



**DESTINY RESOURCE SERVICES CORP.
2008 Second Quarter Interim Report**

As at and for the three and six-month period ended June 30, 2008

Destiny Resource Services Corp. (the "Company") provides Seismic Front-End Services comprised of seismic survey and mapping (Destiny Survey & Mapping; Destiny Survey & Mapping USA), seismic line clearing (Destiny Line Clearing) and shot-hole drilling (Destiny Drilling; Destiny Drilling USA) to energy explorers and producers and to seismic acquisition companies; navigation, positioning and asset management technology (Destiny Navigation Technologies) 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			Six Months Ended		
	June 30,			June 30,		
	2008	2007	Change	2008	2007	Change
<i>(\$000s, except per share amounts)</i>	\$	\$	%	\$	\$	%
Revenue	12,459	11,633	7	32,734	28,830	13
EBITDA ⁽¹⁾	436	831	(48)	4,026	2,548	58
Per share – basic and diluted	0.08	0.15	(48)	0.72	0.46	58
Net income for the period	83	177	(53)	2,013	1,834	10
Per share – basic and diluted	0.01	0.03	(53)	0.36	0.33	10
Weighted average shares outstanding for the period(000s)						
Basic ⁽²⁾	5,582	5,577	0	5,579	5,577	0
Diluted ⁽²⁾	5,582	5,594	(0)	5,579	5,594	(0)
				June 30,	Dec. 31,	
				2008	2007	Change
As at				\$	\$	%
Total assets				30,395	29,958	1
Working capital				5,701	5,239	9
Shareholders' equity				13,746	11,711	17
Book value per share outstanding				2.46	2.10	17

(1) "EBITDA" is provided to assist investors in determining the ability of the Company 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, the Company is consistent in its calculation of EBITDA for each reporting period and is presented in the MD&A.

(2) There are 5,582,581 shares and 24,500 options outstanding as at August 8, 2008.

LETTER TO SHAREHOLDERS

Fellow Shareholders,

Our results for Q2'08 are okay: importantly they are entirely in line with our expectations and consistent with our outlook for a good year overall. Q2'08 should be viewed in the context of the seasonal nature of our business (a subject of much discussion in our reporting to shareholders) and with recognition that the 2008 exploration budgets of our clients were struck in the fall of 2007, prior to the run-up in commodity prices. Budgets are not adjusted rapidly for many clients. While we are never pleased with results that are only breakeven, even for our quietest quarter, we are quite comfortable with the prospects for our year as a whole and quite optimistic with our outlook for the up-coming year.

Effective August 15, 2008 Destiny will move from the heritage names of our divisions to specialized service names under the Destiny banner. This will coincide with the launch of the new Destiny website: www.destiny-resources.com

In Canada, our division names will become:

- Destiny Drilling (formerly Double R Drilling)
- Destiny Survey & Mapping (formerly Wolf Survey & Mapping)
- Destiny Line Clearing (formerly Destiny Resources)
- Destiny Navigation Technologies (formerly Kodiak Nav Technologies)

[You will note the absence of our locating services division from the list above. With the many customers and many master-service agreements it has in place, the transition for Advanced Locating will require more time and more preparation.]

In the United States, run from our Houston office, our division names will be:

- Destiny Drilling USA (formerly Destiny Drilling Inc.)
- Destiny Survey & Mapping USA (formerly Wolf Survey & Mapping USA)

The details and analysis of our operations for the three and six months ended June 30, 2008 are contained in the Management's Discussion and Analysis section of this report, and shareholders are encouraged to review the disclosure there. Likewise, shareholders should turn to the Outlook section of this report for more colour on our optimism.

Prior to doing so however, please take this opportunity to reflect on the contribution of the men and women who work for Destiny Resource Services Corp. Our businesses are all about service. We earn money in the field, by the hour or day, by the metre drilled, kilometre cut and surveyed, etc., not by finding resources and not from inventory gains. Our people, in the field and in our shops and offices, maintain and enhance our reputation for quality, for safety and for service. To each of them we say "Thank You".

