

## NEWS RELEASE

Attention business/financial editors and reporters:

**AEROQUEST INTERNATIONAL LIMITED (TSX:AQL)  
Announces financial results for the three months ended December 31, 2008**

- *Revenue of \$11.3 million, up 1% including acquisitions*
- *Cash flow from operating activities of \$1.1 million in the period, or \$0.03 per share*
- *Contract backlog at \$14.0 million, a year-over year decline of \$5.0 million.*

**Mississauga, ON** – February 4, 2009 - Aeroquest International Limited today reported financial results for its first quarter of fiscal 2009, the three months ended December 31, 2008. The quarterly results reflect the rapid pace of the unprecedented economic slowdown in the global economy in general and the mineral and petroleum exploration sectors in particular.

“Our customers’ exploration activities slowed significantly, especially in the second half of the quarter, to the point where our revenue was short of our previously released guidance of \$13-\$15 million” said Roy Graydon, President & CEO of Aeroquest; “at the request of several customers we deferred contracted work to allow them time to reflect on economic events and adjust their business strategies in response.”

Consolidated revenue for the three months ended December 31 2008 was \$11.3 million, an increase of \$0.1 million or one percent over the first quarter last year. Revenue from helicopter operations contributed \$6.9 million in the quarter, while revenue from fixed wing operations totaled \$3.8 million in the quarter. Other revenue was \$0.5 million.

While overall revenue did grow on a year-over-year basis, profit margins in both fixed wing and helicopter services suffered. Fixed wing margins suffered from a significant decline in quarter over quarter production, and helicopter margins, while down as compared to the same quarter last year, actually improved in the quarter compared to the previous quarter, as the contracts that gave rise to many of the Company’s recent problems were completed. Gross profit in the period was \$2.9 million, or 26% of revenue. EBITDA in the quarter was a decline of \$1.9 million over the comparable quarter last year resulting in an EBITDA loss of \$0.3 million. Included in general and administrative expenses in the quarter was an allowance for doubtful accounts of \$1.3 million related to a single customer.

Net loss in the quarter was \$1.5 million or \$0.04 per share compared to net earnings of \$0.1 million or \$0.00 per share in the first quarter last year.

Cash flow from operating activities was \$1.1 million, or \$0.03 per share for the period, as compared to \$5.2 million, or \$0.19 per share in the first quarter last year. Capital expenditures totaled \$2.0 million for the quarter, representing 17.7% of revenue, most of which related to the delivery of a new airborne gravity meter that the Company had committed to purchase in early 2008.

Contract backlog showed a sizeable decrease over year-end and sits at \$14.0 million at quarter end. Backlog is composed of \$2.7 million in helicopter backlog, \$9.7 million in fixed wing backlog and \$1.6 million in other backlog.

On February 4, 2009, the Company announced that it and Spectrem Air have jointly agreed to terminate the previously announced Letter of Intent regarding the long term outsourcing of Spectrem assets. “

#### *Revenue Guidance – Q2*

The Company expects second quarter 2008 revenue to be in the range of \$6 to \$10 million. Given the recent unprecedented uncertainty in the economy and, in particular, in the mining and petroleum industries, management is not providing guidance on gross margin or earnings. However, management has taken measures to reduce the Company’s overall cost structure to reflect anticipated business volumes in Q2 and thereafter. The Company implemented a staff reduction in January, 2009 that reduced overall workforce by approximately 20% and management is continuing to aggressively manage its cash position, which stood at \$14.2 million at quarter-end, through this period of economic uncertainty.

#### *Analyst Conference Call*

Aeroquest International Limited will hold a Q1 2009 conference call at 10:00 a.m. ET on Thursday, February 5, 2009. The conference call will review Aeroquest’s results for the quarter ended December 31, 2008. The scheduled speakers for the Company on the conference call are: Roy Graydon, President and Chief Executive Officer, and Robert Motz, Chief Financial Officer.

