

## NEWS RELEASE

**Attention business/financial editors and reporters:**

### **AEROQUEST INTERNATIONAL LIMITED (TSX-V:AQL)**

**Announces non-binding letter of intent to combine with UTS Geophysics, of Perth, Australia and undertakes a Brokered Private Placement Offering up to \$7.65 million**

Mississauga, ON, May 1, 2007 - Aeroquest International Limited (“Aeroquest” or the “Company”, TSXV: AQL) is pleased to announce that it has entered into a non-binding letter of intent (the “Letter of Intent”) to acquire 100 per cent of the shares of Universal Tracking Systems Pty Ltd, of Australia, operating under the name UTS Geophysics (the “Acquisition”). The acquisition is subject to, among other things, entering into a definitive agreement. There is no assurance that these negotiations will result in a completed transaction between the parties.

#### *The Acquisition*

UTS Geophysics is a leader in ultra-high resolution airborne geophysical surveys, specializing in magnetic, radiometric and gravimetric surveys delivered from fixed-wing platforms. With a fleet of 11 aircraft and operations on three continents, Australia, Africa and North America, UTS Geophysics is a rapidly growing airborne geophysical survey company. More information on UTS Geophysics can be found at [www.uts.com.au](http://www.uts.com.au).

It is contemplated that UTS Geophysics will continue as an operating subsidiary of Aeroquest, that the business and operations of the companies will be combined over time, and that all senior managers of UTS Geophysics will remain with the Company and assume senior operating roles within the consolidated entity following the closing of the Acquisition. Additionally, following the closing of the Acquisition, UTS Geophysics will be offered proportionate representation on Aeroquest’s board of directors.

The combination of Aeroquest and UTS Geophysics will create one of the world’s largest airborne geophysical survey companies with consolidated operations in North America, Africa, Europe and Asia and is currently expected to approximately double Aeroquest’s annual revenue, based on its last interim financial statements.

The Letter of Intent contemplates that the Acquisition will be financed by issuing to the vendors 6.8 million common shares of Aeroquest (the “Common Shares”), the payment to the vendors of \$8.3 million in cash, and the assumption by the vendors of a promissory note in the amount of \$3.85 million. The Letter of Intent is subject to completion of formal due diligence, satisfactory financing arrangements, execution of definitive legal documentation, approval of the TSX Venture Exchange (the “TSXV”), approval of the board and shareholders of UTS Geophysics, and other customary conditions for transactions of this nature. There is no assurance that the Acquisition will be completed in the manner presently proposed or at all.

While the board of Aeroquest has approved the Letter of Intent, a definitive agreement and final completion of the Acquisition will require further board approval. Both Aeroquest and UTS Geophysics are continuing to negotiate the final terms of a definitive purchase agreement.

Final terms of the Acquisition will be disclosed upon execution of the definitive purchase agreement. Closing of the Acquisition is currently expected to occur on or about June 25, 2007 (the "Acquisition Closing").

### *The Offering*

Aeroquest is also pleased to announce that it has entered into an engagement letter with J.F. Mackie & Company Ltd. and Becher McMahon Capital Markets Inc. (the "Agents") respecting a private placement offering of a minimum of 3,000,000 and a maximum of up to 4,500,000 of subscription receipt units (the "Receipt Units") on a reasonable commercial agency efforts basis (the "Offering") at a price of \$1.70 per Receipt Unit for aggregate gross proceeds of a minimum of \$5,100,000 and up to \$7,650,000. Upon completion of the Acquisition, each Receipt Unit will entitle the holder, without payment of any additional consideration, to one common share and one-half of one non-transferable share purchase warrant, with each whole warrant exercisable for an additional Common Share at a price of \$2.45 for two years from the date of issue. The Offering is expected to close on May 29, 2007 (the "Closing Date").

If for a period of 20 consecutive trading days beginning on or after four months following the Closing Date, the closing price for the Common Shares on the TSXV equals or exceeds \$3.50, then the Corporation may give notice in writing to the holder of each Warrant that the Warrant will expire at 3:30 p.m. (Calgary time) on the 21st day following delivery of such notice (the "Accelerated Expiry Time") unless such Warrant is exercised prior to the earlier of the Accelerated Expiry Time and 24 months after the Closing Date.

The Agent shall be paid a cash commission (the "Cash Commission") equal to seven per cent of the gross proceeds of the Offering, 50 per cent of which being payable on the Closing Date and the remaining 50 per cent payable on the Acquisition Closing. In the event that the holders of Receipt Units are entitled to receive an amount equal to the amount placed in escrow on their behalf as well as a pro rata share of the interest earned thereon, the remaining 50 per cent of the Cash Commission shall not be payable by the Company. The Agents will also receive non-transferable Agent's warrants entitling them to purchase that number of Aeroquest common shares equal to 10 per cent of the total number of Receipt Units sold by the Agent under the private placement at a price of \$1.95 for two years from the date of issue.

The completion of the Offering is subject to receipt of all required regulatory approvals including the approval of the TSXV and the satisfaction of other customary conditions, including completion by the Agent of due diligence and the execution and delivery of a definitive agency agreement between Aeroquest and the Agents.

Gross proceeds of the Offering will be placed in escrow pending the completion of the Acquisition. If the Acquisition is not completed on or before July 31, 2007, each holder of Receipt Units will be entitled to receive the entire amount of their subscription proceeds as well as a pro rata share of the interest earned on those amounts.

### *About Aeroquest International Limited*

Aeroquest International Limited is 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. More information about Aeroquest can be found at [www.aeroquest.ca](http://www.aeroquest.ca).

*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, available on SEDAR.

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

For further information, please contact Roy Graydon, President and Chief Executive Officer ([rgraydon@aeroquest.ca](mailto:rgraydon@aeroquest.ca)), 905 672 9129, ext 222, or toll free, 866 693-9129.

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