On behalf of the Board of Directors,



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

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2008 \$	December 31, 2007 \$
ASSETS [note 4]		
CURRENT		
Cash	24,240	---
Accounts receivable	14,068,981	14,743,474
Inventory [note 2]	1,666,434	1,004,717
Prepaid expenses	842,970	465,055
Income taxes receivable [note 5]	---	360,430
Future income tax asset [note 5]	1,022,280	517,808
	17,624,905	17,091,484
Property and equipment [notes 2 & 6]	11,391,020	9,303,901
Intangibles [note 2]	984,733	240,426
Goodwill [note 2]	394,430	---
	30,395,088	26,635,811
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Demand bank loan [note 4]	---	4,782,491
Accounts payable and accrued liabilities	9,569,800	7,226,666
Income taxes payable	52,946	---
Current portion of long-term debt [note 6]	1,010,620	---
Other current liabilities [note 3]	1,290,278	---
	11,923,644	12,009,157
Long-term debt [note 6]	2,777,335	---
Future income taxes [note 5]	1,756,745	1,781,959
Other long-term liabilities [note 3]	191,436	1,133,686
Commitments and contingencies [notes 4 and 9]		
Shareholders' equity		
Share capital [note 7]	8,391,935	8,369,935
Retained earnings	5,353,993	3,341,074
	13,745,928	11,711,009
	30,395,088	26,635,811

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>(unaudited)</i>				
Revenue	12,459,282	11,633,287	32,734,251	28,829,524
Direct expenses	11,483,627	10,308,611	27,516,954	24,048,245
	975,655	1,324,676	5,217,297	4,781,279
Other expenses:				
General and administrative <i>[note 3]</i>	539,891	493,640	1,191,016	2,233,343
Amortization of property and equipment and intangibles	843,673	806,276	1,556,384	1,621,843
Net interest expense <i>[note 8]</i>	77,786	43,349	211,896	103,699
Loss (gain) on disposal of property and equipment	(5,269)	5,821	(8,972)	(45,781)
	1,456,081	1,349,086	2,950,324	3,913,104
Income (loss) from operations before income taxes	(480,426)	(24,410)	2,266,973	868,175
Income taxes <i>[note 5]</i>				
Current tax expense (recovery)	520,876	(201,715)	783,741	2,701,352
Future tax recovery	(1,083,810)	---	(529,687)	(3,667,330)
Net income tax expense (recovery)	(562,934)	(201,715)	254,054	(965,978)
Net income (loss) and comprehensive income for the period	82,508	177,305	2,012,919	1,834,153
Retained earnings, beginning of period	5,271,485	6,071,156	3,341,074	5,752,807
Dividends <i>[note 7]</i>	---	(1,338,499)	---	(2,676,998)
Retained earnings, end of period	5,353,993	4,909,962	5,353,993	4,909,962
Per share amounts <i>[note 7]</i>				
Basic and diluted	0.01	0.03	0.36	0.33

See accompanying notes to the consolidated financial statements.

DESTINY RESOURCE SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
<i>(unaudited)</i>	\$	\$	\$	\$
CASH FLOWS PROVIDED BY (USED IN):				
Operating activities:				
Net income from operations	82,508	177,305	2,012,919	1,834,153
Items not involving cash:				
Amortization of property and equipment and intangibles	843,673	806,276	1,556,384	1,621,843
Future income taxes	(562,934)	(202,104)	254,054	(965,897)
Loss (gain) on disposal of property and equipment	(5,269)	5,821	(8,972)	(45,781)
	357,978	787,298	3,814,385	2,444,318
Net change in non-cash working capital <i>[note 10]</i>	8,042,293	2,499,671	2,358,592	(224,785)
	8,400,271	3,286,969	6,172,977	2,219,533
Financing activities:				
Net change in bank indebtedness	(3,128,062)	(794,748)	(4,782,491)	2,301,463
Net change in long-term debt <i>[note 6]</i>	(304,645)	---	3,787,955	---
Issuance of shares	22,000	---	22,000	---
Dividends paid <i>[note 7]</i>	---	(1,338,499)	---	(2,676,998)
	(3,410,707)	(2,133,247)	(972,536)	(375,535)
Investing activities:				
Business acquisition <i>[note 2]</i>	(3,772,200)	---	(3,772,200)	---
Purchase of property and equipment	(1,162,994)	(1,148,218)	(1,399,877)	(1,902,531)
Proceeds on sale of property and equipment	44,500	60,209	64,300	115,209
Net change in non-cash working capital <i>[note 10]</i>	(74,630)	(65,713)	(68,424)	(56,676)
	(4,965,324)	(1,153,722)	(5,176,201)	(1,843,998)
Change in cash and cash equivalents	24,240	---	24,240	---
Cash and cash equivalents, beginning of period	---	---	---	---
Cash and cash equivalents, end of period	24,240	---	24,240	---

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 six-month period ended June 30, 2008

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, 2007 and should be read in conjunction with that report except as noted below.

