

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

**AEROQUEST INTERNATIONAL LIMITED (TSX-V:AQL)  
Announces financial results for the twelve months ended April 30, 2007**

- *Record revenue of \$19.9 million, up 118% year-over-year*
- *Record operating profit of \$3.3 million for the year*
- *Record earnings of \$1.9 million, or \$0.12 per share, for the year*

**Mississauga, ON** – June 25, 2007 - Aeroquest International Limited today reported financial results for fourth quarter and full year ended April 30, 2007.

“We are very pleased to be able to report record production, record revenue, and the successful establishment of international operations in fiscal 2007.” said Roy Graydon, President & CEO of Aeroquest; “The year just ended was one where Aeroquest met or surpassed most of the financial and operating objectives we set for ourselves and took some significant strategic steps to position our Company for success in the long term.” Revenue for the three month period ended April 30, 2007 was \$5.4 million, a 103% increase from the same period last year and a continuation of the revenue growth rates the Company has been experiencing all year. Full year revenue was \$19.9 million, up \$10.8 million or 118% from the previous year. International revenue accounted for approximately \$4.8 million, or 24% of full year revenue, up from zero in the previous year.

The revenue increase reflected an increase in the number of line kilometres flown. In fiscal 2007, Aeroquest flew and processed over 165,000 line kilometres of survey data, as compared to 65,000 in the previous year. During the year, the Company flew in Canada, the US, Russia, Mexico, Sweden, Finland, Albania and Israel.

Gross margin in the fourth quarter was \$2.4 million, or 45% of revenue, consistent with the Company’s targeted profitability level, and up from the 36% of revenue recorded in the same period last year. For the full year, Gross margin was \$9.0 million, or 45% of revenue, up from \$3.3 million, or 37% of revenue recorded in fiscal 2006.

Operating profit for the quarter was \$0.6 million, or 10% of revenue. This compares to a loss of \$0.1 million in the same period last year. Operating profit in the quarter was negatively affected by a number of one-time expense items, including a loss on foreign exchange in excess of \$150,000 and the costs of moving the Company’s head office, which accounted for approximately \$50,000. The loss on foreign exchange arose as the Company holds most of its US dollar receipts in US dollar bank accounts. In the quarter, these US dollar balances became significant as a result of the Company’s successful international expansion and the strengthening of the Canadian dollar relative to the US dollar over the quarter accounted for the loss.

Operating profit for the year was \$3.3 million, or 17% of revenue, which compares to an operating loss of \$1.2 million, or (14%) of revenue last year.

Net income for the quarter was \$0.1 million or \$0.01 per share, as compared to a loss of \$0.3 million, or (\$0.02) per share in the same quarter last year. For the full year, the Company recorded \$1.9 million of net income, or \$0.12 per share. Net income for the quarter and full year was negatively affected by tax adjustments related to prior years that totaled \$0.16 million.

During the quarter, the Company spent \$1.0 million in capital expenditures, and for the full year, capital spending was \$2.0 million, or 10% of revenue. The Company's capital spending program is almost exclusively focused on the development and deployment of new airborne geophysical survey systems. During the year, the Company purchased two gamma ray spectrometer systems, assembled one tri-axial magnetic gradiometer, and constructed three AeroTEM™ systems. At year-end, the Company was actively constructing another six new AeroTEM™ systems and one new Impulse™ system, which are expected to be deployed in the first half of fiscal 2008.

#### *Outlook*

The market for airborne geophysical survey systems remains very strong, driven by a continued strong commodity market. At fiscal year end, the Company had in excess of \$8 million of contracted back log. At June 15, 2007, that number stood in excess of \$10 million.

Since the end of fiscal 2007, the Company has commenced operations in Africa, where it expects to fly over 30,000 line kilometres in the next several months. In addition, the Company recently signed its first contract in South America and expects to be surveying there before the end of the summer.

