

## NEWS RELEASE

Attention business/financial editors and reporters:

**AEROQUEST INTERNATIONAL LIMITED (TSX:AQL)  
Announces financial results for the three and nine months ended June 30, 2009**

- *Revenue of \$3.7 million, down by \$3.3 million from Q2*
- *Contract backlog at quarter-end of \$6.6 million.*
- *Net loss of \$3.5 million in the quarter, or \$0.10 per share*

**Mississauga, ON** – August 5, 2009 - Aeroquest International Limited today reported financial results for the three and nine months ended June 30, 2009. The interim results reflect the ongoing unprecedented economic slowdown in the global economy in general and the mineral and petroleum exploration sectors in particular.

“The extraordinary market conditions in our target markets continue to impact our business,” said Roy Graydon, President & CEO of Aeroquest. “The lack of exploration funding available to our clients in their key markets has had a significant negative impact in the third quarter – especially for our helicopter based operations.”

Consolidated revenue for the three months ended June 30, 2009 was \$3.7 million, a decrease of \$10.9 million or 75 percent from the third quarter last year. Revenue from helicopter operations contributed \$0.3 million in the quarter, a decline of \$6.9 million or 95 percent from the second quarter last year. Revenue from fixed wing operations was \$2.9 million, a decline of \$4.1 million or 58 percent over the third quarter of last year. Other revenue was \$0.4 million.

Helicopter revenue and backlog decreased as helicopter surveys, being generally more expensive on a per line kilometer basis, are normally the first type of surveys to be negatively affected in a downturn such as the one that currently exists.

Contract backlog decreased as expected in the third quarter and sits at \$6.6 million at June 30. Backlog is composed of \$0.1 million in helicopter backlog, \$5.6 million in fixed wing backlog and \$0.9 million in other backlog.

Helicopter gross profit declined to negative 110 per cent from a positive 35 percent of revenue in the third quarter last year due to fixed costs in cost of sales impacting against the reduced revenue. Fixed wing gross profit in the quarter was 19 percent compared to 42 percent of revenue in the third quarter last year. Overall Company gross profit in the quarter was \$0.4 million, or 12 percent of revenue compared to \$5.6 million or 39 percent of revenue in the third quarter last year.

The Company has taken steps throughout the year and into the fourth quarter to reduce the fixed cost component of cost of sales, but expects that below average gross margin profitability will persist until business volumes return to normal in this area.

EBITDA<sup>1</sup> in the quarter was negative \$2.7 million compared with EBITDA of \$2.7 million in the second quarter last year. In late July, the Company initiated a third round of cost cutting measures including additional headcount reductions and a one-time 10% salary reduction for all senior management in exchange for the equivalent value in employee stock options. The

Company estimates that the ongoing cost savings associated with this and other downsizings earlier in the fiscal year will be approximately \$3.5 million annually.

Net loss in the quarter was \$3.5 million, or \$0.10 per share, compared to net earnings of \$0.3 million or \$0.01 per share in the third quarter last year.

Operating cash flow before changes in working capital was negative \$1.7 million or \$0.06 per share compared with positive \$2.1 million or \$0.07 in the third quarter last year. Changes in non-cash working capital, consumed \$0.2 million in the quarter resulting in total cash flow from operations at negative \$1.9 million.

Capital expenditures totaled \$0.5 million in the quarter, representing 15 percent of revenue, the majority of which related to technology improvements to our AeroTEM helicopter based survey platform as well as ongoing acquisition costs related to the total field gravity fixed wing systems acquired earlier in the year.

<sup>1</sup> EBITDA represents earnings before interest, taxes, depreciation and amortization. It is a financial metric used to analyze operating results. The Company defines EBITDA as revenue less cost of sales, cash operating costs (general and administrative expenses as well as foreign currency gains/losses) and stock-based compensation expense. It is not a standard measure under Generally Accepted Accounting Principles and as such EBITDA as calculated may not be comparable to similarly titled amounts reported by other companies.

#### *Outlook – Q4*

Given the ongoing global recession and its impact on worldwide exploration in the mining and petroleum industries, the Company believes that it is difficult to provide revenue guidance with a high degree of certainty. With contract backlog of \$6.6 million and existing open quotes in excess of \$20 million, Company management believe that revenue will improve from the weak levels indicated in Q3 but management declines to provide revenue guidance at this time.

#### *Acquisition of Optimal Geomatics Inc.*

As previously announced, the Company entered into an Arrangement Agreement on July 29, 2009 with Optimal Geomatics Inc. (TSXV:OPG) whereby Optimal will be acquired by the Company. Under the terms of the Arrangement Agreement, the proposed transaction will be effected by way of a Plan of Arrangement completed under the Canada Business Corporations Act. Optimal shareholders will receive 1 common share of Aeroquest for each 21 common shares of Optimal owned and will result in the Company issuing approximately 3.0 million common shares to Optimal shareholders.

Completion of the transaction is conditional on the approval of Optimal shareholders and satisfaction of other customary conditions including stock exchange and court approvals. The required shareholder approval will be two-thirds of the votes cast by holders of common shares at a meeting of Optimal shareholders held to consider the proposed transaction. The optimal shareholders meeting, to approve the Arrangement, will be held in mid-September, 2009 with closing expected by the end of September, 2009.