Effective January 1, 2008 the Company has adopted the new CICA Handbook accounting requirements for Capital Disclosures (Section 1535), Inventories (Section 3031), Financial Instruments - Disclosure (Section 3862) and Financial Instruments – Presentation (Section 3863).

Capital Disclosures

CICA Handbook Section 1535 requires the disclosure of qualitative and quantitative information about the Company's objectives, policies and processes for managing capital, which has been provided under note 12.

Financial Instruments

CICA Handbook Section 3862 (Financial Instruments – Disclosure) and Section 3863 (Financial Instruments – presentation) replace Section 3861 (Financial Instruments – Disclosure and Presentation) effective January 1, 2008 for the Company. Section 3862 requires the disclosure of information to allow the users to evaluate the significance of the financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The additional information to comply with these standards is disclosed in note 13.

Inventories

Inventories are consumables that are used in the process of the Company providing its services to its clients. They are valued at the lower of cost and net realizable value. Costs are assigned based upon the initial invoiced amount from vendors which are then reviewed on a quarterly basis for obsolescence. Obsolescence is based upon the aging of a particular item in terms of date of last movement from which an applicable discount rate is applied. Discount rates are derived from historical experience. Changes in the obsolescence provision are expensed or recovered in the period in which they occur within general and administrative expenses.

Future Requirements

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 (Goodwill and Intangible Assets) will replace Section 3062 (Goodwill and Other Intangible Assets) and Section 3450 (Research and Development Costs). This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets including internally generated intangible assets. This new section will be effective for the Company beginning January 1, 2009.

In 2006 the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five year transition period with the adoption required effective January 1, 2011. While the Company has begun to assess the adoption of IFRS for 2011, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

Goodwill

Goodwill arose from the business asset acquisition of All-Terrain Industries, Inc. and represents the difference between the purchase price paid and the allocated values for tangible and intangible assets. Goodwill will be tested on an annual basis for impairment and any such impairment will be charged to earnings in the year that it is determined.

2. BUSINESS ACQUISITION

Effective April 1, 2008 the business assets of All-Terrain Industries, Inc., a seismic shot-hole drilling company located in Houston, Texas, were acquired. This purchase transaction included a cash payment of \$3.6 million USD at closing. An additional \$0.3 million USD is payable at the end of 2 years in the event a certain revenue threshold is obtained. This transaction was financed by the new \$4 million USD long-term debt facility.

Total purchase price (in CAD)	
Cash consideration	\$3,697,200
Transaction costs	75,000
Purchase price	<u>\$3,772,200</u>
 Purchase price allocation (in CAD)	
Inventory	<u>\$334,509</u>
Net working capital	334,509
 Property and equipment	 2,243,261
Intangibles	800,000
Goodwill	<u>394,430</u>
Total	<u>\$3,772,200</u>

3. 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 current and 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.

4. DEMAND BANK LOAN

The Company has available a \$15 million (increased from \$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 and as at June 30, 2008 this amount was \$15 million (\$10 million – December 31, 2007). Letters of guarantee totaling \$50,000 are outstanding under the operating loan facility as at June 30, 2008 (\$50,000 – December 2007).

5. INCOME TAXES

Future income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The significant components of the Company's future income tax liabilities are as follows:

In \$000s	June 30, 2008				December 31, 2007		
	Canada	US Asset	Total	Liability Canada	US Asset	Liability Canada	Net
Deferred partnership income	-	-	-	1,987	-	2,219	2,219
Difference between tax base and reported amount for depreciable assets	-	(185)	(185)	(471)	(98)	(577)	(675)
SR&ED ITC	(516)	-	(516)	-	-	-	-
Non capital tax loss carry forwards	-	(321)	(321)	-	(420)	-	(420)
Deferred financing costs and other	-	-	-	241	-	140	140
Future income tax liability / (asset)	(516)	(506)	(1,022)	1,757	(518)	1,782	1,264

6. 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 and for the business asset acquisition that occurred on April 1, 2008 (refer to Note 2 Business Acquisition for further information). 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 over the next 4 years are approximately \$1 million USD per year. In Q2'08 a total of \$0.3 million was repaid on this loan.