The Company has also opened an office in Calgary, Alberta to provide dedicated resources to the oil and gas sector. This office, headed by a highly experienced, airborne petroleum survey executive, will focus on oil and gas opportunities in the Western Canadian Sedimentary Basin, particularly in the highly prospective Oil Sands area of Northern Alberta, as well as in other prospective oil and gas regions worldwide.

Finally, should the Company's previously announced intention to acquire UTS Geophysics, of Perth Australia close as anticipated, Aeroquest will inherit a highly successful and specialized fixed-wing survey business operating magnetic, gravimetric, and radiometric surveys on four continents; Australia, Africa, S.E. Asia, and N. America.

#### *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.

## **Aeroquest International Limited**

### **Unaudited Consolidated Financial Statements**

**For the twelve months ended April 30, 2007 and 2006**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended April 30, 2007.

**Aeroquest International Limited**  
**Consolidated Balance Sheets**  
Unaudited – Prepared by Management

As at	Unaudited April 30, 2007	Audited April 30, 2006
<b>Assets</b>		
<b>Current:</b>		
Cash and cash equivalents	\$ 4,706,035	\$ 2,510,679
Accounts receivable	3,758,228	1,907,319
Prepaid expenses	606,144	58,681
Income taxes receivable	-	480,000
Contracts in process	310,623	165,749
Loans receivable	-	60,528
	<u>9,381,030</u>	<u>5,182,956</u>
<b>Long term:</b>		
Long-term investments	16,001	126,001
Capital assets	3,649,769	2,607,618
Intellectual property	-	93,757
Future income taxes	1,567	62,792
	<u>3,667,337</u>	<u>2,890,168</u>
<b>Total Assets</b>	<u><u>\$ 13,048,367</u></u>	<u><u>\$ 8,073,124</u></u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities	\$ 2,134,442	\$ 1,584,042
Income taxes payable	994,943	-
Deferred revenue	2,293,904	802,925
	<u>5,423,289</u>	<u>2,386,967</u>
<b>Shareholders' equity</b>		
Share capital	5,992,289	5,836,176
Contributed surplus	1,102,228	986,771
Retained earnings (deficit)	530,561	(1,136,790)
	<u>7,625,078</u>	<u>5,686,157</u>
<b>Total Shareholders' Equity</b>	<u>7,625,078</u>	<u>5,686,157</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$ 13,048,367</u></u>	<u><u>\$ 8,073,124</u></u>

**Aeroquest International Limited**  
**Consolidated Statements of Operations and Retained Earnings**  
Unaudited – Prepared by Management

For the period	<u>Three months ended</u>		<u>Twelve months ended</u>	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
<b>Revenue</b>	<b>\$ 5,446,094</b>	\$ 2,683,256	<b>\$ 19,875,887</b>	\$ 9,112,291
<b>Cost of sales</b>	<b>3,004,487</b>	1,730,660	<b>10,842,700</b>	5,764,336
<b>Gross margin</b>	<b>2,441,607</b>	952,596	<b>9,033,187</b>	3,347,955
<b>Expenses and Other Items:</b>				
Development expenses	<b>117,589</b>	43,997	<b>530,515</b>	792,933
General and administrative expenses	<b>1,363,500</b>	788,999	<b>3,883,780</b>	2,787,891
Amortization expense	<b>277,444</b>	241,595	<b>1,036,423</b>	954,216
Restricted stock expense	<b>14,896</b>	-	<b>14,896</b>	-
Stock option expense	<b>76,580</b>	24,860	<b>221,410</b>	61,510
	<b>1,850,009</b>	1,099,451	<b>5,687,024</b>	4,596,550
<b>Operating profit (loss)</b>	<b>591,598</b>	(146,855)	<b>3,346,163</b>	(1,248,595)
Other costs/(income)	<b>(188,254)</b>	(11,610)	<b>(254,697)</b>	(47,110)
Contract cancellation costs	<b>202,500</b>	-	<b>270,000</b>	268,250
Write down of discontinued development projects	-	69,056	-	142,424
	<b>14,246</b>	57,446	<b>15,303</b>	363,564
<b>Income (loss) before income taxes</b>	<b>577,352</b>	(204,301)	<b>3,330,860</b>	(1,612,159)
<b>Income taxes:</b>				
Current (recovery)	<b>408,147</b>	1,110	<b>1,376,618</b>	(476,139)
Future tax	<b>38,433</b>	47,208	<b>61,225</b>	47,208
	<b>446,580</b>	48,318	<b>1,437,843</b>	(428,931)
<b>Net income (loss) for the period</b>	<b>130,772</b>	(252,619)	<b>1,893,017</b>	(1,183,228)
<b>Retained earnings (deficit), beginning of period</b>	<b>625,455</b>	(884,171)	<b>(1,136,790)</b>	46,438
<b>Redemption of shares – excess of purchase price over cost</b>	<b>(225,666)</b>	-	<b>(225,666)</b>	-
<b>Retained earnings (deficit), end of period</b>	<b>\$ 530,561</b>	\$ (1,136,790)	<b>\$ 530,561</b>	\$ (1,136,790)
<b>Earnings (loss) per share:</b>				
Basic	<b>\$ 0.01</b>	\$ (0.02)	<b>\$ 0.12</b>	\$ (0.07)
Fully diluted	<b>\$ 0.01</b>	\$ (0.02)	<b>\$ 0.11</b>	\$ (0.07)