#### *Analyst Conference Call*

Aeroquest International will hold a Q3 2009 conference call at 11:00 a.m. ET on Thursday, August 6, 2009. On the conference call management will review Aeroquest's results for the quarter ended June 30, 2009. The scheduled speakers for the Company on the conference call

are: Roy Graydon, President and Chief Executive Officer, and Bob Motz, Chief Financial Officer.

Interested parties can access the conference call by dialing from North America 1-888-789-0089. The international or local dial-in number is 416-695-9701. Please dial in approximately five minutes prior to the start time.

A replay service will be available from two hours following the conference call until midnight on August 20, 2009. To access this recording, dial 1-800-408-3053 or 1-416-695-5800 and enter passcode 7226304

#### *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. Through its subsidiary companies Aeroquest Surveys, UTS Geophysics and Geophex, Aeroquest International fields a fleet of over two dozen helicopter and fixed wing survey systems and is active around the world. More information about Aeroquest International 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.

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	Jun. 30, 09 (Unaudited)	Sep. 30, 08 (Audited)
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 8,001,020	\$ 15,373,132
Accounts receivable	2,435,513	8,640,293
Income taxes recoverable	1,917,565	-
Unbilled contracts in progress	672,849	2,169,861
Inventory	157,028	132,853
Prepaid expenses and deposits	1,391,393	640,875
<b>Total current assets</b>	<b>14,575,368</b>	<b>26,957,014</b>
Long term		
Long term investments	99,138	30,501
Capital assets	13,070,653	10,890,000
Intangible assets	19,192,397	19,847,842
Goodwill	12,800,843	11,662,115
Future income taxes	501,380	152,584
<b>Total long term assets</b>	<b>45,664,411</b>	<b>42,583,042</b>
<b>Total Assets</b>	<b>\$ 60,239,779</b>	<b>\$ 69,540,056</b>
<b>Liabilities and Shareholders' Equity</b>		
Current		
Accounts payable and accrued liabilities	\$ 3,394,381	\$ 5,946,706
Income taxes payable	-	1,083,701
Deferred revenue	450,080	3,274,382
Capital lease obligations	353,617	321,426
<b>Total current liabilities</b>	<b>4,198,078</b>	<b>10,626,215</b>
Long term		
Capital lease obligations	252,344	469,575
Future income taxes	6,526,985	6,640,227
<b>Total liabilities</b>	<b>10,977,407</b>	<b>17,736,017</b>
Shareholders' equity		
Share capital	46,827,533	46,506,445
Contributed surplus	2,371,215	2,411,281
Accumulated other comprehensive income (loss)	1,296,182	(1,794,758)
Retained earnings/(deficit)	(1,232,558)	4,681,071
<b>Total shareholders' equity</b>	<b>49,262,372</b>	<b>51,804,039</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 60,239,779</b>	<b>\$ 69,540,056</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

For the period	Three months ended		Nine months ended	
	Jun. 30, 09	Jun. 30, 08	Jun. 30, 09	Jun. 30, 08
<b>Sales</b>	<b>\$ 3,651,233</b>	\$14,537,044	<b>\$ 22,912,163</b>	\$ 39,027,862
Cost of sales	3,217,445	8,933,278	16,297,300	23,433,834
<b>Gross profit</b>	<b>433,788</b>	5,603,766	<b>6,614,863</b>	15,594,028
Expenses and other items				
General and administrative	2,294,909	2,641,229	9,728,343	7,061,986
Foreign exchange (gain)/loss	690,546	135,940	(540,105)	103,790
Stock based compensation expense	108,406	173,209	348,066	729,171
Amortization of intangible assets	785,262	1,155,666	2,417,790	3,226,554
Depreciation of capital assets	1,155,384	907,751	2,967,848	2,074,221
<b>Total operating expenses</b>	<b>5,034,507</b>	5,013,795	<b>14,921,942</b>	13,195,722
<b>Operating profit (loss)</b>	<b>(4,600,719)</b>	589,971	<b>(8,307,079)</b>	2,398,306
Interest income	(23,408)	(128,630)	(198,151)	(419,834)
Interest expense	18,869	17,685	51,973	297,363
<b>Income (loss) before income taxes</b>	<b>(4,596,180)</b>	700,916	<b>(8,160,901)</b>	2,520,777
Income taxes				
Current	(850,004)	751,780	(1,420,099)	2,350,698
Future (recovery)	(247,229)	(354,987)	(775,087)	(1,070,287)
<b>Total income tax</b>	<b>(1,097,233)</b>	396,793	<b>(2,195,186)</b>	1,280,411
<b>Net income (loss) for the period</b>	<b>\$ (3,498,947)</b>	\$ 304,123	<b>\$ (5,965,715)</b>	\$ 1,240,366
Earnings (loss) per share				
Basic	\$ (0.10)	\$ 0.01	\$ (0.17)	\$ 0.04
Fully diluted	\$ (0.10)	\$ 0.01	\$ (0.17)	\$ 0.03