7. SHARE CAPITAL

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

Authorized	#	\$
Unlimited number of common, first preferred and second preferred shares		
Issued - Common shares		
Total December 31, 2006 and 2007	5,577,081	8,369,935
Stock options exercised	5,500	22,000
Total June 30, 2008	5,582,581	8,391,935

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 June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Numerator:				
Net income for the period	\$82,508	\$177,305	\$2,012,919	\$1,834,153
Denominator – weighted average number of shares outstanding for the period:				
Basic	5,582,581	5,577,081	5,582,581	5,577,081
Effect of potentially dilutive "in-the-money" options	---	16,642	---	17,800
Diluted	5,582,581	5,593,723	5,582,581	5,594,881

A summary of the status of the stock option plan is as follows:

	# of Options	Weighted Average Exercise Price
Outstanding at beginning of year	30,000	\$6.45
Exercised	(5,500)	4.00
Outstanding at June 30, 2008	24,500	\$7.00
Options exercisable as of June 30, 2008	24,500	\$7.00

At the end of Q2'08 none of the 24,500 outstanding options were "in-the-money".

8. INTEREST

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating bank line	31,704	43,349	182,955	103,699
Long-term debt	51,423	---	51,423	---
Interest income	(5,343)	---	(22,482)	---
Net interest expense	77,786	43,349	211,896	103,699

9. COMMITMENTS AND CONTINGENCIES

The Company's future contractual payment obligations are in the form of operating leases on premises and equipment. The Company has no hedging, capital leases or any other "off balance sheet" contractual obligations.

(in \$millions)

	Payments Due by Future Year				
	Total	0-1 Years	2 - 3 years	4 - 5 years	After 5 years
Operating Leases	7.7	1.4	2.2	1.4	2.7

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 million.

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.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Changes during the period			
	For the Three Months Ended		For the Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Accounts receivable	\$7,468,022	\$3,793,843	\$674,493	\$4,932,116
Inventory	(169,542)	(137,718)	(327,208)	(220,318)
Prepaid expenses	(546,962)	(435,445)	(377,915)	(334,308)
Change in income tax	(22,236)	(391,220)	(22,336)	(401,029)
Accounts payable and accrued liabilities	1,238,481	(395,502)	2,343,134	(4,257,922)
Income taxes payable				
Net change in non-cash working capital	\$7,967,663	\$2,433,958	\$2,290,168	\$(281,461)
Represented by:				
In operating activities	\$8,042,293	\$2,499,671	\$2,358,592	\$(224,785)
In investing activities	(74,630)	(65,713)	(68,424)	(56,676)
	\$7,967,663	\$2,433,958	\$2,290,168	\$(281,461)
Supplemental information:				
Cash interest paid during the period	\$80,628	\$55,025	\$263,156	\$103,626
Cash taxes paid during the period	\$884	\$9,728	\$884	\$19,067

11. GEOGRAPHIC SEGMENTS

	Revenue			
	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Canada	\$9,362,635	\$7,228,012	\$28,717,915	\$22,373,843
United States	3,096,647	4,405,275	4,016,336	6,455,681
Total	\$12,459,282	\$11,633,287	\$32,734,251	\$28,829,524
Property and Equipment				
			June 30, 2008	Dec 31, 2007
Canada			\$8,976,791	\$8,952,096
United States			2,414,229	351,805
Total			\$11,391,020	\$9,303,901

12. 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 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 debt to equity ratio of less than 2.5:1 as is the defined maximum under its current banking covenant requirement 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 shareholder's equity less intangible assets. As at June 30, 2008 the calculated debt to equity ratio is 1.13:1 compared to 1.05:1 at last year end and was well below the maximum covenant requirement.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Fair Value of Financial Instruments

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

<i>(in \$000s)</i>	June 30, 2008		December 31, 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
<i>Loans and receivables:</i>				
Accounts receivable trade	12,919	12,919	15,043	15,043
Income tax receivable	---	---	360	360
Total	12,919	12,919	15,403	15,403
Financial Liabilities				
<i>Other financial liabilities:</i>				
Demand bank loan	---	---	4,782	4,782
Accounts payable trade	3,487	3,487	2,545	2,545
Current portion of long-term debt	1,011	1,011	---	---
Long-term debt	2,777	2,777	---	---
Total	7,275	7,275	7,327	7,327

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, interest rates or foreign exchange rates. However, with the recent establishment of the long-term debt facility and with the expectation of increased business in the US, the Company will continue to monitor the appropriate potential benefit of hedging activities in the future.

