



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

of

AEROQUEST INTERNATIONAL LIMITED

Meeting to be held at 11:00 a.m.
Friday February 27, 2009
at the offices of
Aeroquest International Limited
7687 Bath Road
Mississauga, Ontario L4T 3T1

Dated: January 27, 2009

AEROQUEST INTERNATIONAL LIMITED

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held on Friday February 27, 2009

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of common shares of Aeroquest International Limited (the “**Corporation**”) will be held at the offices of the Corporation, 7687 Bath Road, Mississauga, Ontario, L4T 3T1, Canada at 11:00 a.m. (Toronto time), on Friday February 27, 2009 for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended September 30, 2008 together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to re-appoint BDO Dunwoody LLP, as auditor of the Corporation, for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to approve and ratify certain amendments to the Corporation’s 2005 Incentive Stock Option Plan;
5. to re-approve the Corporation’s 2006 Restricted Stock Unit Plan and to approve and ratify certain amendments thereto; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Particulars of the foregoing matters are set forth in the Corporation’s accompanying Management Information Circular. A copy of the audited consolidated financial statements of the Corporation as at and for the year ended September 30, 2008 and the report of BDO Dunwoody LLP, the auditor of the Corporation, thereon, also accompanies this notice of the Meeting. The directors of the Corporation have fixed the close of business on January 23, 2009 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the accompanying form of proxy in the enclosed return envelope. All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be deposited with Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than 11:00 a.m. (Toronto time) on February 25, 2009 or at least 48 hours prior to any adjournment or with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof.

Further information with respect to voting by proxy is included in the accompanying Management Information Circular.

DATED at Mississauga, Ontario this 27th day of January, 2009.

BY ORDER OF THE BOARD


Roy Graydon
President and Chief Executive Officer

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GLOSSARY

“**2005 Option Plan**” means the 2005 incentive stock option plan of the Corporation dated September 14, 2005, as amended September 15, 2006, September 26, 2007 and July 17, 2008, as may be further amended from time to time in accordance with its terms.

“**2006 RSU Plan**” means the amended and restated 2006 restricted stock unit plan of the Corporation dated August 14, 2006, as amended on July 17, 2008 and as may be further amended from time to time in accordance with its terms.

“**AL**” means Aeroquest Limited, a wholly-owned subsidiary of the Corporation.

“**Audit Committee**” means the audit committee of the Board.

“**BDO**” means BDO Dunwoody LLP.

“**Board**” means the board of Directors.

“**Business Day**” means a day on which the TSX is open for the business of trading securities.

“**Common Shares**” means the common shares of the Corporation.

“**Compensation Committee**” means the compensation committee of the Board.

“**Corporation**” means Aeroquest International Limited.

“**Directors**” means the directors of the Corporation.

“**Insider**” means an “insider” as defined in Part I of the Toronto Stock Exchange Company Manual as amended from time to time or any successor or replacement provision thereto.

“**Intermediary**” has the meaning ascribed thereto under the section “Non-Registered Beneficial Holders”.

“**Management Information Circular**” means this management information circular of the Corporation furnished to Shareholders in connection with the Meeting.

“**MD&A**” means the Management Discussion and Analysis of the Corporation as of September 30, 2008.

“**Meeting**” means the annual and special meeting of Shareholders to be held on Friday February 27, 2009.

“**Named Executive Officers**” has the meaning ascribed thereto in Form 51-102F6 - *Statement of Executive Compensation* of NI 51-102.

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“**Notice of Meeting**” means the notice of meeting furnished to Shareholders in connection with the Meeting.

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*.

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, agency, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“**Record Date**” means January 23, 2009.

“**RSU**” means a restricted stock unit that may be granted under the 2006 RSU Plan.

“**RSU Shares**” means the restricted stock unit common shares that may be issued under the 2006 RSU Plan, and “**RSU Share**” means any restricted stock unit common share issued under the 2006 RSU Plan.

“**Shareholders**” collectively means all of the common shareholders of the Corporation, and “**Shareholder**” means any one Shareholder.

“**Subsidiaries**” means subsidiaries and other entities controlled by the Corporation and “**Subsidiary**” refers to any one such entity.

“**TSX**” means the Toronto Stock Exchange.

“**TSX-V**” means the TSX Venture Exchange.

“**UTS**” means UTS Geophysics Pty Ltd.

Unless otherwise specified herein, all references to currency amounts in this Management Information Circular shall refer to Canadian Dollars.

AEROQUEST INTERNATIONAL LIMITED

MANAGEMENT INFORMATION CIRCULAR

VOTING INFORMATION

Solicitation of Proxies

This management information circular (this “**Management Information Circular**”) is furnished in connection with the solicitation of proxies by the management and the directors of **AEROQUEST INTERNATIONAL LIMITED** (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the shareholders of the Corporation (“**Shareholders**”) to be held at the offices of the Corporation, 7687 Bath Road, Mississauga, Ontario, L4T 3T1, Canada at 11:00 a.m. (Toronto time), on Friday February 27, 2009 and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Shareholders in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation (“**Common Shares**”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Management Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne by the Corporation.

The Corporation has distributed copies of the Notice of Meeting, this Management Information Circular and a form of proxy to intermediaries such as clearing agencies, securities dealers, banks and trust companies or their nominees for distribution to non-registered Shareholders whose Common Shares are held by or in custody of such intermediaries. Intermediaries are required to forward these documents to non-registered Shareholders. The solicitation of proxies from non-registered Shareholders will be carried out by intermediaries or by the Corporation if the names and addresses of non-registered Shareholders are provided by the intermediaries. The cost of the solicitation will be borne by the Corporation.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Management Information Circular.

Effective Date

The information in this Circular is given as at January 27, 2009, unless otherwise indicated.

Record Date and Registered Shareholders

Only persons who were registered as holders of Common Shares as of the close of business on the Record Date, or the persons or companies they appoint as their proxies, are entitled to receive notice of, attend and vote at, the Meeting. If you are shown as a Shareholder on the Shareholder list maintained by Computershare Investor Services Inc. on the Record Date, you will be entitled to vote at the Meeting or any adjournment thereof on the basis of one vote per Common Share, even though you may have disposed of your Common Shares after the Record Date. At the Meeting, each Shareholder named in that

list will be entitled to vote the Common Shares shown opposite the holder's name on the list. If you became a Shareholder after the Record Date you will not be entitled to receive notice of nor to vote at the Meeting or any adjournment or postponement thereof, except to the extent that a Shareholder has transferred any Common Shares after the record date and the transferee of such Common Shares produces a properly endorsed share certificate or otherwise establishes that the transferee owns the Common Shares and requests, not later than ten days before the Meeting, that his, her or its name be included on the list of the Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares at the Meeting and at all adjournments thereof.

The failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of the right to vote at the Meeting.

All matters that are scheduled to be voted on at the Meeting are ordinary resolutions, which are passed by a simple majority, meaning that if more than half of the votes voted on the resolution are cast in favour, then the resolution passes.

Non-Registered Beneficial Shareholders

The information set forth in this section is very important to you if you do not hold Common Shares in your own name. If you are a non-registered beneficial Shareholder, your Common Shares are held on your behalf, or for your account, by a broker, securities dealer, financial institution, trustee, nominee or other intermediary or otherwise, referred to herein as an “**Intermediary**”. **Your Intermediary will be the entity legally entitled to vote your Common Shares. In order to vote your Common Shares, you must carefully follow the instructions that your Intermediary delivered to you with this Management Information Circular.** Instead of completing the form of proxy that may be enclosed with this Management Information Circular, you will likely be asked to complete a different form and deliver it to your Intermediary. This form will instruct the Intermediary how to vote your Common Shares at the Meeting on your behalf. As a non-registered beneficial Shareholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow your Intermediary's instructions and procedures.

Non-Registered beneficial Shareholders must follow the instructions on the forms you receive from your Intermediary and you should contact your Intermediary promptly if you require assistance.

Voting In Person

If you personally attend the Meeting on Friday February 27, 2009 and are a registered Shareholder, you may cast one vote for each of your registered Common Shares on any and all resolutions voted on by way of ballot at the Meeting, including those matters set out in the Notice of Meeting and any other business that may properly arise at the Meeting. You may oppose any matter proposed at the Meeting by either withholding your vote from, or voting your Common Shares against, any resolution of the Meeting, depending on the specific resolution. If you attend the Meeting in person and are a non-registered beneficial Shareholder, you will not be entitled to vote at the Meeting unless you contact your Intermediary well in advance of the Meeting and carefully follow your Intermediary's instructions and procedures.

Voting By Proxy for Registered Shareholders

The following instructions are for registered Shareholders only. Only registered Shareholders or their duly appointed proxyholders are permitted to vote at the Meeting. **If you are a non-registered beneficial Shareholder, please follow your Intermediary's instructions on how to vote your Common Shares.**

Appointment of Proxyholder

The persons named in the form of proxy accompanying this Management Information Circular are directors and/or officers of the Corporation. A Shareholder has the right to appoint a person (who need not be a Shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Computershare Investor Services Inc., in time for use at the Meeting in the manner specified in the Notice of Meeting.

Revocation of Your Proxy

A Shareholder who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Shareholder is a corporation, by an officer or attorney thereof properly authorized, either (i) at the principal office of the Corporation, 7687 Bath Road, Mississauga, Ontario, L4T 3T1 at any time prior to 11:00 a.m. (Toronto time) on February 25, 2009 or at least 48 hours prior to any adjournment, (ii) with Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time prior to 11:00 a.m. (Toronto time) on February 25, 2009 or at least 48 hours prior to any adjournment, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with subparagraphs (a)(i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

Exercise of Discretion by Proxies

The Common Shares represented by an appropriate form of proxy will be voted on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions thereon. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters that are not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

Signing of Proxy

The form of proxy must be signed by the Shareholder or the duly appointed attorney of the Shareholder authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the Shareholder or in some other representative capacity, including an officer of a corporation which is a Shareholder, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument

evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Corporation. A Shareholder or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be.

Voting Securities and Principal Holders Thereof

Description of Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares. Each Common Share entitles the holder of record thereof to one vote per Common Share at all meetings of the shareholders of the Corporation. As at the close of business on January 27, 2009, there were 33,613,309 Common Shares outstanding.

Ownership of Securities of the Corporation

To the knowledge of the directors and officers of the Corporation, no Person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than ten percent of the voting rights attached to any class of voting securities of the Corporation, with the exception of:

- Praetorian Capital Management LLC, who owns 5,051,300 Common Shares or 15.03% of the Common Shares.⁽¹⁾

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate, 4,575,532 Common Shares, representing approximately 13.6% of the outstanding Common Shares.

Quorum

The presence of two Shareholders or proxyholders entitled to cast at least 5% of the votes attached to all outstanding Common Shares will constitute a quorum at the Meeting. The Corporation's list of Shareholders as of the Record Date will be used to deliver to Shareholders both the Notice of Meeting and this Management Information Circular, as well as to determine who is eligible to vote.

⁽¹⁾ Please refer to the most recent Alternative Monthly Report filed by Praetorian Capital Management LLC pursuant to Part 4 of National Instrument 62-103 – *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* for further details.

BUSINESS OF THE MEETING

Presentation of Financial Statements and Auditors' Report

The audited consolidated financial statements of the Corporation, the report of the auditors thereon, and the Management's Discussion and Analysis for the financial year ended September 30, 2008 are contained in the 2008 Annual Report and will be presented to the Shareholders at the Meeting, but the approval of the Shareholders with respect thereto is not required.

Election of Directors

The articles of the Corporation provide for the Board to consist of a minimum of three (3) and maximum of eleven (11) directors. At the Meeting, Shareholders will be asked to elect six (6) Directors for the ensuing year.

The persons named in the form of proxy accompanying this Management Information Circular intend to vote for the election of each of the nominees whose names are set forth below, unless the Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of such nominees as Directors.

Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a Director for the ensuing year, however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Management Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each Director elected will hold office until the close of the first annual meeting of the Shareholders following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation or applicable corporate law.

The following table sets forth certain information regarding the nominees, their position with the Corporation, their principal occupation or employment during the last five years (if different from Position or Office Held), the dates upon which the nominees became directors of the Corporation and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of January 27, 2009.

| Name and Municipality of Residence (Age) | Position or Office Held | Principal Occupation | Number of Common Shares Beneficially Owned or Controlled | Director Since |
|--|-------------------------|--|--|-----------------|
| JOHN BARKER ^{(1) (2)(3)} Burlington, ON (60) | Director | On August 18, 2006 Mr. Barker was appointed as a Director of the Corporation. Mr. Barker has been principally employed for the past five years as an Executive (now retired). Mr. Barker is also a director of EcoSynthetix, a privately held company, and strategic advisor for Titan Medical Inc, a company listed on the TSX-V. From 2000 to 2006, Mr. Barker was Senior Vice President and Chief Financial Officer of Zenon Environmental Inc, a TSX listed company. | 72,422 | August 18, 2006 |

| Name and Municipality of Residence (Age) | Position or Office Held | Principal Occupation | Number of Common Shares Beneficially Owned or Controlled | Director Since |
|--|---|---|--|-------------------|
| GORDON BOGDEN ⁽¹⁾⁽²⁾⁽³⁾ Toronto, ON (50) | Director | On January 16, 2008, Mr. Bogden was appointed as a Director of the Corporation. Mr. Bogden has been principally employed for the past five years as an Investment Banker. Currently, Mr. Bogden is a Managing Partner of Gryphon Partners Canada, an independent investment bank with offices in Australia and Canada. Between 2003 and 2007, Mr. Bogden was the Vice Chairman, Global Metals and Mining, Corporate and Investment Banking, National Bank Financial Inc. From 1990 to 2003 Mr. Bogden held positions of increasing responsibility with a number of Canadian-based investment dealers. | 22,075 | January 16, 2008 |
| NEIL GOODEY Western Australia, Australia (39) | Director | On July 30, 2007, Mr. Goodey was appointed Chief Operating Officer and a Director of the Corporation. Mr. Goodey resigned as Chief Operating Officer of the Corporation effective December 31, 2008. Mr. Goodey was co-founder, CEO and Director of UTS Geophysics, a wholly-owned subsidiary of the Corporation, from 1992 through 2001 and Executive Chairman from 2001 to 2006. Mr. Goodey co-founded DTI Group Ltd, an Australian unlisted public company in 2001 and held the office of CEO from 2001 through 2006 and continues as Executive Director. Mr. Goodey sits on an advisory board to Curtin University (Perth, WA) which oversees technology commercialization and is retained as a board member on the University's commercial 'spin-out'. | 2,824,243 | July 30, 2007 |
| ROY GRAYDON Toronto, ON, (47) | President, Chief Executive Officer and Director | On November 10, 2005, Mr. Graydon was appointed CEO and a director of the Corporation. On January 29, 2007 Mr. Graydon became President of the Corporation. From 2003 until 2005, Mr. Graydon was Executive Vice President and Chief Financial Officer of Call-Net Enterprises Inc., a TSX-listed company, and from 2002 until 2003 was Managing Partner of VGC Capital Partners. From 1995 to 2001, Mr. Graydon was both Portfolio Manager and Vice President of Relationship Investing for the Ontario Teachers' Pension Plan Board. | 1,569,999 | November 10, 2005 |

| Name and Municipality of Residence (Age) | Position or Office Held | Principal Occupation | Number of Common Shares Beneficially Owned or Controlled | Director Since |
|---|-------------------------|--|--|------------------|
| JOHN HICK ^{(1) (2) (3)} Toronto, Ontario (59) | Director | On December 4, 2008, Mr. Hick was appointed as a Director of the Corporation. Mr. Hick has been principally employed for the past five years as an Independent Consultant and Corporate Director. Specifically, from December 2004 to June 2006, Mr. Hick was the CEO and then Vice Chairman of Rio Narcea Gold Mines Ltd., and between June, 2003 to September, 2004 he was the President and CEO of Defiance Mining Corp. Mr. Hick is currently non-executive Chairman of Silver Eagle Mines Inc. and an independent director of a number of public companies, including, First Uranium Corporation, Carpathian Gold Inc., Revett Minerals Inc., Hudson Resources Inc. and Marengo Mining Ltd. | 31,371 | December 2008 |
| KEITH MORRISON Oakville, ON (49) | Director (Chair) | On October 13, 2006, Mr. Morrison was appointed as a Director of the Corporation. On August 17, 2007, he was elected Chair of the Board. Mr. Morrison has been principally employed for the past five years as a Chief Executive Officer. Mr. Morrison is a geophysicist with more than 25 years of experience in international exploration and is CEO and a Director of Gedex Inc., a privately held company that provides airborne surveying services. Co-founder of Quantec Geoscience Limited in 1986, he served as CEO from 1989 to 2005 and remains as a member of the board of directors. | 50,422 | October 13, 2006 |

Notes:

- (1) Member of Audit Committee.
- (2) Member of Nominating and Corporate Governance Committee.
- (3) Member of Compensation Committee.

