements.

2. CORPORATE REORGANIZATION

In January 2007 the Company undertook a corporate reorganization which transferred the Company's interest in its operating partnership to a wholly owned subsidiary. This structure is similar to many other public companies, such that any public company liability issues could potentially be structurally subordinated to the operating businesses, and each business unit may also in certain circumstances be "insulated" from the business risks of the others. On a consolidated operating and financial reporting basis, the overall business of the Company remains unchanged.

As part of this reorganization the company incurred cash expenses of \$0.9 million, all of which has been included as part of general and administrative expenses for Q1'07. Other long term liabilities have arisen from this reorganization and primarily represent possible obligations that may arise in the future relating to the benefits of the reorganization.

3. BANK INDEBTEDNESS

The Company has available a \$10 million revolving demand bank operating loan facility, renewable annually, with balances outstanding repayable on demand and bearing interest at bank prime plus 0.50%. A first charge on accounts receivable and inventory and a charge on all other assets of the Company have been provided as security for this facility. The Company's ability to draw on the facility is primarily dependent upon the amount of accounts receivable that are less than 90 days outstanding. Letters of guarantee totaling \$50,000 are outstanding under the operating loan facility as at September 30, 2007 (\$80,000 - December 2006).

4. PROPERTY AND EQUIPMENT

As at September 30, 2007 incurred expenditures for property plant and equipment was \$2.9 million and consisted of \$2.5 million for sustaining expenditures for the operating business and \$0.4 million for net development costs. Over the same period last year \$1.7 million was incurred for sustaining expenditures and \$0.3 million for net development costs. A total of \$2.9 million was considered as impairment in value of the development costs incurred to date 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.

The income tax receivable of \$0.4 million primarily relates to the 2005 investment tax credit claim that has been filed and has been deducted from total development costs incurred.

5. DIVIDENDS

On March 5, 2007, the Company's Board of Directors declared a cash dividend of \$0.24 per common share, for total dividends of \$1,338,499 which were paid on March 15, 2007.

On May 11, 2007, the Company's Board of Directors declared a cash dividend of \$0.24 per common share, for total dividends of \$1,338,499 which were paid on June 15, 2007.

All 2007 dividends are considered to be eligible for income tax purposes as described under subsection 89(14) of Bill C-28.

6. PER SHARE AMOUNTS

The numerators and denominators used in the calculation of each of the basic and diluted per common share amounts are determined as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Numerator:				
Net income/(loss) for the period	\$(2,197,675)	\$1,868,554	\$(363,522)	\$5,686,034
Denominator – weighted average number of shares outstanding for the period:				
Basic	5,577,081	5,575,081	5,577,081	5,575,081
Effect of potentially dilutive "in-the-money" options	2,626	18,520	14,018	19,547
Diluted	5,579,707	5,593,601	5,591,099	5,594,628

7. CREDIT RISK

Approximately 74% of trade accounts receivable at September 30, 2007 (85% at September 30, 2006) is with one client (one in 2006). Approximately 76% of trade accounts receivable at September 30, 2007 were less than 60 days old (59% were less than 30 days old). One client exceeded 10% of gross revenues for Q3'07 and represented in aggregate approximately 62% of current year to date revenues. Over the same period last year there was one client representing approximately 67% of the year to date revenue. 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. Total bad debts expense over the last seven quarters (2006 and YTD Q3'07) were minimal (less than \$20,000).

8. COMMITMENTS AND CONTINGENCIES

The Company's future contractual payment obligations are in the form of operating leases on premises and equipment. The Company also has a purchase commitment for 4 drills with a supplier in the amount of \$1.2 million which is expected to be paid by the end of 2007. The balance remaining on this commitment is \$0.4 million as at September 30, 2007. These new drills will add capacity to service work that is part of backlog. The Company has no hedging, capital leases or any other "off balance sheet" contractual obligations.

<i>(in \$millions)</i>	Payments Due by Future Year				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Operating Leases	\$8.7	\$1.6	\$2.4	\$1.5	\$3.2

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 million. 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 approximately \$0.8.

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.

9. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Accounts receivable	\$(3,525,287)	\$(1,426,277)	\$1,406,829	\$(8,012,000)
Inventory	101,551	16,391	(118,767)	(424,597)
Prepaid expenses	231,167	227,785	(103,141)	(143,909)
Income tax receivable	21,336	---	(360,545)	---
Accounts payable and accrued liabilities	129,859	1,366,423	(4,128,063)	3,409,097
Income taxes payable	(27,562)	108,694	(46,710)	108,694
Net change in non-cash working capital	\$(3,068,936)	\$293,016	\$(3,350,397)	\$(5,062,715)
In operating activities	\$(3,046,756)	\$1,234,544	\$(3,271,541)	\$(4,649,889)
In investing activities	(22,180)	(941,528)	(78,856)	(412,826)
	\$(3,068,936)	\$293,016	\$(3,350,397)	\$(5,062,715)
Supplemental information:				
Cash interest paid	\$120,843	\$52,235	\$224,469	\$174,981
Cash taxes paid	\$6,942	---	\$26,009	---

10. GEOGRAPHIC SEGMENTS

	Revenue			
	Three Months Ended		Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Canada	\$16,955,757	\$21,916,785	\$39,329,600	\$62,823,634
United States	2,287,226	1,720,007	8,742,907	3,946,109
Total	\$19,242,983	\$23,636,792	\$48,072,507	\$66,769,743

	Property and Equipment	
	Sept. 30, 2007	Dec 31, 2006
	Canada	\$9,017,719
United States	400,744	465,612
Total	\$9,418,463	\$11,867,270

CORPORATE INFORMATION

Directors

Bruce R. Libin, Q.C.
Executive Chairman & Chief Executive Officer
Destiny Resource Services Corp.
Calgary, Alberta

Glen D. Roane
Corporate Director
Canmore, Alberta

Nathan S. Feldman, C.A.
Independent Businessman and Financial Consultant
Calgary, Alberta

David M. McGoey, C.A.
Independent Businessman
Calgary, Alberta

James Rathwell
Sr. Vice President and COO Well Service Division
Trinidad Energy Services Income Trust
Calgary, Alberta

Officers

Bruce Libin
Executive Chairman & Chief Executive Officer

Jim Holt
Chief Operating Officer

Patrick Egli, CGA
Vice-President, Finance & Administration
Chief Financial Officer and Corporate Secretary

Joe Pilienci, P Eng
Vice-President, Wolf Survey & Advanced Locating

Warren Plue
Vice-President, Kodiak Nav Solutions

Pete Scott
Vice-President, Drilling and Chief Safety Officer

Murray Leier
Vice-President, Line Clearing

Corporate Headquarters

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Auditors

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Calgary, Alberta

Banker

HSBC Canada
Calgary, Alberta

Legal Counsel

Osler, Hoskin & Harcourt LLP
Calgary, Alberta

Registrar and Transfer Agent

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:

Valiant Trust Company

Suite 310
606 Fourth Street S.W.
Calgary, Alberta T2P 1T1
Attention: Stock Transfer Department
Telephone (403) 233-2801

Stock Exchange Listing

Toronto Stock Exchange
Symbol: DSC

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