Sensitivity Analysis

The following table illustrates potential effects of changes in relevant risk variables on the Company's net income for the six months ended June 30, 2008.

<i>(in \$000s)</i>	Increase or Decrease	Increase or Decrease in Net Income
Interest rate	+25 BPS / -25 BPS	-16 / +16
Foreign exchange	+\$0.05 / -\$0.05	-147 / +147

Credit Risk on Financial Instruments

For clients representing more than 10% of trade accounts receivable, approximately 73% of trade accounts receivable at June 30, 2008 (63% at June 30, 2007) are with one client (two in 2007). 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 89% of trade accounts receivable at June 30, 2008 were less than 60 days old (78% were less than 30 days old).

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 12). 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 and (iii) a significant increase in operating costs. Although the Company has approximately \$3.8 million of long-term debt it has no demand bank loan and a very small cash balance as at June 30, 2008. The Company has the ability to draw on the demand bank loan up to a maximum of \$8.8 million as calculated based on eligible receivables at that point in time.

At June 30, 2008 the Company's contractual maturities relate to long-term debt and expected principal payments over the next 4 years are approximately \$1 million USD per year.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") FOR Q2'08

The following discussion and analysis of financial results for the six months ended June 30, 2008 ("Q2'08") and June 30, 2007 ("Q2'07") is based on information available until August 8, 2008 (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, 2007.

Certain statements included in this Management's Discussion and Analysis 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 managements 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.

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). The Company evaluates its performance based on EBITDA. 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		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue	12,459,282	11,633,287	32,734,251	28,829,524
Direct Expenses	11,483,627	10,308,611	27,516,954	24,048,245
Gross margin	975,655	1,324,676	5,217,297	4,781,279
Less general and administrative	539,891	493,640	1,191,016	2,233,343
EBITDA	435,764	831,036	4,026,281	2,547,936

REVENUE

Revenues for Q2'08 at \$12.5 million increased by 7% from the \$11.6 million for Q2'07. In Canada, it would appear that E&P companies are concentrating their focus more on their sustaining operations rather than on exploration activities. The results of this focus create the situation of less overall work in this marketplace and increased competition. Despite this, the Company has been able to sustain its revenue level in Q2'08 close to Q2'07 as many of its clients specify it as their subcontractor of choice. In the US, an inherent trait in this industry is the amount of time required for permitting activities to which the Company must wait for before it can commence work. This was experienced during Q2'07 which has resulted in lower revenues in this geographic segment for the quarter but with the expectation that this work will be completed later in the year. Year to date revenues for 2008 at \$32.7 million represented a 13.5% increase over the \$28.8 million over the same period last year.

One client exceeded 10% of gross revenues for Q2'08 and represented in aggregate approximately 61% of current quarter revenues. Over the same period last year there was one client with more than 10% of revenue, representing approximately 52% of the quarter's revenue.

GROSS MARGIN

Gross margin for Q2'08 was approximately \$1 million, representing 7.8% of revenues, and was lower than the \$1.3 million representing 11.4% of revenues over the same period last year. Given the more competitive environment in Canada this has created increased downward pressure on pricing translating into lower overall margin. In the US, the long lead times in permitting resulted in less over revenues for the Q2'08 compared to Q2'07. Timing of revenues combined with infrastructure costs will cause gross margins to vary from time to time.

Year to date gross margin for 2008 at \$5.2 million represented 15.9% of revenues which was compared to \$4.8 million representing 16.6% 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 Q2'08 these expenses were \$0.5 million (Q2'07-\$0.5 million). For year to date Q2'08 these expenses \$1.2 million compared to \$2.2 million over the same period as last year. Expenses for last year included approximately \$0.9 million for the corporate reorganization.

The profit sharing plans were instituted to better align the Company's incentive compensation for key employees with the interests of shareholders. The plans, which replace bonuses and the grant of stock options, are intended to have the participating employees more focused on the Company's bottom line performance and to enable the Company to retain and attract operating and executive management in a competitive environment. Awards from the plans are made one-half in cash and one-half in shares, which are purchased in the market.