Attendance at Board and Committee Meetings

In the 2008 financial year, the Board and its Committees held the following number of meetings:

| Board/Committee | Number of Meetings | Attendance at all Meetings |
|--|--------------------|----------------------------|
| Board of Directors | 11 | 96.8% |
| Audit Committee | 4 | 91.7% |
| Compensation Committee | 3 | 100% |
| Nominating and Corporate Governance Meetings | 2 | 100% |
| Total Meetings/ Average Attendance | 20 | 97.1% |

The attendance record for each Director nominated for election at the Meeting for all Board and committee meetings held since the beginning of the financial year ended September 30, 2008 is as set out in the chart below:

| Name of Director | Board Meetings | Audit Committee Meetings | Compensation Committee Meetings | Nominating and Corporate Governance Committee Meetings |
|------------------------------|----------------|--------------------------|---------------------------------|--|
| Roy Graydon ⁽¹⁾ | 11 of 11 | 1 of 1 | - | - |
| John Barker | 10 of 11 | 4 of 4 | 3 of 3 | 2 of 2 |
| Keith Morrison | 11 of 11 | 4 of 4 | 3 of 3 | 2 of 2 |
| Neil Goodey | 11 of 11 | - | - | - |
| Nino Tuffilli | 11 of 11 | - | - | - |
| Gordon Bogden ⁽²⁾ | 7 of 8 | 2 of 3 | 2 of 2 | 2 of 2 |

Notes:

- (1) Mr. Graydon was replaced by Gordon Bogden on the Audit Committee on January 16, 2008.
(2) Mr. Bogden was appointed to the Board on January 16, 2008 and has attended all but one of the Board and one of the Audit Committee meetings held since that date.

Appointment of Auditor

The auditor of the Corporation is currently BDO, which has been the auditor of the Corporation since October 28, 2004. Unless authority to do so is withheld, the persons named in the form of proxy accompanying this Management Information Circular intend to vote for the appointment of BDO as the auditor of the Corporation until the close of the next annual meeting of the Shareholders and to authorize the Directors to fix the remuneration of the auditor of the Corporation.

The aggregate fees billed by BDO in each of the last two financial years of the Corporation are as follows:

| Financial Year Ending | Audit Fees (\$) | Audit Related Fees (\$) | Tax Fees (\$) | All Other Fees |
|-----------------------|-----------------|-------------------------|---------------|----------------|
| September 30, 2008 | 40,235 | NIL | 10,000 | 38,000 |
| September 30, 2007 | 30,000 | 2,311 | NIL | 7,400 |

Approval and Ratification of Certain Amendments to the 2005 Option Plan

Proposed Amendments and Ratification of 2005 Option Plan

The Directors established the 2005 Option Plan on May 31, 2004, and the plan was re-approved by the shareholders of the Corporation with minor amendments on each of September 14, 2005, September 14, 2006 and September 26, 2007. The Board approved certain amendments to the 2005 Option Plan on July 17, 2008 in connection with the graduation of the Corporation to the TSX from the TSX-V. This included amendments (i) to bring the 2005 Option Plan into compliance with the applicable rules and regulations of the TSX; and (ii) to allow the Directors to make future amendments of a minor or “housekeeping” nature without seeking Shareholder approval, as permitted by the applicable rules and policies of the TSX.

On January 19th, 2009, the Board also approved an amendment to the 2005 Option Plan to extend the expiration date if such date occurs during a blackout period. A recent Staff Notice issued by the TSX recognizes that blackout periods imposed by issuers are an example of good corporate governance and that TSX limitations on extensions of option terms were not intended to penalize listed issuers, their

insiders and employees who, under their companies' trading policies and good corporate governance practices, are prohibited from exercising options during blackout periods. As a result, the TSX has provided that issuers may amend their stock option plans to provide a conditional extension to an expiration date that occurs during or immediately after a blackout period. Such extension would be permitted for a limited number of days after the end of the blackout period.

The Corporation proposes an amendment to provide that, if the expiry date occurs during a blackout period or within the 10 business days immediately after a blackout period imposed by the Corporation, the expiry date will be automatically extended to the date which is 10 business days after the last day of the blackout period. This amendment will align the proper administration of the 2005 Option Plan with the Corporation's current trading policies and governance practices.

Summary of 2005 Option Plan

The purpose of the 2005 Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its Subsidiaries to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

The following information is intended as a brief description of the 2005 Option Plan in compliance with the applicable disclosure requirements in respect of security based compensation arrangements of the TSX and is qualified in its entirety by the full text of the 2005 Option Plan which is attached hereto as Exhibit I.

Pursuant to the 2005 Option Plan a maximum of 2,720,000 Common Shares of the Corporation (representing 8.1% of the total issued and outstanding Common Shares as of January 27, 2009) may be reserved for issuance pursuant to the exercise of options. Options under the 2005 Option Plan may be granted to directors, officers, consultants and employees of the Corporation or its Subsidiaries, and to employees of a person or company that provides management services to the Corporation or its Subsidiaries. The term of any option granted under the 2005 Option Plan is fixed by the Directors at the time such option is granted, provided that the duration of the options shall not exceed the maximum term permitted by the TSX. The exercise price of any option granted under the 2005 Option Plan is determined by the Directors at the time of grant in their sole discretion, but in no event shall the exercise price be lower than the price permitted by the TSX. The Directors may, at the time of a grant of an option, attach restrictions relating to the exercise of such option, including determining the vesting for exercise of such options.

The 2005 Option Plan also contains, among others, the following additional terms and conditions:

- (a) all options are non-assignable and non-transferable;
- (b) options on no more than five percent of the then outstanding Common Shares (1,680,665 as of January 27, 2009) may be granted to any one individual in any 12-month period;
- (c) options on no more than two percent of the then outstanding Common Shares may be granted to any one consultant in any 12-month period;
- (d) options on no more than an aggregate of two percent of the then outstanding Common Shares may be granted to employees conducting Investor Relations Activities (as defined by the applicable rules and policies of the TSX) in any 12-month period;

- (e) options shall not be granted to a participant if such grant could result in the aggregate number of Common Shares issued to Insiders of the Corporation, within any 12-month period, or issuable to Insiders of the Corporation at any time, under the 2005 Option Plan or any other security based compensation arrangements (as defined in the applicable rules and policies of the TSX) of the Corporation, including the 2006 RSU Plan, exceeding 10 percent of the total number of issued and outstanding Common Shares at such time;
- (f) if a participant shall cease to be a director, officer, consultant, employee of the Corporation, or its Subsidiaries, for any reason (other than death), such participant may exercise his option to the extent that the participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant, or employee unless such participant was engaged in Investor Relations Activities, in which case such exercise must occur within 30 days after the cessation of the participant's services to the Corporation;
- (g) in the event of the death of a participant, the option previously granted shall be exercisable only within the one (1) year after such death;
- (h) the Board may amend the 2005 Option Plan or any option at any time without the consent of the participants provided that such amendment shall: (i) not adversely alter or impair any option previously granted; (ii) be subject to any regulatory approvals including, where required, the approval of the Exchange; and (iii) be subject to Shareholder Approval, where required, by law or the requirements of the Exchange, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include, but are not limited to: amendments of a "housekeeping nature"; amendments necessary to comply with the provisions of applicable law or the applicable rules of the Exchange; a change to the vesting provisions of any option; the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; amendments respecting the administration of the plan; amendments necessary to suspend or terminate the plan; a change relating to the eligibility of any participant or potential participant in the plan; and any other amendment, fundamental or otherwise, not requiring Shareholder approval under applicable laws or applicable policies of the Exchange;
- (i) notwithstanding the foregoing, the following shall require approval by a majority of the Shareholders: (i) any increase in the aggregate number of Common Shares that may be issued under the 2005 Option Plan, (ii) any extension to the term of any options, (iii) any reduction in the exercise price of options, and (iv) any change to the transferability provision of any option, other than for normal estate planning purposes; and
- (j) the number of Common Shares or the type of securities issuable upon the exercise of options will be adjusted for certain events, including in the event of any reorganization, merger, re-capitalization, reclassification, stock dividend, consolidation, subdivision or adjustments to the Common Shares.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider a motion to approve and ratify the amendments made to the 2005 Option Plan on July 17, 2008 and to approve the 2005 Option Plan, as amended, as the stock option plan of the Corporation. The TSX has reviewed and approved the proposed amendments to the 2005 Option Plan. In accordance with the rules of the TSX, in order to be effective the resolution

must be passed by the affirmative vote of the majority of the votes cast at the Meeting with respect to such resolution.

The Board has determined that the amendments and approval of the 2005 Option Plan is in the best interests of the Corporation. The Board recommends that Shareholders vote in favour of the adoption of the following resolutions. In the absence of contrary directions, the Management designees intend to vote proxies in the accompanying form in favour of these ordinary resolutions.

The text of the ordinary resolutions which management intends to place before the Meeting for the approval of the 2005 Option Plan, as amended, is as follows:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the amendments made to the 2005 Option Plan by the board of directors of the Corporation on July 17, 2008 are hereby ratified, confirmed and approved;
2. the 2005 Option Plan, in the amended form attached as Exhibit I to the Management Information Circular of the Corporation dated January 27, 2009, be and is hereby approved as the stock option plan of the Corporation;
3. all issued and outstanding stock options previously granted are continued under the 2005 Option Plan and are hereby ratified, confirmed and approved;
4. the Shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any one or more director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

Re-approval of the 2006 RSU Plan and Approval and Ratification of Amendments Thereto

Proposed Amendments and Ratification of 2006 RSU Plan

The Directors have established the 2006 RSU Plan, the purpose of which is to promote the growth and success of the Corporation and its Subsidiaries and to provide an incentive to certain senior officers, management, employees or consultants of the Corporation, by affording them a greater interest in the success of the Corporation. The Board approved certain amendments to the 2006 RSU Plan on July 17, 2008 in connection with the graduation of the Corporation to the TSX from the TSX-V including amendments: (i) to bring the 2006 RSU Plan into compliance with the applicable rules and regulations of the TSX, and (ii) to allow the Directors to make future amendments of a minor or “housekeeping” nature without seeking Shareholder approval, as permitted by the applicable rules and policies of the TSX. In addition, the Directors on January 19, 2009 approved further amendments to the 2006 RSU Plan including (i) replacing the requirement for yearly shareholder approval of the 2006 RSU Plan with shareholder approval every three years, as required by the applicable rules and policies of the TSX; namely, that unallocated entitlements under any security-based compensation arrangement that does not provide for a fixed number of securities for issuance, such as the 2006 RSU Plan, must be specifically approved every three years by the issuer’s security holders, and (ii) clarifying the drafting of the 2006

RSU Plan to remove any reference to exercise price or term of an RSU as these are not applicable to an RSU.

Summary of 2006 RSU Plan

The purpose of the 2006 RSU Plan is to promote the growth and success of the Corporation and its Subsidiaries and to provide an incentive to certain senior officers, management, employees or consultants of the Corporation to develop and promote the growth and success of the Corporation and its Subsidiaries by affording them a greater interest in the success of the Corporation and its Subsidiaries.

The following information is intended as a brief description of the 2006 RSU Plan in compliance with the applicable disclosure requirements in respect of security based compensation arrangements of the TSX and is qualified in its entirety by the full text of the 2006 RSU Plan which is attached hereto as Exhibit II.

The 2006 RSU Plan, as amended, provides for the issuance at any one time of RSU Shares of up to five percent of the issued and outstanding Common Shares (representing 1,680,665 Common Shares as at January 27, 2009). The Board currently administers the 2006 RSU Plan. The Board determines those persons to whom grants of RSUs will be made based on their current and potential contribution to the success of the Corporation or its Subsidiaries. Chosen participants enter into agreements with the Corporation that specify a performance period within which certain performance criteria, which are described in the agreements, must be achieved for RSUs to be issued to such participants. Unless the Board provides otherwise at the date of the grant of the RSUs, subject to the terms of the 2006 RSU Plan and any performance criteria established thereby at the time of the grant, one-third of a grant of RSUs will vest on each of the first, second and third anniversaries of the date of the grant, and RSU Shares will be issued to the holder as soon as practicable thereafter.

