

## NEWS RELEASE

Attention business/financial editors and reporters:

**AEROQUEST INTERNATIONAL LIMITED (TSX:AQL)  
Announces financial results for the three and six months ended March 31, 2009**

- *Revenue of \$8.0 million, at the mid-point of guidance*
- *Contract backlog at quarter-end of \$8.0 million.*
- *Net income of (\$1.0) million in the quarter, or (\$0.03) per share*
- *Operating cash flow before changes in non-cash working capital of \$0.7 million in the period, or \$0.02 per share*

**Mississauga, ON** – May 4, 2009 - Aeroquest International Limited today reported financial results for its second quarter of fiscal 2009, the three and six months ended March 31, 2009. The interim results reflect the 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. “In response, we continued to rationalize our workforce, completing a second downsizing in late March and are focusing on overall cost reduction in our organizations with the goal of maximizing our working capital until we return to a period of sustained economic recovery.”

Consolidated revenue for the three months ended March 31, 2009 was \$8.0 million, a decrease of \$5.3 million or 40 percent from the second quarter last year. Revenue from helicopter operations contributed \$1.6 million in the quarter, a decline of \$5.8 million or 78 percent from the second quarter last year. Revenue from fixed wing operations was \$5.9 million, an increase of \$0.2 million or 4 percent over the second 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 second quarter and sits at \$8.0 million at March 31. Backlog is composed of \$1.0 million in helicopter backlog, \$5.6 million in fixed wing backlog and \$1.4 million in other backlog.

Helicopter gross profit declined to negative 3 percent from 42 percent of revenue in the second quarter last year due to fixed costs in cost of sales impacting against the reduced revenue. The Company has taken steps to reduce the fixed cost component of this business line, but expects that below average gross margin profitability will persist until business volumes return to normal in this area. Fixed wing gross profit improved to 52 percent from 49 percent of revenue in the second quarter last year. The improvement in fixed wing profit is attributable to the full roll-out in the quarter of the first of the Company’s new total field gravity systems, which can generate a higher gross profit margin than other fixed wing survey technologies.

Overall Company gross profit in the period was \$3.3 million, or 41 percent of revenue compared to \$6.1 million or 46 percent of revenue in the second quarter last year. This number is within management’s expectations given the reduced business volumes.

EBITDA in the quarter was a \$0.1 million compared with EBITDA of \$3.4 million in the second quarter last year and included restructuring costs of \$0.2 million related to two downsizings in the quarter. The Company estimates that the ongoing cost savings associated with these downsizings will be approximately \$3.0 million annually.

Net loss in the quarter was \$1.0 million, or \$0.03 per share, compared to net earnings of \$0.8 million or \$0.03 per share in the first quarter last year.

Operating cash flow before changes in working capital was \$0.7 million or \$0.02 per share compared with \$2.8 million or \$0.09 in the second quarter last year. Changes in non-cash working capital, however, consumed \$2.4 million in the quarter, the result of a reduction in deferred revenue tied to the decline in contracted backlog, some significant one-time payments, including, statutory income tax payments in Australia, and severance costs associated with its downsizing, combined with continued challenges in the collection of accounts receivable as customers slow payments to conserve cash.

“We have been working closely with our customers to understand their needs and constraints and to provide what flexibility we can in these difficult times”, said Bob Motz, the Company’s Chief Financial Officer, “This has resulted in us coming to agreements with several customers to accept extended payment terms on accounts receivable related to work performed in calendar 2008. We believe that this situation is temporary and that it will afford us the best opportunity to recover these receivables in full over the next several months.”

Capital expenditures totaled \$2.1 million in the quarter, representing 26 percent of revenue, most of which related to the delivery of a second airborne gravity meter that the Company had committed to purchase in early 2008 (the other gravity meter was purchased in the previous quarter). Management does not anticipate any further significant capital expenditures for the balance of the 2009 fiscal year.

### *Outlook – Q3*

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. Regardless, the Company does expect third quarter 2009 revenue to be comparable to the second quarter - in the range of \$6 to \$10 million.

Management has taken aggressive action to reduce operating expenses in line with reduced revenue expectations, with overall headcount reductions totaling approximately 45 percent of the Company’s workforce in the quarter. Management is also taking aggressive action to reduce non-headcount based overhead and other costs wherever possible until such time that business conditions improve in the Company’s target markets.

Management does not expect there to be significant non-operating cash flows for the remainder of the year; that changes in non-cash working capital and capital expenditures will be modest compared to the previous two quarters.