AMORTIZATION OF PROPERTY AND EQUIPMENT

Total amortization expense for the six months ended June 30, 2008 at \$1.6 million was at the same level over the same period last year. For Q2'08 amortization expense was \$0.8 million which was the same as Q2'07.

INTEREST EXPENSE

Net interest expense to the end of Q2'08 was \$0.2 million compared to less than \$0.1 million in net interest revenue over the same period of last year. Interest on long-term debt during Q2'08 was less than \$0.2 million and interest income to the end of Q2'08 was less than \$0.1 million. All interest expense for last year related to the short-term term bank operating facility.

INCOME TAXES

Management intends to apply the benefits achieved through the corporate reorganization completed in Q1'07 against the other liabilities on the balance sheet, both current and long-term, with the expectation that there will be no cash expense associated with extinguishing these other liabilities. 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

<i>(000's, except per share amounts)</i>	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Total Revenue	12,459	20,275	17,129	19,244	11,633	17,196	22,262	23,636	16,934
Net income (loss) for the period	83	1,930	629	(2,198)	177	1,657	1,982	1,869	504
Basic/diluted earnings per share	0.01	0.35	0.11	(0.39)	0.03	0.30	0.36 / 0.35	0.34	0.09
Weighted average number of shares outstanding									
Basic	5,583	5,577	5,577	5,577	5,577	5,577	5,576	5,575	5,575
Diluted	5,583	5,577	5,577	5,580	5,594	5,595	5,595	5,594	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.

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 flow from operations, 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.

Liquidity and capital resources are dependant upon the results of operations, commodity prices, capital expenditures, debt service charges and cash dividends. The Company's balance sheet as at June 30, 2008 shows net working capital of \$5.7 million and term debt of \$3.8 million providing a net surplus position of \$1.9 million. As at last year end net working capital was \$5.2 million and a demand bank loan of \$4.8 million provided a net position of \$0.4 million. The Company will be looking at ways to reduce net working capital requirements in the future through its management of trade accounts receivable and trade accounts payable which is expected to provide cash. Despite the risks associated with cash flow relating from changes in commodity prices, reduced revenue volumes and increased operating costs, the Company's strong balance sheet provides a potential buffer to mitigate some or all of these effects should they occur.

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 and for the business asset acquisition that occurred on April 1, 2008 (refer to Note 2 Business Acquisition for further information). 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 over the next 4 years are approximately \$1 million USD per year. In Q2'08 a total of \$0.3 million was repaid on this loan.

WORKING CAPITAL

Net working capital of \$5.7 million (1.48:1) as at June 30, 2008 was higher than the \$5.1 million (1.42:1) at last year end. The Company has available a \$15 million (increased from \$10 million) revolving demand bank operating loan facility. As at June 30, 2008 no amount was drawn on the bank line.

For clients representing more than 10% of trade accounts receivable, approximately 73% of trade accounts receivable at June 30, 2008 (63% at June 30, 2007) are with one client (two in 2007). 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 89% of trade accounts receivable at June 30, 2008 were less than 60 days old (78% were less than 30 days old).

PROPERTY AND EQUIPMENT

Property and equipment as at June 30, 2008 was at \$11.4 million which has increased by \$2.1 million from the \$9.3 million at last year end. Amortization for Q2'08 was \$1.6 million. Assets obtained from the US business acquisition were approximately \$2.3 million. The remaining \$1.4 million represented sustaining purchases less disposals for the operating business.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's future contractual payment obligations are in the form of operating leases on premises and equipment. The Company has no hedging, capital leases or any other "off balance sheet" contractual obligations.

(in \$millions)

	<u>Payments Due by Future Year</u>				
	<u>Total</u>	<u>0-1 Years</u>	<u>2 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Operating Leases	7.7	1.4	2.2	1.4	2.7

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.

SHAREHOLDERS' EQUITY

Shareholder's equity increased from \$11.7 million at the end of 2007 to \$13.7 million at the end of Q2'08 and can be entirely contributed to the year to date net income of \$2 million.

As at August 8, 2008, the number of issued and outstanding common shares is 5,582,581 with 24,500 additional common shares reserved for potential future issuance pursuant to options outstanding under the Company's stock option plan none of which were "in-the-money" as at June 30, 2008.

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. 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.