The 2006 RSU Plan also contains, among others, the following additional terms and conditions:

- (a) the aggregate number of RSU Shares that may be reserved for issuance under the 2006 RSU Plan to persons employed in Investor Relations Activities (as defined in the applicable rules and policies of the TSX) must not exceed two percent of the issued shares of the Corporation in any 12-month period except where adjusted in accordance with the 2006 RSU Plan;
- (b) no RSUs shall be granted to any participant if such grant could result in the aggregate number of RSU Shares issued to Insiders of the Corporation, within any 12-month period, or issuable to Insiders of the Corporation at any time, under the 2006 RSU Plan or any other security based compensation arrangements (as defined in the rules and policies of the TSX) of the Corporation, exceeding 10 percent of the total number of issued and outstanding Common Shares at any such time;
- (c) the rights of participants under the 2006 RSU Plan are not assignable or transferable;
- (d) the Board may, from time to time and in its sole discretion, suspend or terminate the 2006 RSU Plan in whole or in part. If the 2006 RSU Plan is so suspended or terminated, no further RSUs shall be granted but the RSUs then outstanding shall continue in full force and effect in accordance with the provisions of the 2006 RSU Plan;
- (e) each RSU grant shall describe the performance criteria for the performance period, if any, established by the Committee that must be achieved for RSUs to be issued to the participant;

- (f) in the event that a participant who is not engaged in investor relations activities ceases to be employed with the Corporation or any of its subsidiaries by reason of retirement, permanent disability, or termination of employment for any other reason, the participant's RSUs shall terminate within ninety (90) days after the date of termination or for a participant who is engaged in Investor Relations Activities, the participant's RSUs shall terminate within thirty (30) days;
- (g) the 2006 RSU Plan also has acceleration provisions in respect of a participant's death, retirement, permanent disability, termination for cause and termination for any other reasons. Please refer to the entire 2006 RSU Plan for a description of these provisions;
- (h) the Board may amend the 2006 RSU Plan and any RSU at any time without the consent of participants provided that such amendment shall: (i) not adversely alter or impair any RSU previously granted; (ii) be subject to any regulatory approvals including, where required, the approval of the TSX; and (iii) subject to Shareholder Approval, where required, by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include, but are not limited to: amendments of a "housekeeping nature"; amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX; a change to the vesting provisions of any RSU; the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; amendments respecting the administration of the plan; amendments necessary to suspend or terminate the plan; a change relating to the eligibility of any participant or potential participant in the plan; and any other amendment, fundamental or otherwise, not requiring Shareholder approval under applicable laws or applicable policies of the TSX;
- (i) notwithstanding the foregoing, the following shall require approval by a majority of the Corporation's shareholder: (i) any increase in the aggregate number of RSUs that may be issued under the 2006 RSU Plan, (ii) any extension to the term of any RSUs (this will be removed pursuant to the amendments as it is not applicable to the RSUs), (iii) any reduction in the exercise price of the RSUs (this will be removed pursuant to the amendments as it is not applicable to the RSUs), and (iv) any change to the transferability provision of any RSU, other than for normal estate planning purposes; and
- (j) the number of Common Shares or the type of securities issuable upon the exercise of the RSUs will be adjusted for certain events, including in the event of any arrangement, plan of arrangement, amalgamation or other similar statutory procedure or a share recapitalization, subdivision or consolidation or other adjustments to the Common Shares or any distribution of assets or stock dividend.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider a motion to: (i) approve and ratify the amendments made to the 2006 RSU Plan on July 17, 2008 and January 19, 2009; (ii) to approve the 2006 RSU Plan, as amended, as the restricted stock unit plan of the Corporation; and (iii) to specifically approve unallocated entitlements under the 2006 RSU Plan this fiscal year and again no later than the 2011 annual meeting of shareholder. The TSX has reviewed and approved the proposed amendments to the 2006 RSU Plan. In accordance with the rules of the TSX, in order to be effective the resolution must be passed by the affirmative vote of the majority of the votes cast at the Meeting with respect to such resolution.

The Board has determined that the amendments and approval of the 2006 RSU Plan are in the best interests of the Corporation. The Board recommends that Shareholders vote in favour of the adoption of the following resolutions. In the absence of contrary directions, the Management designees intend to vote proxies in the accompanying form in favour of these ordinary resolutions.

The text of the ordinary resolutions which management intends to place before the Meeting for the approval of the 2006 RSU Plan is as follows:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the amendments made to the 2006 RSU Plan by the board of directors of the Corporation on July 17, 2008 and January 19, 2009 are hereby ratified, confirmed and approved;
2. the 2006 RSU Plan, in the amended form attached as Exhibit II to the Management Information Circular of the Corporation dated January 27, 2009, be and is hereby approved as the restricted stock unit plan of the Corporation;
3. the unallocated entitlements permitted under the 2006 RSU Plan are hereby approved and confirmed;
4. all issued and outstanding stock unit shares previously granted are continued under the 2006 RSU Plan and are hereby ratified, confirmed and approved;
5. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
6. any one or more director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

STATEMENT OF EXECUTIVE COMPENSATION

The following sets forth information concerning the annual and long term compensation for services rendered to the Corporation and its Subsidiaries for the financial years of the Corporation ended September 30, 2008, September 30, 2007 and April 30, 2007 in respect of each of the individuals who were the Chief Executive Officer/President, Chief Financial Officer and Chief Operating Officer of the Corporation and in respect of the Vice-President, Petroleum Services of AL and the Operations Director of UTS, being the Named Executive Officers of the Corporation during such financial years as determined in accordance with NI 51-102 and the Directors. None of the Named Executive Officers that were also directors of the Corporation received any compensation for their services as a director

Compensation Discussion and Analysis

Overview of Compensation Program

The Compensation Committee of the Board of Directors (the “**Compensation Committee**”) is responsible for making recommendations to the Board with respect to the compensation of the Named Executive Officers. For the financial year 2008, the Compensation Committee had focused its mandate on the compensation of the President and Chief Executive Officer and delegated to management compensation for other Named Executive Officers. The Compensation Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable and consistent with the Corporation’s compensation philosophy.

For financial year 2009, the Compensation Committee will expand this oversight to include a review and recommendations to the Board for compensation for all Named Executive Officers.

Compensation Philosophy and Objectives

Compensation plays an important role in achieving short and long-term business objectives that ultimately drives business success in alignment with long-term shareholder goals.

The Corporation’s compensation philosophy is based on three fundamental principles:

- Strong link to business strategy — the Corporation’s short and long-term goals should be reflected in the overall compensation program;
- Performance sensitive — compensation should be linked to operating and market performance of the Corporation and fluctuate with performance; and
- Market relevant — the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new recruits of the highest calibre.

The objectives of the compensation program in compensating all Named Executive Officers are:

- To attract and retain highly qualified executive officers with a history of proven success;
- To align the interests of executive officers with shareholders’ interests and with the execution of the Corporation’s business strategy;

- To evaluate executive performance on the basis of key financial measurements which closely correlate to long-term shareholder value such as world-wide revenue, world-wide adjusted net income and relative total shareholder return; and
- To tie compensation directly to those measurements and rewards based on achieving and overachieving predetermined objectives.

Competitive Compensation

Aggregate compensation for each Named Executive Officer is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on the Named Executive Officer's role within the Corporation, it is primarily focused on remaining competitive in the market with respect to total compensation.

The Compensation Committee reviews data related to compensation levels and programs of companies that are similar in size to the Corporation and operate within the mining and geophysical industries (collectively, the "peer group"), prior to making its decisions. The Compensation Committee performs an annual assessment of the compensation of the executives. The purpose of this process is to:

- Understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- Identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- Serve as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

For the 2008 financial year, this assessment process was restricted to the role of President and Chief Executive Officer but will be expanded for the 2009 financial year and thereafter to include all Named Executive Officers.

Short-Term and Long-Term Financial Incentives

To motivate executives to achieve short-term corporate goals, all Named Executive Officers are able to participate in a variable short-term incentive plan. Awards made under the short-term incentive plan are made by way of cash payments only.

The Corporation provides long-term incentive compensation to its Named Executive Officers in the form of a periodic grant of stock options and RSU's which generally vest over a service period of three (3) years and do not have any other conditions attached to them.

Further information regarding the determination and the mechanics of the short-term and long-term incentives is detailed in the following section which discusses the alignment of the Named Executive Officer's interests with its interests.

Aligning the Interests of the Named Executive Officers with the Interests of The Corporation's Shareholders

The Corporation believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the Named Executive Officers. The Corporation's objective is to facilitate an increase in shareholder value through the achievement of these corporate goals under the leadership of the Named Executive Officers working in conjunction with all of its valued employees.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. For the 2008 financial year, the three basic components of executive officer compensation program were:

- Fixed salary and benefits;
- Variable short-term incentives (cash basis); and
- Stock based compensation (stock options and RSU's).

Fixed salary and benefits comprise a portion of the total cash-based compensation; however, variable short-term incentives and stock based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective officer depending on whether the executive officer is able to meet or exceed his or her applicable performance targets. The greater the Named Executive Officer's impact is upon driving the business results, the higher the risk/reward portion of the compensation.

The Compensation Committee annually reviews the percentage of the Named Executive Officer's compensation that is at risk depending on the Named Executive Officer's responsibilities and objectives.

Fixed Salary and Benefits

Base salary for the Named Executive Officers, other than for Mr. Graydon, is reviewed annually by the relevant Named Executive Officer's reporting manager and by Mr. Graydon, and then approved by the Compensation Committee as delegated by the Board of Directors. Base salary for Mr. Graydon is recommended annually by the Compensation Committee and approved by the Board. The base salary review for each Named Executive Officer takes into consideration factors such as current competitive market conditions and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee obtains information regarding competitive market conditions through the assistance of management.

The performance of each of the Named Executive Officers other than Mr. Graydon and Mr. Motz is assessed by Mr. Graydon, in his capacity as the direct supervisor of the other Named Executive Officers. The Board assesses the performance of Mr. Graydon. The Board and Mr. Graydon jointly assess the performance of Mr. Motz. The Board conducts the initial discussions and makes the initial decisions with respect to the performance of each of Mr. Graydon and Mr. Motz in a special session from which management is absent. Then the Board communicates its decisions and provides further discussion in an executive session in which management is allowed to attend. Each Named Executive Officer also performs a self assessment.

During financial year 2008, increases to base salary were awarded to Mr. Graydon in response to market analyses.

Named Executive Officers also receive cash compensation in the form of executive perquisites. Executive officers are entitled to benefits that are not otherwise available to all employees. Generally, this compensation reflects automobile allowances paid to Named Executive Officers

Please review the “All Other Compensation” column in the Summary Compensation table below.

The Corporation provides various employee benefit programs to all its employees, such as, but not limited to medical health insurance, dental insurance, life insurance and variable short-term incentives.

The amount of the variable short-term incentive payable to each Named Executive Officer is based on the ability of each Named Executive Officer to meet pre-established, qualitative and quantitative corporate objectives related to improving shareholder value, which are approved by the Board, such as worldwide (or country specific) revenue and adjusted net income. Payments are made if the qualitative and quantitative targets are met based on performance in the fiscal year.

Evaluating Executive Performance

The Board, its Compensation Committee and management are instituting a set of detailed procedures to evaluate the performance of each Named Executive Officer to help determine the amount of the variable short-term incentives and long-term incentives to award to each Named Executive Officer.

The Board, along with the CEO and CFO, presents a budget during the Board’s fourth quarter meeting. Mr. Graydon sets the annual corporate financial targets for each Named Executive Officer, other than for himself, that are in some instances specific to the performance of the particular division or area of responsibility for which the Named Executive Officer is accountable.

The Board sets the corporate financial targets for Mr. Graydon and Mr. Motz. The Board conducts the initial discussions and makes the initial decisions with respect to the corporate financial targets for Mr. Graydon and Mr. Motz in a special session from which management is absent. Then the Board communicates its decisions and provides further discussion in an executive session in which management is permitted to attend.

Tying Compensation to Measurements of Performance

The Board determines targeted amounts of short-term incentives for each Named Executive Officer at the beginning of the financial year. The targeted amounts are calculated as a percentage of the Named Executive Officer’s annual salary based on market review and by an individual’s ability to influence the overall outcome. In addition, minimum and expected targets are established at the beginning of each fiscal year. For the 2008 financial year, the Board focussed its efforts on Mr. Graydon and delegated the responsibility for other Named Executive Officers to Mr. Graydon.

The targets and the targeted amount of short-term incentives are correlated. Achieving the minimum target will trigger the award of the minimum incentive payment to the Named Executive Officer and achieving the expected target will trigger the award of the on-target incentive payment. The Named Executive Officer will receive no incentive payment if he or she does not meet the minimum target. The determination as to whether a target has been met is strictly formulaic, although the Board reserves the right to make positive or negative adjustments if they consider them to be appropriate.

As a result of this review, Mr. Graydon’s short term cash incentive plan (bonus plan) targets were changed to the following:

- 50% of the target bonus relates to overall performance of the Corporation;

- 25% of the target bonus relates to the achievement of identified milestones in the areas of Health, Safety and the Environment (HS&E); and
- 25% of the target bonus determined by the achievement of identified milestones that are longer term and more strategic than can be reflected in the immediate financial performance of the Corporation.

The Board believes that each element of its compensation program requires strong performance from each Named Executive Officer in order for the relevant Named Executive Officer to receive the targeted short-term compensation awards.

Each element of the total targeted compensation is reviewed on an annual basis by the Compensation Committee for each Named Executive Officer, to ensure that the incentives are designed and implemented to align compensation with:

- Short-term and long-term key corporate objectives; and
- Performance by the relevant Named Executive Officer.

Base compensation is reviewed relative to market peers, as well as overall total targeted compensation. The percentage split between base and variable compensation is influenced by market peer data as well as the amount of risk that each Named Executive Officer faces in delivering their targeted objectives. The Compensation Committee uses budgetary guidelines and other internally generated planning and forecasting tools in the performance of its annual review of long-term and short-term incentives as well as of overall compensation.

Pension Plans

The Corporation does not provide pension, Group RRSP or other retirement benefits to its Named Executive Officers other than that provided for under government mandated programs (e.g. the Canada Pension Plan).

Stock Based Compensation

With respect to stock options and RSU grants, the Board, subject to the recommendation of the Compensation Committee, makes the following determinations:

- The Named Executive Officers and others who are entitled to participate in the stock option plan;
- The number of options to be granted under the plan in general and to each recipient in particular;
- The exercise price for each stock option granted;
- The date on which each option is granted;
- The vesting period for each stock option; and
- The other material terms and conditions of each stock option grant.

The Board makes this determination subject to the provisions of the 2005 Option Plan and 2006 RSU Plan. Gains from prior option grants are not considered when setting the amount of long term incentive awards, or any other compensation elements, to any Named Executive Officer.

The Corporation periodically grants options and RSU's to Named Executive Officers and to other employees and new-hires. During each quarter, the Board conducts meetings in which it reviews and approves grants of options. The stock option exercise price is the closing market price on the day that the option is granted by the Board.

Stock option and RSU grants to Named Executive Officers are summarized in “*Incentive Plan Awards – Summary of 2005 Option Plan and Summary of 2006 RSU Plan*”.

Long-Term Incentive Plan

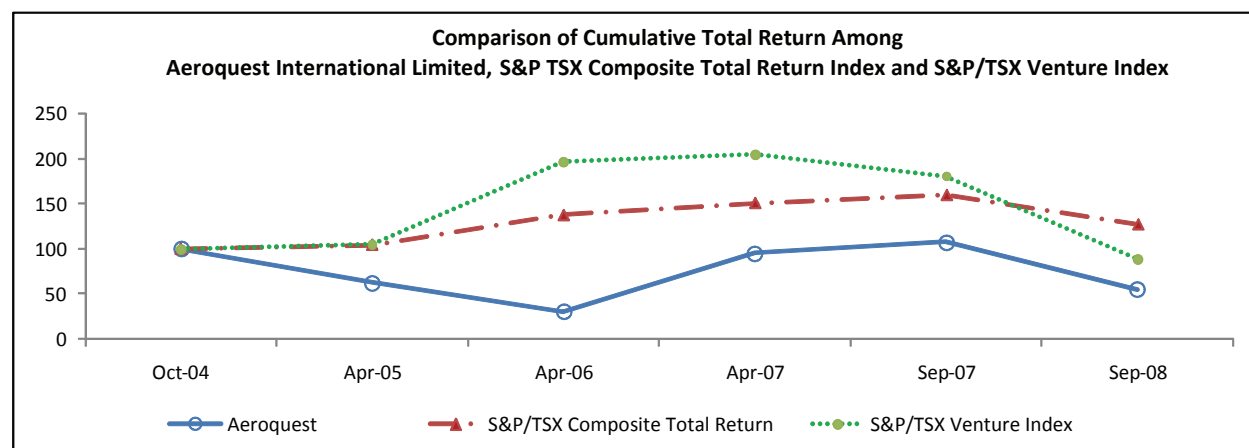
The Corporation does not have a Long Term Incentive Plan other than stock options and RSU grants.