Interested parties can access the conference call in North America by dialing 888-789-0089. The international or local dial-in number is 416- 695-9701. Please dial in approximately 5-10 minutes prior to the 10:00 a.m. Eastern Standard Time. A replay service will be available two weeks following the conference call until midnight on February 19, 2009. To access this recording, dial 1-800-408-3053 or 1-416-695-5800 and enter passcode 3281385.

#### *About Aeroquest International*

Aeroquest International is a global information and technology services company and a leader in the development and operation of innovative and proprietary geophysical surveying platforms for the mineral and petroleum exploration, and environmental services industries. Directly, and through its sister companies UTS Geophysics and Geophex, Aeroquest fields a fleet of approximately two dozen helicopter and fixed wing systems and is active around the world. More information about Aeroquest can be found at [www.aeroquest.ca](http://www.aeroquest.ca). More information on UTS Geophysics can be found at [www.uts.com.au](http://www.uts.com.au). More information on Geophex can be found at [www.geophex.com](http://www.geophex.com).

#### *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.

For further information, please contact Roy Graydon, President & Chief Executive Officer ([rgraydon@aeroquest.ca](mailto:rgraydon@aeroquest.ca)), 905-672-9129.

**Consolidated Balance Sheets (Unaudited – Prepared by Management)**

	As at	Dec. 31, 08 (Unaudited)	Sep. 30, 08 (Audited)
<b>Assets</b>			
Current			
Cash and cash equivalents		\$ 14,202,268	\$ 15,373,132
Accounts receivable		7,699,937	8,640,293
Income taxes recoverable		104,217	-
Unbilled contracts in progress		1,721,027	2,169,861
Inventory		144,357	132,853
Prepaid expenses and deposits		1,017,705	640,875
<b>Total current assets</b>		<b>24,889,511</b>	26,957,014
Long term			
Long term investments		117,316	30,501
Capital assets		12,112,225	10,890,000
Intangible assets		19,340,673	19,847,842
Goodwill		12,049,421	11,662,115
Future income taxes		151,138	152,584
<b>Total long term assets</b>		<b>43,770,773</b>	42,583,042
	<b>Total Assets</b>	<b>\$ 68,660,284</b>	\$ 69,540,056
<b>Liabilities and Shareholders' Equity</b>			
Current			
Accounts payable and accrued liabilities		\$ 7,196,265	\$ 5,946,706
Income taxes payable		-	1,083,701
Deferred revenue		3,322,632	3,274,382
Capital lease obligations		319,905	321,426
<b>Total current liabilities</b>		<b>10,838,802</b>	10,626,215
Long term			
Capital lease obligations		385,967	469,575
Future income taxes		6,507,244	6,640,227
<b>Total liabilities</b>		<b>17,732,013</b>	17,736,017
Shareholders' equity			
Share capital		46,770,708	46,506,445
Contributed surplus		2,142,509	2,411,281
Accumulated other comprehensive income (loss)		(1,204,534)	(1,794,758)
Retained earnings		3,219,588	4,681,071
<b>Total shareholders' equity</b>		<b>50,928,271</b>	51,804,039
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 68,660,284</b>	\$ 69,540,056