**Aeroquest International Limited**  
**Consolidated Statements of Cash Flows**  
Unaudited – Prepared by Management

For the period	<u>Three months ended</u>		<u>Twelve months ended</u>	
	April 30, 2007	April 30, 2006	April 30, 2007	April 30, 2006
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income (loss)	\$ 130,772	\$ (252,619)	\$ 1,893,017	\$ (1,183,228)
Operating items not requiring cash:				
Amortization	277,444	241,595	1,036,423	954,216
Restricted stock expense	14,896	-	14,896	-
Stock option expense	76,580	24,860	221,410	61,510
Future income taxes	38,433	47,208	61,225	47,208
Write down of long term investment	110,000	-	110,000	--
(Gain)/loss on disposal of fixed assets	7,377	(5,253)	7,377	(5,253)
Operating cash flow before changes in non-cash working capital	<u>655,502</u>	<u>55,791</u>	<u>3,344,348</u>	<u>(125,547)</u>
Accounts receivable	(265,503)	(1,119,721)	(1,850,909)	(77,748)
Prepaid expenses	(398,440)	529	(547,463)	(58,681)
Contracts in process	(170,701)	231,324	(144,874)	347,684
Accounts payable and accrued liabilities	347,710	310,380	550,400	557,234
Deferred revenue	1,358,326	538,860	1,490,979	85,676
Income taxes	416,185	(36,083)	1,474,943	(558,553)
Cash flow from operating activities	<u>1,943,079</u>	<u>(18,920)</u>	<u>4,317,424</u>	<u>170,065</u>
<b>Investing activities</b>				
Capital asset additions	(951,720)	(381,801)	(1,992,194)	(1,074,226)
Insurance proceeds on capital assets	-	382,897	-	382,897
Loan receivable	41,850	-	60,528	3,185
Cash flow from investing activities	<u>(909,870)</u>	<u>1,096</u>	<u>(1,931,666)</u>	<u>(688,144)</u>
<b>Financing activities</b>				
Proceeds on exercise of options	138,750	-	140,000	-
Aeroquest shares redeemed	(327,132)	-	(330,402)	-
Repayment of long term debt	-	-	-	(5,580)
	<u>(188,382)</u>	<u>-</u>	<u>(190,402)</u>	<u>(5,580)</u>
<b>Net change in cash and cash equivalents for the period</b>	<b>844,827</b>	<b>(17,824)</b>	<b>2,195,356</b>	<b>(523,659)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>3,861,208</b>	<b>2,528,503</b>	<b>2,510,679</b>	<b>3,034,338</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 4,706,035</b>	<b>\$ 2,510,679</b>	<b>\$ 4,706,035</b>	<b>\$ 2,510,679</b>