Composition of the Compensation Committee

The members of the Compensation Committee in fiscal 2009 are Mr. John Hick (chair), Mr. John Barker and Mr. Gordon Bogden. None of the members of the Compensation Committee has been or are an officer or employee of the Corporation, or any of its subsidiaries, or had any relationship requiring disclosure herein.

Performance Graph

The following graph compares, for each of the financial years following the Corporation's initial listing on the TSX-V on October 28, 2004, the percentage change in the cumulative total shareholder return on the Common Shares with the cumulative total return on the S&P/TSX Composite Total Return Index and the S&P/TSX Venture Index assuming \$100 was invested on the date of the initial listing. The performance of the Common Shares, as set out in the graph, is based upon historical data and is not indicative of, nor intended to forecast, future performance of the Common Shares.



The chart below provides information with respect to the value of \$100 invested on October 28, 2004 in Common Shares as well as in the other listed indices, assuming dividend reinvestment where applicable:

| | Oct-04 | Apr-05 | Apr-06 | Apr-07 | Sep-07 | Sep-08 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|
| Aeroquest International Limited | 100.00 | 62.50 | 30.50 | 95.00 | 107.50 | 55.00 |
| S&P/TSX Composite Total Return Index | 100.00 | 104.57 | 137.59 | 151.14 | 160.09 | 127.23 |
| S&P/TSX Venture Index | 100.00 | 105.51 | 195.87 | 204.38 | 180.48 | 88.55 |

From the initial listing of the Company on October 28, 2004 until September 30, 2008, the Company's share price has declined by 45% compared with a corresponding decline in the S&P/TSX Venture index of 11.45% and an increase in the S&P/TSX Composite Total Return Index of 27.23%. During this period, total compensation (excluding share based compensation) of the Named Executive Officers increased by 122%.

From April 30, 2006 (the fiscal year ended after the hiring of Roy Graydon as Chief Executive Officer) until September 30, 2008, the share price of the Corporation has increased by 80% compared with a decline in the S&P/TSX Venture Exchange of 55% and a decline in the S&P/TSX Venture Index of 55% and a decline in the S&P/TSX Composite Total Return Index of 7.5% during the corresponding period. During this period, total compensation (excluding share based compensation) of the Named Executive Officers increased by 79%.

Summary Compensation Table

The following table provides a summary of the compensation for each of the Corporation's Named Executive Officers for the financial year ending September 30, 2008.

| Name and Principal Position | Year | Salary (\$) | Share based awards (\$) ⁽¹⁾ | Option based awards (\$) ⁽²⁾ | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|------|------------------------|--|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
| | | | | | Annual incentive plans | Long-term incentive plans | | | |
| ROY GRAYDON President & Chief Executive Officer | 2008 | 240,000 ⁽³⁾ | 760,500 | NIL | 87,125 | N/A | N/A | 18,000 | 1,105,625 |
| ROBERT MOTZ Chief Financial Officer (June 26, 2008 to present) & Secretary | 2008 | 43,750 ⁽⁴⁾ | NIL | 41,500 | NIL | N/A | N/A | 4,500 | 89,250 |
| WILFRED EDGE Chief Financial Officer (up to June 26, 2008) | 2008 | 89,302 ⁽⁵⁾ | 29,250 | NIL | 13,600 | N/A | N/A | 2,250 | 134,402 |
| NEIL GOODEY Chief Operating Officer of the Corporation and Managing Director of UTS ^{(6)†} | 2008 | 201,124 | 73,125 | NIL | 50,182 | N/A | N/A | 25,693 | 350,124 |
| NINO TUFILLI Operations Director of UTS ^{(7)†} | 2008 | 182,480 | 73,125 | NIL | 31,934 | N/A | N/A | 24,430 | 311,969 |
| JIM GENEREUX Vice-President, Petroleum Services of AL | 2008 | 168,333 ⁽⁸⁾ | 58,500 | 57,150 | 18,333 | N/A | N/A | NIL | 302,316 |

Notes:

- (1) Share based awards granted in the year under the 2006 RSU Plan. The value of the share based awards is calculated based on the trading value of the Corporation's shares at the time the grant was made.

- (2) Options granted in the year under the 2005 Option Plan. The fair value of the options was calculated using the Black-Scholes option pricing model as is permitted under section 3870 of the CICA Handbook.
 - (3) Mr. Graydon's salary indicated for the year ended September 30, 2008 is based on an average of \$205,000 (his annual base salary up to April 1, 2008) and \$275,000 (his annual base salary from April 1, 2008 onwards).
 - (4) Mr. Motz was appointed Chief Financial Officer on June 26, 2008 and Secretary of the Corporation on July 17, 2008 with a base salary of \$175,000.
 - (5) Mr. Edge resigned as Chief Financial Officer of the Corporation and entered into a new employment agreement effective June 26, 2008 whereby he was appointed Chief Financial Officer of AL with an annual base salary of \$123,600.
 - (6) Mr. Goodey was appointed Managing Director of UTS on July 3, 2007 and Chief Operating Officer of the Corporation on July 30, 2007 and resigned from these positions effective December 31, 2008.
 - (7) Mr. Tuffilli's employment with UTS commenced on July 3, 2007 and ended on his resignation effective December 31, 2008. Mr. Tuffilli resigned as a Director of the Corporation on December 4, 2008.
 - (8) Mr. Genereux's salary indicated for the year ended September 30, 2008 was calculated on the basis of \$160,000, representing his annual base salary up to May 1, 2008, and \$180,000, representing his annual base salary from May 1, 2008 onwards.
- + Salary was paid in Australian dollars and converted to Canadian dollars at an average rate of 0.9142 Canadian per one Australian dollar.

Summary of Employment Agreements for each Named Executive Officer

The significant terms of each Named Executive Officer's employment agreement are described below. For a description of the termination and change of control benefits payable by the Corporation for each Named Executive Officer, see below under the heading "Termination and Change of Control Benefits."

Roy Graydon

Roy Graydon entered into an executive employment agreement with the Corporation whereby Mr. Graydon was appointed Chief Executive Officer of the Corporation. Under this agreement, Mr. Graydon is entitled to a salary of \$275,000 per annum as well as a car allowance of \$1,500 per month. The annual salary payable under this agreement is reviewed annually by the Board to determine if any increases are appropriate. Mr. Graydon is also entitled to receive an annual bonus and stock options as approved by the Board. The agreement also provides for certain restrictions on Mr. Graydon's ability to solicit clients and employees/consultants of the Corporation for a period of 12 months (in the event of termination without cause) and for a period of 24 months (in the event of a resignation or termination with cause) following termination of his employment. The agreement may be terminated by the Corporation with cause by written notice or without cause upon payment of severance as described below under the heading "Termination and Change of Control Benefits". Mr. Graydon may terminate his employment with the Corporation at any time by giving the Corporation at least three months' prior notice.

Robert Motz

Robert Motz entered into an employment agreement dated June 26, 2008 with the Corporation whereby Mr. Motz was appointed Chief Financial Officer of the Corporation. Under this agreement, Mr. Motz is entitled to an annual salary of \$175,000 as well as a car allowance of \$1,500 per month. In addition, Mr. Motz is entitled to receive: (i) an annual bonus of 20% to 40% of his base salary in accordance with the terms of the Corporation's incentive plan, based on the goals established under such plan; and (ii) stock options under the 2005 Stock Option Plan as approved by the Board. The agreement may be terminated by the Corporation with cause or without cause as described below under the heading "Termination and Change of Control Benefits." Mr. Motz may terminate his employment with the Corporation at any time by giving the Corporation at least four weeks' prior notice.

Jim Genereux

Jim Genereux entered into an employment agreement with AL whereby Mr. Genereux was appointed Vice-President, Petroleum Services of AL. Under this agreement, Mr. Genereux is entitled to an annual salary of \$180,000. Mr. Genereux is also eligible for an annual discretionary bonus and stock options in the Corporation under the 2005 Option Plan as approved by the Board. The agreement may be terminated by the Corporation with cause at any time without notice or without cause as described below under the

heading "Termination and Change of Control Benefits." Mr. Genereux may terminate his employment with AL at any time by giving AL one month's written notice.

Neil Goodey

Neil Goodey entered into an employment agreement with UTS on July 3, 2007 whereby Mr. Goodey was appointed Managing Director of UTS and whereby UTS agreed that Mr. Goodey would also be appointed Chief Operating Officer of the Corporation. The Board appointed Mr. Goodey Chief Operating Officer of the Corporation on July 30, 2007. Under the employment agreement, Mr. Goodey was entitled to an annual salary of \$220,000 Australian Dollars and a car allowance of \$1,500 Australian Dollars per month. Mr. Goodey was also eligible, to receive an annual bonus and stock options in the Corporation under the 2005 Option Plan.

Mr. Goodey resigned as Managing Director of UTS and Chief Operating Officer of the Corporation effective December 31, 2008 and was appointed as Senior Vice-President, Business Development of the Corporation pursuant to an amended employment agreement dated November 5, 2008. Under the terms of the amended agreement, Mr. Goodey's employment with the Corporation shall be for a one-year term (subject to earlier termination in accordance with the terms thereof and subject to renewal upon mutual consent of the parties) and shall be part-time. Mr. Goodey is currently entitled to a monthly salary of \$12,000 Australian Dollars plus a car allowance of \$750 Australian Dollars per month and is no longer eligible for any bonuses or stock options. The amended employment agreement may be terminated by the Corporation with three months' notice to Mr. Goodey in the case of illness or incapacity. The Corporation may also terminate Mr. Goodey's employment under the circumstances described below under the heading "Termination and Change of Control Benefits." Mr. Goodey may terminate his employment with the Corporation at any time by giving the Corporation at least one month's written notice.

Nino Tufilli

Nino Tufilli entered into an employment agreement with UTS on July 3, 2007 whereby Mr. Tufilli was appointed Operations Director of UTS. Under this agreement, Mr. Tufilli was entitled to an annual salary of \$200,000 Australian Dollars and a car allowance of \$1,500 Australian Dollars per month. Mr. Tufilli was eligible, under the terms of this employment agreement, to receive an annual bonus and stock options in the Corporation under the 2005 Option Plan.

Mr. Tufilli resigned as Operations Director of UTS effective December 31, 2008 and was appointed as Senior Vice-President, Business Development of the Corporation pursuant to an amended employment agreement dated November 5, 2008. Under the terms of the amended agreement, Mr. Tufilli's employment with the Corporation shall be for a one-year term (subject to earlier termination in accordance with the terms thereof and subject to renewal upon mutual consent of the parties) and shall be part-time. Mr. Tufilli is currently entitled to a monthly salary of \$12,000 Australian Dollars plus a car allowance of \$750 Australian Dollars per month and is no longer eligible for any bonuses or stock options. The amended employment agreement may be terminated by the Corporation with three months' notice to Mr. Tufilli in the case of illness or incapacity. The Corporation may also terminate Mr. Tufilli's employment under the circumstances described below under the heading "Termination and Change of Control Benefits." Mr. Tufilli may terminate his employment with the Corporation at any time by giving the Corporation at least one month's written notice.

Incentive Plan Awards

Outstanding Share Based Awards and Option Based Awards

The following table sets forth, for each Named Executive Officer, all awards outstanding as of September 30, 2008:

| Name | Option-based Awards | | | | Share-based Awards | |
|--------------|---|----------------------------|---------------------------------|--|--|---|
| | Number of Securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Marked or pay-out value of share-based awards that have not vested (\$) |
| Roy Graydon | 250,000 250,000 | 0.50 0.60 | Feb 9, 2011 June 30, 2011 | 150,000 125,000 | 325,000 | 357,500 |
| Robert Motz | 50,000 | 1.70 | July 16, 2013 | NIL | NIL | NIL |
| Wilfred Edge | 50,000 25,000 | 0.50 0.60 | March 27, 2011 June 29, 2011 | 30,000 12,500 | 12,500 | 13,750 |
| Neil Goodey | NIL | NIL | NIL | NIL | 31,250 | 34,375 |
| Nino Tufilli | NIL | NIL | NIL | NIL | 31,250 | 34,375 |
| Jim Genereux | 50,000 | 2.34 | Sept. 30, 2012 | NIL | 25,000 | 27,500 |

Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth, for each Named Executive Officer, the value of all incentive plan awards issued during the year ended September 30, 2008:

| Name | Option-based Awards – Value vested during the year (\$) | Share-based Awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|--------------|---|--|--|
| Roy Graydon | NIL | NIL | 87,125 |
| Robert Motz | NIL | NIL | NIL |
| Wilfred Edge | NIL | NIL | 13,600 |
| Neil Goodey | NIL | NIL | 50,182 |
| Nino Tufilli | NIL | NIL | 31,934 |
| Jim Genereux | NIL | NIL | 18,333 |

The Corporation has no long term incentive plans other than stock options granted from time to time under the provisions of the 2005 Option Plan and RSUs granted from time to time under the provisions of the 2006 RSU Plan.

Summary of Activity under the 2005 Option Plan

The following chart summarizes the activity to date under the 2005 Option Plan:

| | Total Number of Common Shares Issued Pursuant to Exercise of Options | Total Number of Options Outstanding | Weighted Average Exercise Price of Outstanding Options | Number of Options Remaining Available for Future Issuance Under the Plan |
|------------------------|---|--|---|---|
| | As at January 27, 2009 (#/%) | As at January 27, 2009 (#/%) | As at January 27, 2009 (\$) | As at January 27, 2009 (#) |
| 2005 Stock Option Plan | 344,832/1.03 | 1,641,500/4.9 | 0.87 | 726,168 |

Summary of Activity under the 2006 RSU Plan

The following chart summarizes the activity to date under the 2006 RSU Plan:

| | Available RSU pool (5% of outstanding Common Shares) | Total Number of Common Shares issued on vested RSUs | Issued and Unvested RSUs | Number of RSUs Remaining Available for Future Issuance Under the Plan |
|---------------|---|--|---|--|
| | As at January 27, 2009 (#/%) | As at January 27, 2009 (#/%) | As at January 27, 2009 (#/%) | As at January 27, 2009 (#) |
| 2006 RSU Plan | 1,680,665/5% | 203,334/0.6 | 513,333/1.5 | 963,998 |

Pension Plan Benefits

The Corporation has no defined benefit plans, defined contribution plans or deferred compensation plans.

Termination and Change of Control Benefits

Pursuant to the employment agreements entered into by the Corporation with each Named Executive Officer, the Corporation is required to make the following payments⁽²⁾ upon termination (whether voluntary or not), resignation, retirement, change of control or change in the Named Executive Officer's responsibilities.

Roy Graydon*Resignation or Retirement*

Mr. Graydon is entitled to resign at any time by giving the Corporation at least three months' prior notice (which the Corporation may shorten or waive entirely).