### *Analyst Conference Call*

Aeroquest International will hold a Q2 2009 conference call at 11:00 a.m. ET on Tuesday, May 5, 2009. On the conference call management will review Aeroquest’s results for the quarter ended March 31, 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 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 11:00 a.m. Eastern Standard Time. A replay service will be available two hours following the conference call until midnight on May 18, 2009. To access this recording, dial 800-408-3053 or 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. 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	Mar. 31, 09 (Unaudited)	Sep. 30, 08 (Audited)
<b>Assets</b>		
Current		
Cash and cash equivalents	\$10,437,041	\$ 15,373,132
Accounts receivable	5,674,732	8,640,293
Income taxes recoverable	1,289,617	-
Unbilled contracts in progress	640,365	2,169,861
Inventory	167,273	132,853
Prepaid expenses and deposits	695,466	640,875
<b>Total current assets</b>	<b>18,904,494</b>	26,957,014
Long term		
Long term investments	198,864	30,501
Capital assets	13,348,118	10,890,000
Intangible assets	19,228,050	19,847,842
Goodwill	12,468,900	11,662,115
Future income taxes	476,309	152,584
<b>Total long term assets</b>	<b>45,720,241</b>	42,583,042
<b>Total Assets</b>	<b>\$64,624,735</b>	<b>\$ 69,540,056</b>
<b>Liabilities and Shareholders' Equity</b>		
Current		
Accounts payable and accrued liabilities	\$5,052,291	\$ 5,946,706
Income taxes payable	-	1,083,701
Deferred revenue	873,031	3,274,382
Capital lease obligations	332,552	321,426
<b>Total current liabilities</b>	<b>6,257,874</b>	10,626,215
Long term		
Capital lease obligations	315,743	469,575
Future income taxes	6,549,085	6,640,227
<b>Total liabilities</b>	<b>13,122,702</b>	17,736,017
Shareholders' equity		
Share capital	46,770,708	46,506,445
Contributed surplus	2,277,777	2,411,281
Accumulated other comprehensive income (loss)	187,159	(1,794,758)
Retained earnings	2,266,389	4,681,071
<b>Total shareholders' equity</b>	<b>51,502,033</b>	51,804,039
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$64,624,735</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		Six months ended	
	Mar. 31, 09	Mar. 31, 08	Mar. 31, 09	Mar. 31, 08
<b>Sales</b>	<b>\$ 7,963,236</b>	\$ 13,294,277	<b>\$ 19,260,930</b>	\$ 24,490,818
Cost of sales	4,709,921	7,221,337	13,079,855	14,500,556
<b>Gross profit</b>	<b>3,253,315</b>	6,072,940	<b>6,181,075</b>	9,990,262
Expenses and other items				
General and administrative	3,082,872	2,429,026	7,433,434	4,420,756
Foreign exchange (gain)/loss	(25,065)	24,313	(1,230,651)	(32,151)
Stock based compensation expense	135,269	173,208	239,660	555,963
Amortization of intangible assets	747,478	1,178,301	1,632,528	2,070,888
Depreciation of capital assets	1,010,900	654,838	1,812,464	1,166,471
<b>Total operating expenses</b>	<b>4,951,454</b>	4,459,686	<b>9,887,435</b>	8,181,927
<b>Operating profit (loss)</b>	<b>(1,698,139)</b>	1,613,254	<b>(3,706,360)</b>	1,808,335
Interest income	(103,973)	(209,514)	(174,744)	291,204
Interest expense	18,519	186,399	33,105	279,678
<b>Income (loss) before income taxes</b>	<b>(1,612,685)</b>	1,636,369	<b>(3,564,721)</b>	1,819,861
Income taxes				
Current	(420,252)	1,161,718	(567,319)	1,598,918
Future (recovery)	(239,234)	(340,930)	(530,634)	(715,300)
<b>Total income tax</b>	<b>(659,486)</b>	820,788	<b>(1,097,953)</b>	883,618
<b>Net income (loss) for the period</b>	<b>\$ (953,198)</b>	\$ 815,581	<b>\$ (2,466,768)</b>	\$ 936,243
Earnings (loss) per share				
Basic	\$ (0.03)	\$ 0.03	\$ (0.07)	\$ 0.03
Fully diluted	\$ (0.03)	\$ 0.02	\$ (0.07)	\$ 0.03

