

AEROQUEST INTERNATIONAL LIMITED (TSX-V:AQL)
Releases financial results
For the three months ended October 31, 2006.

- *Record quarterly Revenue of \$5.78 million*
- *Quarterly Operating Profit of \$1.74 million*
- *Quarterly Net Income of \$1.10 million or \$0.07 per share*

Milton, Ontario, December 7, 2006

Aeroquest International Limited (“Aeroquest”), a world leader in the development and operation of innovative and proprietary airborne geophysical surveying platforms servicing the mineral exploration, oil and gas, and environmental industries, today reported financial results for the second quarter ended October 31, 2006, a copy of which has been filed on SEDAR at www.sedar.com is also available on the Company’s website at www.aeroquest.ca.

Revenue was \$5.78 million, up 210%, or \$3.91 million, from the same period last year. Revenue was broadly based, including revenue from Canada and overseas, and also included revenue from surveys targeting gold, diamonds, base metals, and oil and gas discoveries. The Company flew 45,500 line kilometres during the quarter and completed 21 contracts.

Cost of sales was \$2.62 million, up \$1.47 million or 129% from the same period last year. However, cost of sales percentage was down from last year resulting in a higher gross margin percentage. Gross margin percentage was 54.6%, up from 38.5% in the same period last year. Higher margins on higher sales led to an overall gross margin of \$3.15 million, up \$2.44 million, or 339% from the same period last year. Gross margin was unusually high in the quarter resulting from the Company’s efforts to reduce the backlog of final deliverables to clients.

Total operating costs were \$1.42 million for the quarter, up \$0.20 million or 16%, from the same period last year. Operating costs totalled 25% of revenue as compared to 65% of revenue in the same quarter last year. General and administrative costs were \$0.96 million in the quarter, up 33% from the same quarter last year, while development costs were down 44%, or \$0.12 million.

Operating profit was \$1.74 million, or 30% of revenue. This is a \$2.24 million increase from the negative \$0.5 million operating profit of the same period last year. Operating profit was high as a result of the unusually high gross margin.

Net income for the quarter was \$1.10 million, or \$0.07 per share, as compared to a loss of \$0.52 million, or (\$0.03) per share in the same period last year. The Company’s results include a Provision for income taxes in the amount of \$0.66 million for the quarter that the Company expects to partially recover through the use of tax loss carry forwards.

During the quarter, the Company generated just over \$0.67 million in cash flow from operating activities; \$1.44 million from operating activities; offset by \$0.76 million of negative changes in non-cash working capital.

Capital expenditures for the quarter were approximately \$0.32 million, or 6% of revenue. Quarterly capital expenditures are expected to range up to 10% of revenue for the remainder of this year as the Company builds and deploys more helicopter-borne geophysical survey systems, including more AeroTEM systems.

“We are very satisfied that our second quarter results have positioned us well for a strong fiscal 2007”, said Roy Graydon, CEO of Aeroquest: “While we saw some events of a non-recurring nature that resulted in one-time benefits in the quarter, we are also seeing a broad base of demand for our services in base metals, precious metals and diamond exploration, both domestically and internationally, and we continue to be optimistic about the opportunities in oil and gas.”

For Investors

This news release may include statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond its control. Future events and results may vary substantially from what the company currently foresees. Discussion of the various factors that may affect future results is contained in the company's recent filings with the Ontario Securities Commission and SEDAR.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

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