Termination with or without Cause

Upon termination of Mr. Graydon's employment with cause, the Corporation is not responsible to make any payments to Mr. Graydon, other than for salary earned up to the date of termination. Upon termination without cause, the Corporation shall pay Mr. Graydon a lump-sum severance payment equal

⁽²⁾ In accordance with the provisions of Section 6.1(3)(a) of Appendix C of Form 51-102F6 – *Statement of Executive Compensation* of NI 51-102, only payments required by the Corporation in excess \$50,000 (in the aggregate) have been disclosed herein.

to three months' of his base salary plus one additional month of salary for each month of employment with the Corporation (up to a maximum of 24 months) (the "**Graydon Termination Payment**"). 50% of the Graydon Termination Payment shall be paid within fifteen days of termination, 25% of the Graydon Termination Payment within 90 days and the balance within 180 days from the date of termination.

Change of Control/Change in Responsibilities

A change of control under Mr. Graydon's employment agreement includes, among other things, the situation where any person (or group of persons) becomes the owner of at least 50% of the outstanding Common Shares. In the event of a change of control of the Corporation and Mr. Graydon is either terminated within 12 months of such change of control or resigns (as a result of a material change in Mr. Graydon's rights and responsibilities), Mr. Graydon shall be entitled to receive a lump sum payment equal to the lesser of: (i) two times the sum of his annual base salary in effect immediately prior to termination and the highest bonus earned by Mr. Graydon in the preceding three fiscal years; and (ii) five percent of the sum of (x) the book value of all debt of the Corporation, and (y) the market value of all equity of the Corporation. In addition, Mr. Graydon shall be entitled to any bonus for the calendar year during which a change of control occurred (50% payable within 15 days of termination, 25% within 90 days and the balance within 180 days).

Mr. Graydon is also entitled, following a change of control and termination, to: (i) any options and RSU's under the 2005 Option Plan and 2006 RSU Plan, respectively, that would have vested within the two-year period following termination; (ii) cash compensation for any other forfeited long-term incentive arrangements whether granted before or after the change of control that Mr. Graydon would have received during such two year period (payable by the Corporation within 30 days after termination); (iii) medical, life, health, accident and disability insurance for two years following termination; (iv) an automobile allowance and any other perquisites Mr. Graydon was entitled to prior to the change of control.

Non-Competition Restrictions

As partial consideration for the foregoing payments, Mr. Graydon's employment agreement provides for certain restrictions on Mr. Graydon's ability to: (i) solicit clients/prospective clients and employees/consultants of the Corporation for a period of 12 months (in the event of termination without cause) and for a period of 24 months (in the event of his resignation or termination with cause) following termination of his employment with the Corporation; and (ii) disclose or use (during or after his employment with the Corporation) the confidential information of the Corporation.

Robert Motz

Resignation or Retirement

Mr. Motz is entitled to resign at any time by giving the Corporation at least four weeks' prior notice.

Termination with or without Cause

Upon termination of Mr. Motz's employment with cause, the Corporation shall pay Mr. Motz only the amount of salary earned up to the date of termination. In the event of termination without cause, the Corporation is required to give Mr. Motz: (i) 12 weeks' notice (or payment in lieu thereof based on his base salary); and (ii) payment of a lump sum amount equal to four weeks' base salary for each completed quarter of employment up to a maximum of 52 weeks' base salary (collectively, the "**Motz Termination Payment**").

Change of Control/Change in Responsibilities

A change of control under Mr. Motz's employment agreement includes, among other things, the situation where any person (or group of persons) becomes the owner of at least 50% of the outstanding Common Shares. In the event that there is a change of control of the Corporation and Mr. Motz is terminated (either without cause by the Corporation or by Mr. Motz for good reason, which includes a material change in his responsibilities) within six months following such change of control, Mr. Motz shall be entitled (in lieu of the Motz Termination Payment) to the greater of: (i) the Motz Termination Payment; and (ii) six months' notice (or payment in lieu thereof based on his base salary).

Non-Competition Restrictions

As partial consideration for the foregoing payments, Mr. Motz's employment agreement with the Corporation provides for certain restrictions on his ability to solicit customers, prospective customers and employees of the Corporation (or its affiliates) for a period of 12 months following termination, for any reason, of his employment with the Corporation. In addition, Mr. Motz has agreed not to: (i) compete, directly or indirectly, with the business of the Corporation or its affiliates for a period of six months following termination of his employment for any reason; and (ii) use or disclose any confidential information of the Corporation at all times during and subsequent to the termination (for any reason) of his employment with the Corporation.

Neil Goodey

In December 2008, Mr. Goodey tendered his resignation as COO of the Corporation and Managing Director of UTS which resignation is effective December 31, 2008. Mr. Goodey has entered into a new employment agreement effective January 1, 2009 whereby he will be employed part-time by the Corporation at a salary of A\$12,000 per month for a period of one-year, renewable thereafter by mutual consent.

Resignation or Retirement

Mr. Goodey is entitled to resign at any time by giving the Corporation at least one month's prior written notice.

Termination with or without Cause

If the Corporation terminates the agreement prior to the end of the year, Mr. Goodey is entitled to the remaining months in the one year agreement to be paid immediately.

Change of Control/Change in Responsibilities

No payments are required to be made to Mr. Goodey under his employment agreement in the event of a change of control of the Corporation or change in responsibilities.

Non-Competition Restrictions

As partial consideration for the foregoing payments, Mr. Goodey's employment agreement with the Corporation provides for certain restrictions on his ability to: (i) solicit clients and directors/employees of the Corporation for a period of 12 months following termination of his employment with the Corporation; (ii) disclose or use (during or after his employment) the confidential information of the Corporation; and (iii) provide products or services that compete with those offered by the Corporation anywhere globally during the 12 month period following termination.

Nino Tuffilli

In December 2008, Mr. Tuffilli tendered his resignation as Operations Director of UTS effective December 31, 2008. Mr. Tuffilli has entered into a new employment agreement effective January 1, 2009 whereby he will be employed part time with the Corporation at a salary of A\$12,000 per month for a period of one-year, renewable thereafter by mutual consent.

Resignation or Retirement

Mr. Tuffilli is entitled to resign at any time by giving the Corporation at least one month's prior written notice.

Termination with or without Cause

If the Corporation terminates the agreement prior to the end of the year, Mr. Tuffilli is entitled to the remaining months in the one year agreement to be paid immediately.

Change of Control/Change in Responsibilities

No payments are required to be made to Mr. Tuffilli under his employment agreement in the event of a change of control of the Corporation or change in responsibilities.

Non-Competition Restrictions

As partial consideration for the foregoing payments, Mr. Tuffilli's employment agreement with the Corporation provides for certain restrictions on his ability to: (i) solicit clients and directors/employees of the Corporation for a period of 12 months following termination of his employment with the Corporation; (ii) disclose or use (during or after his employment) the confidential information of the Corporation; and (iii) provide products or services that compete with those offered by the Corporation anywhere globally during the 12 month period following termination. No payments are required to be made to Mr. Tuffilli under his employment agreement in the event of a change of control of the Corporation.

Jim Genereux***Resignation or Retirement***

Mr. Genereux is entitled to resign at any time by giving the Corporation at least one month's prior notice (which the Corporation may shorten or waive entirely).

Termination with or without Cause

Upon termination of Mr. Genereux's employment with AL with cause, AL shall pay Mr. Genereux only the amount of salary earned up to the date of termination. In the event of termination by AL without cause, AL is required to pay Mr. Genereux an amount equal to six months' salary, payable within 15 days of termination.

Change of Control/Change in Responsibilities

No payments are required to be made to Mr. Genereux under his employment agreement in the event of a change of control of the Corporation or AL or change in responsibilities.

Other than as described above, the Corporation (and its Subsidiaries) currently have no employment contracts in place with the Named Executive Officers and no compensatory plans or arrangements with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of such officers' employment or engagement with the Corporation (and its Subsidiaries), from a change of control of the Corporation (and its Subsidiaries) or a change in the Named Executive Officers' responsibilities following a change of control.

The following table provides, for each of the foregoing Named Executive Officers, an estimate of the payments payable by the Corporation (or its subsidiaries), assuming that the triggering events described above took place on September 30, 2008:

| Named Executive | Type of Payment | Salary (\$) | Incentive Payment (\$) | Vesting of Stock Based Compensation | Employee Benefits (\$) | Total (\$) |
|-----------------|---------------------------|-------------|------------------------|-------------------------------------|------------------------|------------|
| ROY GRAYDON | Termination without Cause | 550,000 | NIL | NIL | NIL | 550,000 |
| | Change in Control | 550,000 | 206,250 | 357,500 | 103,650 | 1,197,400 |
| ROBERT MOTZ | Termination without Cause | 58,333 | NIL | NIL | NIL | 58,333 |
| | Change in Control | 87,500 | 35,000 | NIL | 10,762 | 133,262 |
| JIM GENEREUX | Termination without Cause | 90,000 | NIL | NIL | NIL | 90,000 |
| | Change in Control | NIL | NIL | NIL | NIL | NIL |
| NEIL GOODEY | Termination without Cause | NIL | NIL | NIL | NIL | NIL |
| | Change in Control | NIL | NIL | NIL | NIL | NIL |
| NINO TUFILLI | Termination without Cause | NIL | NIL | NIL | NIL | NIL |
| | Change in Control | NIL | NIL | NIL | NIL | NIL |

Director Compensation

The following table describes director compensation for non-management Directors for the fiscal year ended September 30, 2008. Directors who are also officers of the Corporation are not entitled to any compensation for their services as a director.

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|----------------|------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|-------------------------|
| John Barker | 31,700 | 15,000 | NIL | N/A | N/A | NIL | 46,700 |
| Keith Morrison | 44,700 | 15,000 | NIL | N/A | N/A | NIL | 59,700 |
| Gordon Bogden | 10,205 | 15,000 | NIL | N/A | N/A | NIL | 25,205 |

Director Equity Incentive Program

Effective as of September 26, 2007, the Corporation implemented a new Directors' Compensation Policy. According to this policy, outside Directors (who are neither officers, employees nor contractors of the

Corporation) are entitled to receive \$15,000 worth of equity incentive units issuable at the beginning of the annual fiscal period (“**Equity Incentive Units**”) and an annual stipend of \$15,000, paid quarterly in advance. Each Equity Incentive Unit is equal to one Common Share and a Director may elect to convert all or part of any cash payment he or she is entitled to into Equity Incentive Units to be held in trust. The number of Equity Incentive Unit’s to be provided annually to Directors is calculated as the cash value of each annual award (\$15,000) divided by the share price of the Corporation at the time of purchase of the shares. A third party trustee shall purchase the Common Shares on the open market at prevailing prices. The aggregate value of the Common Shares awarded in trust to each Director will not exceed nor be less than \$15,000.

The chair of the Board is entitled to receive an additional sum in the amount of \$15,000 per year. In addition, each independent Board member is entitled to receive \$1,000 per Board meeting attended in person (\$500 per meeting attended by conference call), each member of the Audit Committee receives \$400 per meeting thereof and each member of the Compensation Committee and the Nominating and Corporate Governance Committee receives \$300 per meeting thereof. In addition, the chair of the Audit Committee receives \$5,000 per year, paid quarterly in advance and the chair of each of the Compensation Committee and the Nominating and Corporate Governance Committee receives \$2,000 per year, paid quarterly in advance. According to this policy, Directors who are officers, employees or contractors of the Corporation receive no compensation for serving as Directors.

Share-based Awards, Option-based Awards and Non-equity Incentive Plan Compensation for Directors

Outstanding Share-based Awards and Option Based Awards for Directors

The following table sets forth, for each independent Director, all awards outstanding as of September 30, 2008.

| Name | Option-based Awards | | | | Share-based Awards | |
|----------------|---|----------------------------|------------------------|--|--|---|
| | Number of Securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Marked or pay-out value of share-based awards that have not vested (\$) |
| John Barker | 15,000 | 0.75 | Oct 13, 2011 | NIL | NIL | NIL |
| Keith Morrison | NIL | N/A | N/A | N/A | NIL | NIL |
| Gordon Bogden | NIL | N/A | N/A | N/A | NIL | NIL |

Incentive Plan Awards – value vested or earned during year

The following table sets forth, for each independent Director, the value of all incentive plan awards issued during the year ended September 30, 2008.

| Name | Option-based Awards – Value vested during the year (\$) | Share-based Awards – Value vested during the year (\$) | Non-equity incentive plan awards – Value earned during the year (\$) |
|----------------|---|--|--|
| John Barker | NIL | 15,000 | N/A |
| Keith Morrison | NIL | 15,000 | N/A |

| Name | Option-based Awards – Value vested during the year (\$) | Share-based Awards – Value vested during the year (\$) | Non-equity incentive plan awards – Value earned during the year (\$) |
|---------------|---|--|---|
| Gordon Bogden | NIL | 15,000 | N/A |

Indebtedness of Directors, Executive Officers and Senior Officer

There was no indebtedness of any director or officer of the Corporation or of any proposed nominee for election as a director of the Corporation to, or guaranteed or supported by, the Corporation or any Subsidiary thereof either pursuant to an employee stock purchase program of the Corporation or otherwise during the financial year of the Corporation ended September 30, 2008.

CORPORATE GOVERNANCE DISCLOSURE

The Board

The responsibilities of the Board, including its oversight responsibility in respect of the business and affairs of the Corporation, organizational matters, financial and strategic planning, monitoring the Corporation's financial performance and financial reporting, risk management and stakeholder communications, are set forth in the Board Charter which is attached to this Management Information Circular as Exhibit III. The Board Charter, which was adopted by the Board at a meeting held on August 17, 2007, is designed to assist the Board in clarifying its responsibilities so that both the Board and management of the Corporation understand the Board's role in: (i) oversight of the Corporation; and (ii) ensuring effective communication between the Board and management. The Board delegates day-to-day operations of the Corporation's business to the senior management team and certain other functions to Board committees but maintains its ultimate oversight responsibility and its authority to make any material decision concerning the Corporation.

Director Independence

The Board Charter provides that the Board shall at all times be constituted of a majority of individuals who are "independent" within the meaning of NI 58-101. Based on the information received from each Director and having taken into account the independence criteria set forth below, the Board concluded that all Directors standing for election to the Board, with the exception of the President and Chief Executive Officer and former Chief Operating Officer, Roy Graydon and Neil Goodey, respectively, are "independent" within the meaning of NI 58-101, including the Chairman of the Board, Keith Morrison.

A majority of the Directors, namely Keith Morrison, John Barker, Gordon Bogden and John Hick, are "independent" directors in that each of them has no material relationship with the Corporation and, in the reasonable opinion of the Board, are independent of the Corporation under applicable securities laws. The independent Directors have an opportunity to meet in conjunction with every meeting of the Board without those members of the Board who are not independent and management of the Corporation. During the financial year ended September 30, 2008, the independent Directors met separately at every Board meeting.

Roy Graydon is not an independent Director as he is the current Chief Executive Officer and President of the Corporation and Neil Goodey is not an independent Director as he was the Chief Operating Officer of the Corporation between July 30, 2007 and December 31, 2008.