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

For the period	Three months ended		Six months ended	
	Mar. 31, 09	Mar. 31, 08	Mar. 31, 09	Mar. 31, 08
Retained earnings, beginning of period	\$ 3,219,587	\$ 2,674,783	\$ 4,681,071	\$ 2,758,967
Excess of purchase price over cost on redemption of shares	-	(209,370)	52,087	(414,216)
Net income (loss)	(953,198)	815,581	( 2,466,768)	936,243
<b>Retained earnings, end of period</b>	<b>\$ 2,266,389</b>	<b>\$ 3,280,994</b>	<b>\$ 2,266,389</b>	<b>\$ 3,280,994</b>

### Consolidated Statements of Comprehensive Income

For the period	Three months ended		Six months ended	
	Mar. 31, 09	Mar. 31, 08	Mar. 31, 09	Mar. 31, 08
Net Income (loss) for the period	\$ (953,198)	\$ 815,581	\$ (2,466,768)	\$ 936,243
Revaluation of long term investments to fair market value (Net of tax \$10,370, 2008 – \$ (9,000))	30,500	(23,000)	27,860	(25,000)
Unrealized gain(loss) on translation of self-sustaining foreign operations	1,361,193	2,369,432	1,954,057	1,959,167
Total Other Comprehensive Income (loss)	1,391,693	2,346,432	1,981,917	1,934,167
Total Comprehensive Income (loss)	\$ 438,495	\$ 3,162,013	\$ (484,851)	\$ 2,870,410
Accumulated Other Comprehensive Income (loss):				
Revaluation of long term investments to fair market value	\$ 36,780	\$ 47,000	\$36,780	\$ 47,000
Unrealized gain(loss) on translation of self-sustaining foreign operations	150,379	1,374,892	150,379	1,374,892
Total Accumulated Other Comprehensive Income (loss)	\$ 187,159	\$ 1,421,892	\$ 187,159	\$ 1,421,892

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

For the period	Three months ended		Six months ended	
	Mar. 31, 09	Mar. 31, 08	Mar. 31, 09	Mar. 31, 08
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income (loss) for the period	\$ (953,198)	\$ 815,581	\$ (2,466,768)	\$ 936,243
Operating items not requiring cash				
Amortization of intangible assets	747,478	1,178,301	1,632,528	2,070,888
Depreciation of capital assets	1,010,900	654,838	1,812,464	1,161,471
Future income taxes (recovery)	(236,458)	(340,930)	(527,858)	(715,300)
Interest accretion on promissory notes	-	142,868	-	221,313
Stock based compensation	135,269	173,208	239,660	555,963
Loss/(gain) on disposal of capital assets	-	(45,739)	-	(49,476)
<b>Operating cash flow before changes in non-cash working capital</b>	<b>703,991</b>	<b>2,578,127</b>	<b>690,026</b>	<b>4,181,102</b>
Changes in non cash working capital	(2,373,479)	(4,811,952)	(1,262,732)	(1,228,734)
<b>Total cash flow from operating activities</b>	<b>(1,669,488)</b>	<b>(2,233,825)</b>	<b>(572,706)</b>	<b>2,952,368</b>
<b>Investing activities</b>				
Capital asset purchases	(2,088,204)	(1,708,993)	(4,127,906)	(2,940,662)
Mineral rights sold/(acquired)	50,042	-	(35,958)	-
Cash cost of acquisition	-	(95,170)	-	(2,116,616)
<b>Total cash flow from investing activities</b>	<b>(2,038,162)</b>	<b>(1,804,163)</b>	<b>(4,163,864)</b>	<b>(3,253,115)</b>
<b>Financing activities</b>				
Promissory note payments	-	(5,337,600)	-	(5,337,600)
Capital lease payments	(57,576)	(70,604)	(142,706)	(229,059)
Aeroquest shares redeemed	-	(440,031)	(56,814)	(815,368)
Proceeds: issuance of common shares	-	18,677,574	-	19,313,532
<b>Total cash flow from financing activities</b>	<b>(57,576)</b>	<b>12,829,339</b>	<b>(199,520)</b>	<b>12,931,505</b>
<b>Net change in cash and cash equivalents for the period</b>	<b>\$ (3,765,227)</b>	<b>\$ 8,791,351</b>	<b>\$ (4,936,091)</b>	<b>\$ 10,826,595</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14,202,268</b>	<b>7,434,021</b>	<b>15,373,132</b>	<b>5,398,777</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,437,041</b>	<b>\$ 16,225,372</b>	<b>\$ 10,437,041</b>	<b>\$ 16,225,372</b>