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 June 30, 2008 no amount was drawn on the bank line.

OUTLOOK

As a whole, 2008 appears to be a transition year for the demand for the services the Company provides to the seismic industry. Activity levels rose each year from 2002 through 2006, reflecting rising commodity prices and growing demand in North America for natural gas. This culminated with the exceptionally active and profitable year of 2006. Exploration budgets for Destiny's clients for 2007 were cast in the fall of 2006, in an atmosphere of slippage in commodity prices coupled with significant cost escalation for almost all goods and services in the oilpatch. As a result, 2007 was a year of reduced activity, as reflected in the Company's results.

Exploration budgets for 2008, generally approved prior to the recent run-up in commodity prices, also somewhat reflected industry response to the new royalty regime announced in Alberta. This combination has led to overall seismic activity in Canada around the same level as 2007. Destiny's increases in revenue in Canada are in some measure a gain in market share. As 2008 has been unfolding, commodity prices, especially crude oil, have increased considerably. Some clients are responding to the opportunity with increased budget allocations to exploration; others are indicating their intentions for the coming year and beyond.

Taken in aggregate, Destiny anticipates overall good results for 2008 and considerably enhanced demand and activity levels for 2009. Early signals have the Company believing it is basically sold out for the up-coming winter and planning for greater volume for the balance of 2009 in Canada. At the same time, Destiny believes it is achieving traction with its expansion and businesses in the United States and anticipates growing revenue and contribution from its US operations.

The principal risks to achieving expectations are commodity price and fiscal regime changes affecting the profitability of exploration to the Company's clients (about which the Company has little or no capacity to manage) and the internal challenges of maintaining quality and safety. Destiny devotes considerable time and energy to addressing our internal challenges and opportunities and believes its systems and procedures, together with the dedication and commitment of its people, are sufficient to maintain its reputation and positive outlook.

The Company 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 term. The Company provides services principally in connection with the exploration for crude oil and natural gas, which are escalating in value and plentiful in the areas in which the Company operates.

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

EVALUATIONS OF DC&P AND ICFR

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

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 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

Effective January 1, 2008 the Company has adopted the new CICA Handbook accounting requirements for Capital Disclosures (Section 1535), Inventories (Section 3031), Financial Instruments - Disclosure (Section 3862) and Financial Instruments – Presentation (Section 3863).

Capital Disclosures

CICA Handbook Section 1535 requires the disclosure of qualitative and quantitative information about the Company's objectives, policies and processes for managing capital, which has been provided under note 12.

Financial Instruments

CICA Handbook Section 3862 (Financial Instruments – Disclosure) and Section 3863 (Financial Instruments – presentation) replace Section 3861 (Financial Instruments – Disclosure and Presentation) effective January 1, 2008 for the Company. Section 3862 requires the disclosure of information to allow the users to evaluate the significance of the financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The additional information to comply with these standards is disclosed in note 13.

Inventory

Inventories are consumables that are used in the process of the Company providing its services to its clients. They are valued at the lower of cost and net realizable value. Costs are assigned based upon the initial invoiced amount from vendors which are then reviewed on a quarterly basis for obsolescence. Obsolescence is based upon the aging of a particular item in terms of date of last movement from which an applicable discount rate is applied. Discount rates are derived from historical experience. Changes in the obsolescence provision are expensed or recovered in the period in which they occur within general and administrative expenses.

Future Requirements

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 (Goodwill and Intangible Assets) will replace Section 3062 (Goodwill and Other Intangible Assets) and Section 3450 (Research and Development Costs). This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets including internally generated intangible assets. This new section will be effective for the Company beginning January 1, 2009.

In 2006 the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five year transition period with the adoption required effective January 1, 2011. While the Company has begun to assess the adoption of IFRS for 2011, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

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 August 8, 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.

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 Drilling Ltd.
Calgary, Alberta

Officers

Bruce Libin
Executive Chairman & Chief Executive Officer

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

Jim Holt
Chief Operating Officer, Destiny Resource Services, Inc.
President, Destiny Drilling, Inc.

Murray Leier
Vice-President, Line Clearing

Joe Pilioci, P Eng
Vice-President, Survey & Mapping and
Vice-President, Locating Services

Warren Plue
Vice-President, Navigation Technologies

Pete Scott
Vice-President, Drilling and Chief Safety Officer

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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

Investor Contact

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