Directorships of Other Reporting Issuers

Neil Goodey is presently a director of DTI Group Ltd., an Australian public company. Mr. Hick is currently an independent director of the following TSX or TSX-V listed mining companies: Silver Eagle Mines Inc., First Uranium Corporation, Carpathian Gold Inc., Revett Minerals Inc., Hudson Resources Inc., and Marengo Mining Ltd. (which is also listed on the Australian Securities Exchange and the Port Moresby Stock Exchange (Papua New Guinea)). Please see "Election of Directors" in this circular for additional information relating to each director standing for nomination, including other company boards on which they serve.

Position Descriptions

President & Chief Executive Officer

The Board has adopted a position description for Roy Graydon, the President and Chief Executive Officer of the Corporation. As President and Chief Executive Officer (“CEO”), the CEO shall have full responsibility for the day-to-day operations of the Corporation's business in accordance with its strategic plan and operating and capital budgets as approved by the Board. The CEO is accountable to shareholders, through the Board, for the overall management of the Corporation and for ensuring the Corporation’s compliance with policies agreed upon by the Board. More specifically, the primary responsibilities of the CEO include: (i) developing, for the Board's approval, a strategic direction and positioning aimed at ensuring the Corporation's success; (ii) ensuring that the day-to-day business affairs of the Corporation are appropriately managed by developing and implementing processes aimed at ensuring the achievement of financial and operating goals and objectives; (iii) fostering a corporate culture that promotes customer focus and service and health and safety; (iv) keeping the Board aware of the Corporation's performance and events affecting its business, including opportunities in the marketplace and adverse or positive developments; and (v) ensuring, in cooperation with the Board, that there is an effective succession plan in place for the CEO position. The approval of the Board (or appropriate Board committee) is required for all significant decisions outside of the ordinary course of the Corporation's business.

Chairman

The Board has adopted a position description for the Chairman of the Board (the “Chairman”), currently Keith Morrison. The Chairman chairs Board meetings and establishes procedures to govern the Board's work. More specifically, as Chairman of the Board, the primary responsibilities of the Chairman include: (i) adopting procedures aimed at ensuring that the Board can conduct its work effectively and efficiently, including Board committee structures and composition, scheduling, and management of meetings; (ii) collaborating with the CEO to develop the agenda for Board meetings, Board procedures and the composition of Board committees; (iii) ensuring proper flow of information to the Board; (iv) ensuring that the Board has access to such members of senior management as may be required by the Board; and (v) chair every meeting of the Board and encourage free and open discussion at meetings of the Board.

Chair of each Committee

The Chairs of the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee are, respectively, John Barker, John Hick and Gordon Bogden. Position descriptions have been adopted by the Board for the Chair of each of the committees of the Board. According to such position descriptions, the Chair of each committee shall, among other things: (i) ensure that the committee fulfils the objectives and responsibilities set out in its charter; (ii) ensure that enough time and attention is given to each aspect of the committee's responsibilities; (iii) ensure that members of the committee maintain the level of independence required by applicable legislation; (iv) review the annual assessment of the committee and take the appropriate measures to correct the weaknesses underlined by the assessment; (v) ensure that the other members of the committee understand the role and responsibilities of the committee; (vi) ensure that sufficient information is provided by management to enable the committee to exercise its duties; and (vii) carry out other duties as requested by the Board, depending on need and circumstances.

Orientation and Continuing Education

The Corporation has in place an orientation program for new directors. New directors are invited to attend orientation sessions with members of senior management of the Corporation as well as with the CEO to

improve their understanding of the Corporation's businesses. Each new director is also asked to review the Charter of the Board, the Charter of each Board committee and the position descriptions of the Chairman, President and Chief Executive Officer and the Chair of each Board committee in order to fully grasp the role he or she is expected to play as a Director and possibly as a committee member. Extensive documentation on the Corporation is also provided to enable the Directors to better understand the business and operations of the Corporation and his or her role and responsibilities.

The Corporation has in place a continuous education program. In this regard, the Corporation provides Directors with regular reports on the operations and finances of the Corporation. Management periodically gives the Directors up-to-date industry studies and benchmarking information. At each regular Board meeting, the Directors are provided with updates and short summaries of relevant operational, financial and market/industry information. Extensive documentation and selected presentations are also provided to Directors to ensure that their knowledge and understanding of the Corporation's business remains current. Furthermore, facility tours are provided to Directors so they can enhance their understanding of the operational aspects of its Subsidiaries' businesses. The Corporation also encourages continuous education by offering to reimburse the costs and expenses of attending conferences or courses, including director education programs offered by leading institutions of higher education.

Assessments

The Board, on an annual basis, assesses the contribution of each individual Director, the effectiveness of the Board as a whole and the effectiveness of each of the committees of the Board. For this purpose, the Chair of the Nominating and Corporate Governance Committee conducts private meetings with each director. During those meetings, the Chair of the Nominating and Corporate Governance Committee reviews with each director their assessment of the effectiveness of the Board and of its committees and their personal contribution. Also, on a quarterly basis, the Chair of each Board committee reports to the Board on the activities of the committee. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees.

Ethical Business Conduct

In fulfilling its mandate, the Board has adopted a Business Conduct Policy that applies to all Directors, officers and employees of the Corporation and its Subsidiaries. The Corporation's Business Conduct Policy can be viewed on the Corporation's website at www.aeroquest.ca. The Business Conduct Policy addresses such matters as ethical business practices, conflicts of interest, disclosure of confidential information, general workplace conduct and the reporting of illegal, unethical or inappropriate behaviour. Management has the responsibility for monitoring compliance with the Business Conduct Policy. The Business Conduct Policy has been communicated or brought to the attention of all employees of the Corporation and its Subsidiaries. In addition, all new employees are required to complete an acknowledgement form whereby they undertake to comply with the Business Conduct Policy. Also, the Corporation is implementing an annual requirement for all employees to acknowledge compliance with the Business Conduct Policy. The Board has also adopted a "whistle-blower policy" that governs employee reporting of violations of the Business Conduct Policy. The Board has concluded that such measures are appropriate and sufficient to ensure compliance with the Business Conduct Policy. Any waivers of, or exceptions, to the Business Conduct Policy may only be granted by the Board. To date, the Board has not granted any such waivers or exceptions.

The Business Conduct Policy also prohibits employees from permitting any actual or perceived conflict of interest between their personal interests and those of the Corporation. As for the Directors, the relevant provisions of the *Business Corporations Act* (Ontario) provide that each Director shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the Director has a conflict of

interest. Special committees of the Board may be formed and independent professional advice may be sought in situations where the Board feels it is appropriate in order to ensure that Directors exercise independent judgment in considering transactions in respect of which a potential conflict of interest has been identified.

Board Committees

To assist in discharging its mandate, the Board has established three standing committees of the Board and delegates certain of its enumerated responsibilities to each of the committees. The Board committees are: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board may appoint such other committees as it considers necessary or appropriate. Notwithstanding delegation by the Board of its responsibilities to committees of the Board, the Board retains its oversight function and ultimate responsibility for all matters delegated to its committees.

Audit Committee

The audit committee (the “Audit Committee”) of the Board for the year ended September 30, 2008 consisted of three independent Directors, being John Barker, Gordon Bogden and Keith Morrison. Effective December 2008, John Hick replaced Keith Morrison as a member of the Audit Committee.

The Audit Committee is established to assist the Board in fulfilling its oversight responsibilities with respect to the accounting and financial reporting processes of the Corporation and external audits of the Corporation’s consolidated financial statements in accordance with the Audit Committee Charter, a copy of which is attached hereto as Exhibit IV.

External Auditor Disclosure

Audit Committee Oversight

At no time since the commencement of the most recently completed financial year of the Corporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the directors of the Corporation.

Reliance on Certain Exemptions

At no time since the commencement of the most recently completed financial year of the Corporation has the Corporation relied on the exemption in section 2.4 of MI 52-110 (De Minimis Non-Audit Services), or an exemption from the application of MI 52-110, in whole or in part, granted under Part 8 of MI 52-110.

External Auditor Service Fees (By Category)

The aggregate fees billed by BDO in each of the last two financial years of the Corporation are as follows:

| Financial Year Ending | Audit Fees (\$) | Audit Related Fees (\$) | Tax Fees (\$) | All Other Fees (\$) |
|------------------------------|----------------------------|------------------------------------|--------------------------|--------------------------------|
| September 30, 2008 | 40,235 | NIL | 10,000 | 38,000 |
| September 30, 2007 | 30,000 | 2,311 | NIL | 7,400 |

Compensation Committee

The Compensation Committee is responsible for reviewing, approving and recommending to the Board matters relating to the compensation of the CEO and other Named Executive Officers and the final approval of amounts payable under the Corporation's incentive plans. The process for determining compensation for executive officers and directors is described in detail under "Statement of Executive Compensation". The Charter of the Compensation Committee provides that the Compensation Committee shall provide, *inter alia*, guidance, oversight and monitoring for all designated employee compensation and management objective-setting and succession. Specifically, the Compensation Committee's duties include: establishing the designated employees' compensation philosophy; making recommendations to the Board with respect to the design of any incentive compensation plans; reviewing and agreeing upon the goals and objectives of the CEO and other executives; making recommendations to the Board with respect to CEO compensation; consulting with the CEO on other executive compensation and developing a succession plan for the position of CEO; and assisting the CEO in developing programs to develop other key managers. The Compensation Committee for the year ended September 30, 2008 consisted of three independent Directors, being John Barker, Gordon Bogden and Keith Morrison. Effective December 2008, John Hick replaced Keith Morrison as a member of the Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying and considering prospective candidates to be appointed to the Board as well as developing and overseeing the Corporation's approach to governance issues, approving and reporting to the Board respecting appointments, compensation and succession of senior executives and overseeing the administration of the Corporation's compensation plans. The process of identifying new Board candidates involves a review of each candidate's skills, commitment and his or her ability to add value to the Board. The Charter of the Nominating and Corporate Governance Committee identifies the following four steps as a guideline for the selection of new Directors by the committee: (1) review the background, experience and skills of each Director; (2) review the Corporation's strategic and business objectives and identify their implications for the current composition of the Board; (3) identify any gaps between the current Board composition and the Corporation's strategic and business requirements, (e.g. knowledge of a specific foreign market) and develop specific future composition targets; and (4) develop criteria for new Directors which will complement the current Board and assist the Board in achieving its mandate. Based on the criteria and candidate interviews, a candidate may be nominated by a majority of independent Directors of the Nominating and Corporate Governance Committee to the Board. The Nominating and Corporate Governance Committee for the year ended September 30, 2008 consisted of three Directors, being John Barker, Gordon Bogden and Keith Morrison. Effective December 2008, John Hick replaced Keith Morrison as a member of the Nominating and Corporate Governance Committee.

OTHER INFORMATION

Interests of Certain Persons and Companies in Matters to be Acted Upon

No Director or officer of the Corporation or any Subsidiary, nor any associate or affiliate of the foregoing persons, in the year ended September 30, 2008, had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of Directors and the approvals, with amendments thereto, of the 2005 Stock Option Plan and the 2006 RSU Plan, in which directors and officers are eligible participants under such plans.

Interests of Informed Persons in Material Transactions

Since September 30, 2007, there have been no transactions entered into or which are proposed to be entered into which have materially affected or will materially affect the Corporation or any Subsidiary thereof involving an Insider of the Corporation, a proposed nominee for election as a Director or any associate or affiliate of any such Insider or proposed nominee.

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Further financial information is provided by the audited consolidated financial statements of the Corporation for the financial year ended September 30, 2008 and related management's discussion and analysis of results which accompany this Management Information Circular and have also been filed on SEDAR.

Copies of the Corporation's annual information form, annual report (including annual audited consolidated financial statements and management's discussion and analysis) may be obtained through the Corporation's website at www.aeroquest.ca or upon request made to the attention of the Chief Financial Officer of the Corporation at 7687 Bath Road, Mississauga, Ontario, L4T 3T1.

APPROVAL

The contents of this Management Information Circular and the sending thereof to the Shareholders of the Corporation have been approved by the directors of the Corporation.

DATED at Mississauga, Ontario this 27th day of January, 2009.

BY ORDER OF THE BOARD



Roy Graydon
President and Chief Executive Officer

EXHIBIT I
2005 INCENTIVE STOCK OPTION PLAN

As approved on September 14, 2005,
amended on September 14, 2006, September 26, 2007 and July 17, 2008

1. Purpose

The purpose of the 2005 Incentive Stock Option Plan (the “**Plan**”) of AEROQUEST INTERNATIONAL LIMITED, a corporation continued under the *Ontario Business Corporations Act* (Ontario) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. Administration

The Plan shall be administered by the board of directors of the Corporation or by a special committee of the directors appointed from time to time by the board of directors of the Corporation pursuant to rules of procedure fixed by the board of directors (such committee or, if no such committee is appointed, the board of directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors. Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all Option agreements entered into thereunder, to define the terms used in the Plan and in all Option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each Option granted hereunder (an “**Option**”) may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. Stock Exchange Rules

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation’s authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of All Options granted under the Plan shall not exceed 2,720,000. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. In the case of employees or consultants of the Corporation or Management Company Employees, the Option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries. A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Board shall so determine.

7. Limits on Issuance of Options

No Options shall be granted to any Participant if such grant could result in the aggregate number of Shares issued to Insiders (as defined in the policies of the Exchange) of the Corporation, within any 12-month period, or issuable to Insiders of the Corporation at any time, under the Plan or any other security based compensation arrangements (as defined in the policies of the Exchange) of the Corporation, exceeding 10% of the total number of issued and outstanding Shares at such time.

8. Exercise Price

- (a) The exercise price of the Shares subject to each Option shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an Option may be reduced only if disinterested shareholder approval is obtained.

9. Number of Optioned Shares

- (a) The number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.

- (b) No single Participant may be granted Options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the Options vesting in any 3 month period.

10. Duration of Option

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange (“**TSX-V**”), the maximum term may not exceed 10 years if the Corporation is classified as a “Tier 1” issuer by the TSX-V, and the maximum term may not exceed 5 years if the Corporation is classified as a “Tier 2” issuer by the TSX-V.

Notwithstanding the foregoing, if the Option shall expire during a Blackout Period or with 10 business days after the last day of the Blackout Period, the term of the Option shall automatically extend for a period of 10 business days after the last date of the Blackout Period. For this purpose, “**Blackout Period**” shall mean that period of time in which a Participant is restricted in trading in securities of the Corporation as a result of the restrictions set forth in the Insider Trading and Blackout Policy or other similar policy adopted by the Corporation.

11. Option Period, Consideration and Payment

- (a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (b) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (c) Except as set forth in Sections 11 and 12, no Option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.

- (d) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

12. Ceasing To Be a Director, Officer, Consultant or Employee

If a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his Option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation. Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

13. Death of Participant

Notwithstanding section 11, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the one (1) year after such death and then only: (a) By the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and (b) If and to the extent that such Participant was entitled to exercise the Option at the date of his death.

14. Rights of Optionee

No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a Shareholder in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

15. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

16. Adjustments

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares Optioned or issued on exercise of Options and the exercise price per Share as set forth in the respective stock Option agreements shall be made in accordance to the terms of such agreements. Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

17. Transferability

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and Options may only be exercised by the Participant.

18. Termination of Plan

The Board may, at any time in its absolute discretion, suspend or terminate the Plan. If the Plan is so suspended or terminated, no further Options shall be granted but the Options then outstanding shall continue in full force and effect in accordance with the provisions of this Plan.