**Consolidated Statements of Operations (Unaudited – Prepared by Management)**

	<b>For the three months ending</b>	<b>Dec. 31, 08</b>	<b>Dec. 31, 07</b>
<b>Sales</b>		<b>\$ 11,297,694</b>	\$ 11,196,541
Cost of sales		<b>8,369,934</b>	7,279,219
<b>Gross profit</b>		<b>2,927,760</b>	3,917,322
Expenses and other items			
General and administrative		<b>4,350,563</b>	1,991,731
Foreign exchange (gain)/loss		<b>(1,205,586)</b>	(56,463)
Stock based compensation expense		<b>104,392</b>	382,755
Amortization of intangible assets		<b>885,050</b>	892,587
Depreciation of capital assets		<b>801,563</b>	511,633
<b>Total operating expenses</b>		<b>4,935,982</b>	3,722,243
<b>Operating profit (loss)</b>		<b>(2,008,222)</b>	195,079
Interest Income		<b>(70,770)</b>	(81,691)
Interest Expense		<b>14,585</b>	93,278
<b>Income (loss) before income taxes</b>		<b>(1,952,037)</b>	183,492
Income taxes			
Current		<b>(147,067)</b>	437,200
Future (recovery)		<b>(291,400)</b>	(374,370)
<b>Total income tax</b>		<b>(438,467)</b>	62,830
<b>Net income (loss) for the period</b>		<b>\$ (1,513,570)</b>	\$ 120,662
Earnings (loss) per share			
Basic		<b>\$ (0.04)</b>	\$ 0.00
Fully diluted		<b>\$ (0.04)</b>	\$ 0.00

### Consolidated Statements of Retained Earnings (Unaudited – Prepared by Management)

For the three months ending	Dec. 31, 08	Dec. 31, 07
Retained earnings, beginning of period	\$ 4,681,071	\$ 2,758,967
Excess of purchase price over cost on redemption of shares	52,087	(204,846)
Net income (loss)	(1,513,570)	120,662
<b>Retained earnings, end of period</b>	<b>\$ 3,219,588</b>	<b>\$ 2,674,783</b>

### Consolidated Statements of Comprehensive Income

For the three months ending	Dec. 31, 08	Dec. 31, 07
Net Income (loss) for the period	\$ (1,513,570)	\$ 120,662
Revaluation of long term investments to fair market value (Net of tax \$1,360, 2007 – \$1,030)	(2,640)	(2,000)
Unrealized gain(loss) on translation of self-sustaining foreign operations (Note 20)	592,864	(410,265)
Total Other Comprehensive Income (loss)	590,224	(412,265)
Total Comprehensive Income (loss)	\$ (923,346)	\$ (291,603)
Accumulated Other Comprehensive Income (loss):		
Revaluation of long term investments to fair market value	\$ 6,280	\$ 45,000
Unrealized gain(loss) on translation of self-sustaining foreign operations	(1,210,814)	(994,540)
Total Accumulated Other Comprehensive Income (loss)	\$ (1,204,534)	\$ (949,540)

**Consolidated Statements of Cash Flow (Unaudited – Prepared by Management)**

For the three months ending	Dec. 31, 08	Dec. 31, 07
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) for the period	\$ (1,513,570)	\$ 120,662
Operating items not requiring cash		
Amortization of intangible assets	885,050	892,587
Depreciation of capital assets	801,563	511,633
Future income taxes (recovery)	(291,400)	(374,370)
Interest accretion on promissory notes	-	78,345
Stock based compensation	104,392	382,755
Loss/(gain) on disposal of capital assets	-	(20,032)
<b>Operating cash flow before changes in non-cash working capital</b>	<b>(13,965)</b>	<b>1,591,580</b>
Changes in non cash working capital	1,110,747	3,593,884
<b>Total cash flow from operating activities</b>	<b>1,096,782</b>	<b>5,185,464</b>
<b>Investing activities</b>		
Capital asset purchases	(2,039,702)	(1,231,669)
Mineral rights acquired	(86,000)	-
Cash cost of acquisition	-	(2,021,446)
<b>Total cash flow from investing activities</b>	<b>(2,125,702)</b>	<b>(3,253,115)</b>
<b>Financing activities</b>		
Capital lease payments	(85,130)	(157,726)
Aeroquest shares redeemed	(56,814)	(375,337)
Proceeds: issuance of common shares	-	635,958
<b>Total cash flow from financing activities</b>	<b>(141,944)</b>	<b>102,895</b>
Net change in cash and cash equivalents for the period	\$ (1,170,864)	\$ 2,035,244
<b>Cash and cash equivalents, beginning of period</b>	<b>15,373,132</b>	<b>5,398,777</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 14,202,268</b>	<b>\$ 7,434,021</b>