**Consolidated Statements of Retained Earnings/Deficit (Unaudited – Prepared by Management)**

For the period	Three months ended		Nine months ended	
	Jun. 30, 09	Jun. 30, 08	Jun. 30, 09	Jun. 30, 08
Retained earnings, beginning of period	\$ 2,266,389	\$ 3,280,994	\$ 4,681,071	\$ 2,758,967
Excess of purchase price over cost on redemption of shares	-	(211,167)	52,086	(625,383)
Net income (loss)	(3,498,947)	304,123	(5,965,715)	1,240,366
<b>Retained earnings/(deficit) , end of period</b>	<b>\$ (1,232,558)</b>	<b>\$ 3,373,950</b>	<b>\$ (1,232,558)</b>	<b>\$ 3,373,950</b>

**Consolidated Statements of Comprehensive Income**

For the period	Three months ended		Nine months ended	
	Jun. 30, 09	Jun. 30, 08	Jun. 30, 09	Jun. 30, 08
Net Income (loss) for the period	\$ (3,498,947)	\$ 304,123	\$ (5,965,715)	\$ 1,240,366
Revaluation of long term investments to fair market value (Net of tax \$ (46,930), 2008 - \$1,478)	(99,726)	(3,000)	68,637	(28,000)
Unrealized gain(loss) on translation of self-sustaining foreign operations	1,208,749	385,873	3,022,303	2,544,548
<b>Total Other Comprehensive Income (loss)</b>	<b>1,109,023</b>	<b>382,873</b>	<b>3,090,940</b>	<b>2,516,548</b>
<b>Total Comprehensive Income (loss)</b>	<b>\$ (2,389,924)</b>	<b>\$ 686,996</b>	<b>\$ (2,874,775)</b>	<b>\$ 3,756,914</b>
Accumulated Other Comprehensive Income (loss):				
Revaluation of long term investments to fair market value	\$77,557	\$ 44,000	\$ 77,557	\$ 44,000
Unrealized gain(loss) on translation of self-sustaining foreign operations	1,218,625	3,086,539	1,218,625	3,086,539
<b>Total Accumulated Other Comprehensive Income (loss)</b>	<b>\$ 1,296,182</b>	<b>\$ 3,130,539</b>	<b>\$ 1,296,182</b>	<b>\$ 3,130,539</b>

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

For the period	Three months ended		Nine months ended	
	Jun. 30, 09	Jun. 30, 08	Jun. 30, 09	Jun. 30, 08
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income (loss) for the period	\$ (3,498,947)	\$ 304,123	\$ (5,965,715)	\$ 1,240,366
Operating items not requiring cash				
Amortization of intangible assets	785,262	1,155,666	2,417,790	3,226,554
Depreciation of capital assets	1,155,384	907,751	2,967,848	2,074,221
Future income taxes (recovery)	(247,229)	(354,987)	(775,087)	(1,070,287)
Interest accretion on promissory notes	-	-	-	221,213
Stock based compensation	108,406	173,209	348,066	729,171
Loss/(gain) on disposal of capital assets	-	(86,275)	-	(135,751)
<b>Operating cash flow before changes in non-cash working capital</b>	<b>(1,697,124)</b>	<b>2,099,487</b>	<b>(1,007,098)</b>	<b>6,285,487</b>
Changes in non cash working capital	(188,061)	677,731	(1,450,794)	(555,901)
<b>Total cash flow from operating activities</b>	<b>(1,885,185)</b>	<b>2,777,218</b>	<b>(2,457,891)</b>	<b>5,729,586</b>
<b>Investing activities</b>				
Capital asset purchases	(550,603)	(1,883,266)	(4,678,509)	(5,057,268)
Proceeds from sale of equipment	-	187,710	-	421,050
Mineral rights acquired	-	-	(35,958)	-
Cash cost of acquisition	-	(34,125)	-	(2,150,741)
<b>Total cash flow from investing activities</b>	<b>(550,603)</b>	<b>(1,729,681)</b>	<b>(4,714,468)</b>	<b>(6,786,959)</b>
<b>Financing activities</b>				
Promissory note payments	-	-	-	(5,337,600)
Capital lease payments	(42,091)	(44,840)	(184,796)	(273,899)
Aeroquest shares redeemed	-	(611,282)	(56,815)	(1,426,650)
Proceeds: issuance of common shares	41,857	334,615	41,857	19,648,147
<b>Total cash flow from financing activities</b>	<b>(234)</b>	<b>(321,507)</b>	<b>(199,754)</b>	<b>12,609,998</b>
<b>Net change in cash and cash equivalents for the period</b>	<b>\$ (2,436,022)</b>	<b>\$ 726,030</b>	<b>\$ (7,372,113)</b>	<b>\$ 11,552,625</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>10,437,041</b>	<b>16,225,372</b>	<b>15,373,132</b>	<b>5,398,777</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,001,019</b>	<b>\$ 16,951,402</b>	<b>\$ 8,001,019</b>	<b>\$ 16,951,402</b>