19. Amendments

The Board may amend this Plan or any Option at any time without the consent of Participants provided that such amendment shall:

- (a) not adversely alter or impair any Option previously granted except as permitted by the provisions of Section 16 or Section 20 hereof;
- (b) be subject to any regulatory approvals including, where required, the approval of the Exchange; and
- (c) be subject to shareholder approval, where required, by law or the requirements of the Exchange, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include, but are not limited to:
 - (i) amendments of a “housekeeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law or the applicable rules of the Exchange, including with respect to the treatment of options granted under the Plan;
 - (iii) a change to the vesting provisions of any Option;
 - (iv) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
 - (v) amendments respecting the administration of the Plan;
 - (vi) amendments necessary to suspend or terminate the Plan;
 - (vii) a change relating to the eligibility of any Participant or potential Participant in the Plan; and
 - (viii) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

Notwithstanding the foregoing, the following amendments shall require approval by a majority of the Corporation's shareholders (and, in the case of (b) and (c) below, approval of disinterested shareholders):

- (a) any increase in the aggregate number of Shares that may be issued under the Plan;
- (b) any extension to the term of Options;
- (c) any reduction in the exercise price of Options; and
- (d) any change to the transferability provision of any Option, other than for normal estate planning purposes.

20. Necessary Approvals

The ability of a Participant to exercise Options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Participant.

21. Effective Date of Plan

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

22. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario.

EXHIBIT II

AEROQUEST INTERNATIONAL LIMITED

AMENDED AND RESTATED 2006 RESTRICTED STOCK UNIT PLAN

As approved on August 14, 2006,
amended on July 17, 2008 and January 19, 2009

ARTICLE 1 - PURPOSE OF THE PLAN

This 2006 Restricted Stock Unit Plan is intended as an incentive to Senior Officers, Management Company Employees, Employees or Consultants of Aeroquest International Limited (the “**Corporation**”) to develop and promote the growth and success of the Corporation and its subsidiaries by affording them a greater interest in the success of the Corporation and its subsidiaries.

ARTICLE 2 - DEFINITIONS

As used in the Plan, the following terms have the following meanings:

- (a) “**Administrator**” shall mean such administrator as may be appointed by the Corporation from time to time to administer the Plan;
- (b) “**Aeroquest Group**” shall mean, collectively, the Corporation and its respective subsidiaries and affiliated companies or, individually, any corporate entity included within such group, as the context indicates;
- (c) “**Affiliated Companies**” means, with respect to the Corporation, any person or company if it is a Subsidiary entity of the other or if both are Subsidiary entities of the same person or company within the meaning of the Securities Act (Ontario);
- (d) “**Board of Directors**” shall mean the board of directors of the Corporation;
- (e) “**Business Day**” shall mean a day, other than a Saturday or Sunday, on which banking institutions in Canada are not authorized or obligated by law to close;
- (f) “**Change in Control**” shall be deemed to have occurred if (i) whether the result of a merger, consolidation, going private transaction or any other event, the Shares are no longer traded on an exchange for a period of more than ten (10) consecutive days in which there is trading generally in securities on such an exchange; or (ii) the shareholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation’s assets;
- (g) “**CIC Date**” shall mean the date on which a Change in Control occurs;
- (h) “**Committee**” shall mean either the Board of Directors, the Nominating and Corporate Governance Committee of the Board of Directors, or such other committee of the Board of Directors as the Board of Directors may from time to time designate to exercise the powers conferred upon the Committee by the Plan;
- (i) “**Consultants**” shall mean, in relation to the Corporation, an individual or Consultant Company, other than an Employee or a Director of the Corporation, that: (i) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Corporation

or to an Affiliated Company, of the Corporation other than services provided in relation to a distribution of securities of the Corporation; (ii) provides the services under a written contract between the Corporation or the Affiliated Company and the individual or the Consultant Company; (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliated Company of the Corporation; and (iv) has a relationship with the Corporation or an Affiliated Company of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;

- (j) “**Consultant Company**” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) “**Corporation**” means Aeroquest International Limited and its lawful successors;
- (l) “**Effective Date**” shall have the meaning assigned to such term in Article 3 hereof;
- (m) “**Eligible Person**” shall mean any (i) Employee of the Corporation, but shall not include a member of the Board of Directors who is not also an Employee; (ii) Management Company Employee; (iii) Consultant, or (iv) Senior Officer.
- (n) “**Employee**” shall mean: (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source) or under such similar taxing authority in any jurisdiction where the Corporation carries on business; or (ii) an individual who works for the Corporation or its Affiliated Company on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (o) “**For Cause**” shall mean the lawful termination of employment upon the continued failure by a Participant to perform substantially in a satisfactory manner such Participant’s duties with the Corporation or its subsidiaries (other than any such failure resulting from the Participant’s incapacity due to physical or mental illness), or other misconduct which is materially and demonstrably injurious to the Corporation or its subsidiaries, as determined by the Committee;
- (p) “**Grant**” shall mean the allocation of a number of RSUs by the Corporation to a Participant at any time in accordance with Article 11 hereof;
- (q) “**Grant Date**” shall mean the date set forth in the particular Restricted Stock Unit Agreement entered into by the Corporation and the Participant;
- (r) “**Insider**” shall have the meaning defined in the policies of the TSX;
- (s) “**Investor Relations Activities**” shall have the meaning defined in the policies of the TSX;
- (t) “**Management Company Employee**” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;

- (u) “**Market Price**” shall mean the last closing price per share for the Shares on the TSX, or if the Shares are no longer listed for trading on the TSX, such other exchange or quotation system on which the Shares are listed;
- (v) “**Participant**” shall mean an Eligible Person to whom a Grant has been made in accordance with Article 11 hereof;
- (w) “**Performance Criteria**” shall mean criteria established by the Committee which, without limitation, may include criteria based on the financial performance of the Corporation and/or any company or business unit thereof;
- (x) “**Performance Period**” shall mean the period established by the Committee in respect of each Grant, which period shall commence and end on the dates designated by the Committee;
- (y) “**Permanent Disability**” shall mean a any disability with respect to Participant, that renders that Participant incapable of continuing or resuming his or her employment with the Corporation or its subsidiaries, in a position the same as or similar to that in which he or she was last employed or engaged, on those terms established by the Committee in its sole and absolute discretion;
- (z) “**Plan**” shall mean this 2006 Restricted Stock Unit Plan as set forth herein and as the same may be further amended from time to time;
- (aa) “**Release Date**” shall mean, unless otherwise determined by the Committee, a Business Day following, within a reasonable amount of time, the occurrence of the event giving rise to the issuance of the RSUs in accordance with the provisions of the Plan;
- (bb) “**Retirement**” shall mean retirement in accordance with the provisions of any pension or retirement plan of the Aeroquest Group covering the Participant, retirement pursuant to a special pension arrangement entered into by the Aeroquest Group and a Participant and applicable in lieu of, or in addition to, any pension or retirement plan of the Aeroquest Group or, if the Participant is not covered by such a plan and/or special pension arrangement, as determined by the Committee;
- (cc) “**RSU**” shall mean a restricted stock unit allocated to an Eligible Person in accordance with Article 11 hereof which shall upon issuance, in accordance with and subject to the provisions of the Plan, entitle the holder thereof to receive one RSU Share;
- (dd) “**RSU Agreement**” means an agreement, in such form or forms as the Board shall from time to time determine which evidences a Grant to a Participant;
- (ee) “**RSU Shares**” shall mean the Shares delivered to Eligible Persons in accordance with the provisions of the Plan in settlement of RSUs issued under the Plan;
- (ff) “**Senior Officers**” shall mean: (i) the chair or a vice chair of the board of directors, the president, a vice president, the secretary, the treasurer or the general manager of a corporation; (ii) any individual who performs functions for a person similar to those normally performed by an individual occupying any office specified in paragraph (i); and (ii) the five highest paid employees of the Corporation, including any individual referred to in paragraph (i) or (ii) and excluding commissioned salesperson who does not act in a managerial capacity;
- (gg) “**Shareholders**” shall mean those holders of securities of the Corporation which have attached voting rights for directors of the Corporation;

- (hh) “**Shares**” shall mean the common shares of the Corporation and “Share” shall mean a common share of the Corporation;
- (ii) “**Subsidiary**” means any “subsidiary entity” of the Corporation within the meaning of OSC Rule 61-501 – *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*; and
- (jj) “**TSX**” means the Toronto Stock Exchange.

ARTICLE 3 - EFFECTIVE DATE

The Plan was adopted by the Board of the Corporation with the approval of the TSX Venture Exchange and it became effective upon such approvals being obtained.

ARTICLE 4 - APPROVAL OF THE PLAN

This Plan is subject to approval of the Shareholders in accordance with the requirements of the TSX.

ARTICLE 5 - MAXIMUM NUMBER OF SHARES TO BE ISSUED

The number of RSU Shares reserved for issuance pursuant to the Plan is a rolling maximum and shall not exceed five (5%) of the issued and outstanding Shares of the Corporation at any time.

ARTICLE 6 - LIMITATIONS ON ISSUE

The aggregate number of RSU Shares that may be reserved for issuance under this Plan to persons employed to provide Investor Relations Activities must not exceed 2% of the issued shares of the Corporation in any 12 month period, calculated at the Grant Date, subject to adjustment in accordance with Article 13.

In addition, no RSUs shall be granted to any Participant if such grant could result in the aggregate number of Shares issued to Insiders of the Corporation, within any 12-month period, or issuable to Insiders of the Corporation at any time, under the Plan or any other security based compensation arrangements (as defined in the policies of the TSX) of the Corporation, exceeding 10% of the total number of issued and outstanding Shares at any such time.

ARTICLE 7 - ELIGIBILITY

The Committee shall from time to time designate any Eligible Person of the Aeroquest Group to receive a Grant of RSUs. No person shall be entitled to participate in the Plan as of right, and the decision as to who participates in the Plan shall, subject to the terms hereof, be made by the Committee in its sole and absolute discretion.

ARTICLE 8 - ADMINISTRATION

The Committee shall administer the Plan in accordance with its terms. The Committee may, subject to the terms of the Plan, delegate to third parties the whole or any part of the administration of the Plan and shall determine the scope of such delegation. Any decision made by the Committee in carrying out its responsibilities with respect to the administration of the Plan shall be final and binding on the Participants.

In addition to the powers granted to the Committee under the Plan and subject to the terms of the Plan, the Committee shall have full and complete authority to interpret the Plan. The Committee may from time to time prescribe such rules and regulations and make all determinations necessary or desirable for the administration of the Plan. In particular, the Committee shall select the Eligible Persons to whom it recommends Grants shall be made and shall determine the amounts and terms of the Grants (including the related Performance Criteria), and the extent to which the Performance Criteria to be achieved during the Performance Period, if any, has been achieved. Any such interpretation, rule, determination or other act of the Committee shall be conclusively binding upon all persons, including the Participants and their legal representatives and beneficiaries. The Committee may correct any defect or any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. No member of the Committee or Board of Directors shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, party to an action or proceeding by reason of the fact that such person is or was a member of the Committee and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

Except as Participants may otherwise be advised by prior written notice of at least thirty (30) days, all costs of the Plan, including any administration fees, shall be paid by the Corporation.

ARTICLE 9 - RSU SHARES SUBJECT TO THE PLAN

Neither the Corporation nor its subsidiaries shall be required to issue and/or cause to be delivered Shares or issue and/or cause to be delivered certificates evidencing Shares to be delivered pursuant to the Plan unless and until such issuance and delivery is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of any stock exchange upon which Shares of the Corporation or its subsidiaries are listed. Neither the Corporation nor its subsidiaries shall in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements. Subject to the foregoing, the Board of Directors of the Corporation may authorize from time to time the issuance by the Corporation of Shares and the Board of Directors may authorize from time to time the purchase by the Corporation of Shares for the benefit of Participants on the open market or by private transaction as required in order to administer the Plan.

ARTICLE 10 - GRANTS

Subject to the provisions of the Plan, the Committee shall, in its sole discretion and from time to time, determine the Eligible Persons to whom it recommends that Grants be made based on their current and potential contribution to the success of the Corporation. At such time, the Committee shall also:

- (a) determine, in connection with each Grant, the number of RSUs to be allocated;
- (b) determine, in connection with each Grant, the Performance Periods applicable thereto;
- (c) determine, in connection with each Grant, the Performance Criteria, if any, to be achieved during a Performance Period in order for RSU Shares to be issued to the Participant; and
- (d) determine the other terms and conditions (which need not be identical and which, without limitation, may include non-competition provisions) of all RSUs covered by any Grant. Any Grant and any determination made by the Committee in connection with any such Grant as provided shall be subject to confirmation by the Board of Directors.

ARTICLE 11 - TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

Each Grant pursuant to the Plan shall be evidenced by an RSU Agreement, which agreement may deal with some or all of the following matters:

(a) Number of RSUs

Each RSU Agreement shall state the number of RSUs allocated to the Participant and state that each such RSU shall, subject to and in accordance with the terms of the Plan, entitle the Participant to receive one RSU Share.

(b) Performance Criteria

Each RSU Agreement shall describe the Performance Criteria for the Performance Period, if any, established by the Committee that must be achieved for RSUs to be issued to the Participant.

(c) Vesting and Issue of RSUs

Unless the Committee provides for another Performance Period at the time a Grant is made, and except as otherwise provided in paragraphs (d) or (e) of this Article, or in any other employee benefit plan approved by the Board of Directors, subject to the level of achievement of Performance Criteria, if any, determined by the Committee, the RSUs shall vest and a Participant shall be issued, as soon as reasonably practicable following vesting, one third (1/3) of the RSU Shares covered by the Grant on the Release Date following each of the first, second, and third anniversaries of the Grant Date. Any RSU Shares covered by a Grant that are not issued on a Release Date in accordance with the Plan, or are not otherwise settled in accordance with the Plan, shall be forfeited. Notwithstanding any other provisions of the Plan, in no circumstances shall the RSU Shares covered by a Grant be issued later than December 31 of the third calendar year following the year a particular Grant is made.

(d) Right to RSUs in the Event of Death, Retirement or Termination of Employment

Unless otherwise determined by the Committee:

- (i) In the event of the death of a Participant while in the employment of the Aeroquest Group, the deceased Participant's estate shall elect in writing to the Corporation within 120 days of the Participant's death, with respect to each Grant to such Participant for which the established Performance Period had not ended and for which the RSUs have not otherwise been issued prior to the date of death, to receive, subject to and in accordance with the provisions of the Plan, RSUs issued in the form of RSU Shares to the deceased Participant's estate on the Release Date on which all or a portion of the RSUs would otherwise be issued, if at all, in accordance with the Plan had the Participant not died and continued in the employment of the Aeroquest Group until such Release Date.
- (ii) In the event of Retirement or Permanent Disability, with respect to each Grant to a Participant for which the Release Date has not occurred and for which RSUs have not been issued, the RSUs covered by any such Grant to the Participant shall be issued within a reasonable time following the date of Retirement or Permanent Disability;
- (iii) In the event that a Participant's employment is terminated For Cause, the RSUs covered by any Grant to such Participant with respect to which the Release Date

has not occurred and for which RSUs have not been issued, shall be forfeited as of such termination of employment with the Aeroquest Group and any such termination of employment shall not entitle a Participant to any compensation for loss of any benefit under the Plan; and

- (iv) In the event that a Participant's employment terminates for any reason other than death, Retirement, Permanent Disability, or termination For Cause, the RSUs covered by any Grant to such Participant with respect to which the Release Date has not occurred and for which RSUs have not been issued, may either, at the sole discretion of the Committee, be forfeited as of such termination of employment with the Aeroquest Group, or be issued completely or partially within a reasonable time following the date of such termination of employment.

(e) Termination of RSUs

- (i) In the event that a Participant who is not engaged in Investor Relations Activities ceases to be employed with the Corporation or any of its subsidiaries by reason of Retirement, Permanent Disability, or termination of employment for any other reason, the Participant's RSUs shall terminate within ninety (90) days after the date of termination.
- (ii) In the event that a Participant who is engaged in Investor Relations Activities ceases to be employed with the Corporation to provide Investor Relations Activities, the Participant's RSUs shall terminate within thirty (30) days.
- (iii) In all other cases, RSUs granted pursuant to this Plan shall terminate automatically on the earlier of the date on which such RSUs are issued in the form of RSU Shares, in respect of all of the RSUs granted thereunder; and the expiry date of such RSUs as determined by the Committee or by law. In the case of death of a Participant, when the RSUs shall terminate not later than one (1) year from the date of death of the Participant.

(f) Right to RSUs in the Event of a Change in Control

In the event of the occurrence of a Change in Control, with respect to all Grants outstanding on the CIC Date, the Committee may, in its sole discretion, make appropriate provision for the continuance or redemption of outstanding rights under the Plan, including but not limited to, the issuance of all or a portion of the RSUs allocated to a Participant pursuant to a Grant.

(g) Non-Transferability

The rights or interests of a Participant under the Plan shall not be assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.

(h) RSUs Not Shares

Under no circumstances shall RSUs be considered Shares, nor entitle any Participant to the exercise of voting rights, or the exercise of any other rights attaching to ownership of Shares.

ARTICLE 12 - EFFECTS OF ALTERATION OF SHARE CAPITAL

In the event that:

- (a) a dividend shall be declared upon the Shares payable in Shares of the Corporation;
- (b) the outstanding Shares shall be changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure, or a share recapitalization, subdivision or consolidation;
- (c) there shall be any change, other than those specified in paragraphs (a) and (b) of this Article, in the number or kind of outstanding Shares or of any shares or other securities into which such Shares shall have been changed or for which they shall have been exchanged; or
- (d) there shall be a distribution of assets or shares to shareholders of the Corporation out of the ordinary course of business, then, if the Board of Directors shall in its sole discretion determine that such change equitably requires an adjustment in the number of RSUs with respect to which Grants may be made pursuant to the Plan but not yet covered by Grants, of the RSUs then covered by Grants, of the RSUs generally available for Grants under the Plan and of the RSUs available for Grants under the Plan in any calendar year, such adjustment shall be made by the Board of Directors and shall be effective and binding for all purposes. No adjustment provided for in this Article shall entitle a Participant to be allocated a fractional RSU, or receive a fractional RSU Share or any payment in lieu thereof, and the total adjustment with respect to each RSU shall be limited accordingly.

ARTICLE 13 - TERMINATION

The Board of Directors may from time to time in its sole discretion, suspend or terminate the Plan in whole or in part. If the Plan is so suspended or terminated, no further RSUs shall be granted but the RSUs then outstanding shall continue in full force and effect in accordance with the provisions of this Plan.

ARTICLE 14 - AMENDMENTS

The Board of Directors may amend this Plan or any RSU at any time without the consent of Participants provided that such amendment shall:

- (a) not adversely alter or impair any RSU previously granted except as permitted by the provisions of Article 12 or Article 13 hereof;
- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required, by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board of Directors may make any changes which may include, but are not limited to:
 - (i) amendments of a “housekeeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the

Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;

- (ii) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of RSUs granted under the Plan;
- (iii) a change to the vesting provisions of any RSU;
- (iv) amendments respecting the administration of the Plan;
- (v) amendments necessary to suspend or terminate the Plan;
- (vi) a change relating to the eligibility of any Participant or potential Participant in the Plan; and
- (vii) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

Notwithstanding the foregoing, the following amendments shall require approval by a majority of the Corporation's shareholders (and, in the case of (b) and (c) below, approval of disinterested shareholders):

- (d) any increase in the aggregate number of RSU Shares that may be issued under the Plan; and
- (e) any change to the transferability provision of any RSU, other than for normal estate planning purposes.

ARTICLE 15 - DIVIDENDS

When dividends are paid on Common Shares, a Participant shall be credited with additional RSUs determined as: the Share dividend multiplied by the number of RSU's credited to the Participant's account on the record date for the payment of dividends, the product of which is then divided by the Market Price on the date of payment of the dividends.

ARTICLE 16 - NOTICE TO COMMISSIONS AND EXCHANGES

The Corporation will give notice to all applicable securities commissions and other regulatory bodies in Canada and the United States and all applicable stock exchanges and other trading facilities upon which the Shares are listed or traded, as may be required, of its adoption of this Plan and of its entering into any RSU agreement with a Participant and the terms and conditions for the issuance of Shares under such RSU Agreement, and will use all reasonable efforts to obtain any requisite approvals as may be required from such bodies, exchanges and trading facilities.

ARTICLE 17 - MISCELLANEOUS PROVISIONS

(a) Participation Voluntary

Participation in the Plan by a Participant is voluntary. No employee shall have any claim or right to receive Grants under the Plan, and the Grant and issuance of RSUs under the Plan shall not be construed as giving a Participant any right to continue in the employment of the Corporation or any of its subsidiaries or affect the right of the Aeroquest Group to terminate the employment of any Participant.

Unless the Committee determines otherwise, no notice of termination or payment in lieu thereof shall extend the period of employment for purposes of this Plan.

(b) Withholding Tax

The Committee and/or the Administrator may adopt and apply rules that in its opinion will ensure that the Aeroquest Group will be able to comply with applicable provisions of any federal, provincial, state or local law relating to the withholding of tax, including the amount, if any, included in income of a Participant. The Aeroquest Group or the Administrator may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Aeroquest Group shall be able to comply with applicable provisions of any federal, provincial, state or local law relating to withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. The Aeroquest Group or the Administrator shall, in this connection, have the right in its discretion to satisfy any such withholding tax liability by retaining or acquiring any Shares which would otherwise be issued or provided to a Participant hereunder, or withholding any portion of any cash amount payable to a Participant hereunder. The Aeroquest Group or the Administrator shall also have the right to withhold the delivery of any RSUs and RSU Shares and any cash payment payable to a Participant hereunder unless and until such Participant pays to the Aeroquest Group a sum sufficient to indemnify the Aeroquest Group for any liability to withhold tax in respect of the amounts included in the income of such Participant as a result of the settlement of RSUs under this Plan, to the extent that such tax is not otherwise being withheld from payments to such Participant by the Aeroquest Group or the Administrator.

(c) Notice

Any notice to be given to the Corporation pursuant to the provisions of this Plan shall be addressed to the Corporation at its principal business office, and any notice to be given to a Participant shall be delivered personally or addressed to the Participant at his or her last known address or at the address he or she designates in writing to the Corporation for this purpose. Any such notice shall be deemed duly given when made in writing and delivered to the Corporation or the Participant, as the case may be, or if mailed, then on the third Business Day following the date of mailing such notice in a properly sealed envelope addressed as aforesaid, registered or certified mail, postage prepaid, in a post office or post office branch maintained in Canada or the United States of America.

(d) Acceptance of Terms by Participant

Participation in the Plan by any Participant shall be construed as acceptance of the terms and conditions of the Plan by the Participant and as to the Participant's agreement to be bound hereby.

(e) Governing Law

The Plan shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

(f) Number and Gender

In this Plan, whenever the context so requires, the masculine gender includes the feminine gender and a singular number includes the plural number.

**EXHIBIT III
BOARD OF DIRECTORS CHARTER**

**AEROQUEST INTERNATIONAL LIMITED
(the “Corporation”)**

PURPOSE

The Board of Directors is elected by the Corporation’s shareholders to oversee the management of the business and affairs of the Corporation, in the best interests of the Corporation. The Board of Directors is responsible for the stewardship of the Corporation and in furtherance of this responsibility shall:

- Ensure the effective functioning of the Board of Directors and its committees.
- Ensure, with the assistance of the Nominating and Corporate Governance Committee, the effective functioning of the Board of Directors and its committees in compliance with the corporate governance requirements of applicable legislation and securities law requirements (including National Policy 58-201: Corporate Governance Guidelines), and that such compliance is reviewed periodically by the Nominating and Corporate Governance Committee.
- Ensure internal controls and management information systems for the Corporation are in place, are evaluated as part of the internal auditing process and reviewed periodically on the initiative of the Audit Committee.
- Assess the performance of the Corporation’s executive officers.
- Ensure the establishment and maintenance of appropriate systems for succession planning (including appointing, training and monitoring senior management) and for periodically monitoring the compensation levels of such executive officers.
- Review and, where appropriate approve, the recommendations made by the various committees of the Board of Directors, including, without limitation, to: select nominees for election to the Board; appoint directors to fill vacancies on the Board; appoint members of the various committees of the Board; and, establish the form and amount of director compensation, based on determinations and recommendations made by the Nominating and Corporate Governance Committee

COMPOSITION

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Corporation’s business. The Board shall be comprised of that number of individuals which will permit the Board’s effective functioning. A majority of the Board of Directors of the Corporation must meet the independence requirements of applicable legislation (including the *Business Corporations Act* (Ontario)) and securities law requirements (including National Policy 58-201: Corporate Governance Guidelines). At least a majority of the Board of Directors shall be “resident Canadians” as contemplated by the *Business Corporations Act* (Ontario).

MEETINGS

The Board of Directors shall meet at least quarterly each year and more frequently as circumstances require. At least one meeting per year shall include a review of the Corporation’s strategy. All members

of the Board of Directors should strive to be at all meetings and be present for the entire meeting and to review in advance of the meeting the material circulated to the directors. The Board of Directors may request any member of the Corporation's management or the Corporation's outside counsel or independent auditor to attend meetings of the Board of Directors or with advisors thereto. The Board of Directors shall, as part of each Board meeting (unless the Chairman determines that doing so is not necessary) meet separately without management and may request any member of the Corporation's management or the Corporation's outside counsel or independent auditor to attend meetings of the Board or with advisors thereto.

COMMITTEES

The Board of Directors may delegate authority to individual directors and committees where the Board determines it is appropriate to do so. The Board of Directors expects to accomplish a substantial amount of its work through committees and shall form at least the following two committees: the Audit Committee and the Nominating and Corporate Governance Committee. The Board of Directors may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee will have a written charter and should report regularly to the Board of Directors, summarizing the committee's actions and any significant issues considered by the committee.

INDEPENDENT ADVICE

In discharging its mandate, the Board of Directors shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors as the Board determines to be necessary to permit it to carry out its duties.

EVALUATION

At least annually, the Board of Directors through the Nominating and Corporate Governance Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board and its members, including the compliance of the Board with this Charter.
- Review and assess the adequacy of this Charter.
- Review and assess the position descriptions for the Chairman of the Board of Directors and the President and Chief Executive Officer of the Corporation.

EXHIBIT IV
AUDIT COMMITTEE CHARTER

AEROQUEST INTERNATIONAL LIMITED
(the “Corporation”)

The Audit Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the accounting and financial reporting processes of the Corporation and external audits of the Corporation’s consolidated financial statements. In that regard, the Audit Committee shall:

1. Satisfy itself on behalf of the Board with respect to the Corporation’s internal control systems including identifying, monitoring and mitigating business risks as well as compliance with legal, ethical and regulatory requirements. The Audit Committee shall also review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or other contingency (including tax assessments) that could have a material effect on the financial position or operating results of the Corporation (on a consolidated basis), and the manner in which these matters may be, or have been, disclosed in the financial statements;
2. Review with management and the external auditor the annual consolidated financial statements of the Corporation, the reports of the external auditor thereon and related financial reporting, including Management’s Discussion and Analysis and earnings press releases (collectively, “**Annual Financial Disclosure**”) prior to their submission to the Board for approval. This process should include, but not be limited to:
 - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future year’s financial statements;
 - (b) reviewing significant accruals, reserves or other estimates;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) reviewing disclosure requirements for commitments and contingencies;
 - (e) reviewing financial statements and all items raised by the external auditor, whether or not included in the financial statements; and
 - (f) reviewing unresolved differences between the Corporation and the external auditor.

Following such review, the Audit Committee shall recommend to the Board for approval all Annual Financial Disclosure;

3. Review with management all interim consolidated financial statements of the Corporation and related financial reporting including Management’s Discussion and Analysis and earnings press releases (collectively “**Quarterly Financial Disclosure**”) and approve all Quarterly Financial Disclosure;
4. Be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than Annual Financial Disclosure or Quarterly Financial Disclosure, and shall periodically assess the adequacy of those procedures;

5. Review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation;
6. Review with management and recommend to the Board for approval, the Corporation's Annual Information Form (if any);
7. With respect to the external auditor:
 - (a) receive all reports of the external auditor directly from the external auditor;
 - (b) discuss with external auditor:
 - (i) critical accounting policies;
 - (ii) alternative treatments of financial information within GAAP discussed with management (including the ramifications thereof and the treatment preferred by the external auditor); and
 - (iii) other material, written communication between management and the external auditor;
 - (c) consider and make a recommendation to the Board as to the appointment or reappointment of the external auditor, being satisfied that such auditor is a participant in good standing pursuant to applicable securities laws;
 - (d) review the terms of engagement of the external auditor, including the appropriateness and reasonableness of the auditor's fees and make a recommendation to the Board as to the compensation of the external auditor;
 - (e) when there is to be a replacement of the external auditor, review with management the reasons for such replacement and the information to be included in any required notice to securities regulators and recommend to the Board for approval the replacement of the external auditor along with the content of any such notice;
 - (f) oversee the work of the external auditor in performing its audit or review services and oversee the resolution of any disagreements between management and the external auditor;
 - (g) review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
 - (i) requesting, receiving and reviewing, on a periodic basis, written or oral information from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;
 - (ii) discussing with the external auditor any disclosed relationships or services that the external auditor believes may affect the objectivity and the independence of the external auditor; and

- (iii) recommending that the Board take appropriate action in response to the external auditor's information to satisfy itself of the external auditor's independence;
 - (h) as may be required by applicable securities laws, rules and guidelines, either:
 - (i) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of de minimis non-audit services, approve such non-audit services prior to the completion of the audit; or
 - (ii) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services;
 - (i) review and approve the hiring policies of the Corporation regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- 8. (a) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (b) review with external auditor its assessment of the internal controls of the Corporation, its written reports containing recommendations for improvement, and the Corporation's response and follow-up to any identified weaknesses;
- 9. With respect to risk management, be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting (and review senior management's assessment thereof) to ensure compliance with any applicable legal and regulatory requirements;
- 10. Review annually with management and the external auditor and report to the Board on insurable risks and insurance coverage; and
- 11. Engage independent counsel and other advisors as it determines necessary to carry out its duties and set and pay the compensation for any such advisors.

