

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

**If you sell or have sold or otherwise transferred all of your ordinary shares, please send this document, form of proxy and/or voting instruction form at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee.**

This document comprises a Circular relating to Avation PLC prepared in accordance with the Listing Rules of the United Kingdom Listing Authority. This Circular has not been approved by the Financial Services Authority.

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## **AVATION PLC**

*(Incorporated and registered in England and Wales with company number 5872328)*

### **Notice of General Meeting**

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The contents of this Circular relate only to the proposed subject matter of the resolutions to be proposed pursuant to the Notice of General Meeting seeking shareholder approval of the proposed change.

**A notice convening a General Meeting of the Company to be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 5 p.m. on 18 March 2011 is set out at the end of this document. Shareholders will find attached to this document a Form of Proxy for use in connection with the General Meeting. The attached Form of Proxy for use at the General Meeting should be completed, signed and returned to The Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, in accordance with the instructions printed thereon as soon as possible and to be valid must arrive not later than 48 hours before the time fixed for the General Meeting. The return of a Form of Proxy will not preclude a member from attending, speaking or voting in person at the General Meeting should they so wish.**

This Circular and Notice of General Meeting does not constitute or form part of an offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment relating thereto, nor does it constitute a recommendation regarding the securities of the Company.

## LETTER FROM THE CHAIRMAN

### AVATION PLC

*(incorporated and registered in England and Wales with registered number 5872328)*

#### *Directors*

Robert Jeffries Chatfield (*Chairman*)

Andrew Charles Baudinette

Bryant James McLarty

#### *Registered office*

Georgian House

63 Coleman Street

London

EC2R 5BB

24 February 2011

*To the holders of ordinary shares and, for information purposes only, to the holders of warrants to subscribe for ordinary shares*

Dear Shareholder

**Approval of the Directors' authority to allot equity securities for cash  
Approval of disapplication of pre-emption rights  
Adoption of the new Articles of Association  
Notice of General Meeting**

#### ***Virgin Blue***

On 10 January 2011, the Company entered into an agreement ("ARAN Agreement") with Skywest Airlines (Australia) Pty Ltd ("Skywest") and Virgin Blue to provide a fleet of up to 18 new aircraft which will operate primarily along the length of the eastern coast of Australia. Skywest proposes to provide "wet-lease" services to Virgin Blue.

The Directors anticipate that as part of the funding required in respect of the purchase by the Company of aircraft to be leased to Virgin Blue pursuant to the ARAN Agreement, it will need to raise finance through the allotment of new ordinary shares for cash in the Company.

#### ***Consideration of listing on the Australian Securities Exchange (ASX)***

The Company has considered proposals for a listing of its securities on the ASX and the Directors believe that enabling the Company's securities to be traded both on the London Stock Exchange and the ASX may potentially be beneficial to Shareholders.

The Company will make a further announcement should the Directors decide to take any steps to commence the process for admission to the ASX.

#### ***Authority to allot shares and authority to allot equity securities for cash***

The Directors believe it is important to maintain a level of headroom in respect of the number of shares they are authorised to allot from time to time in respect of the funding requirements relating to the purchase of new aircraft. Accordingly, Resolution 1 will be proposed as an

ordinary resolution to provide the Directors with authority to allot relevant securities (within the meaning of the Companies Act 2006 (the "CA 2006")) up to an aggregate nominal amount of £500,000, enabling the Directors to allot up to 50 million new ordinary shares.

In order to provide the Directors with the power to allot equity securities (as defined by section 560 of the CA 2006) for cash without first offering those equity securities to Shareholders in accordance with section 561(1) of the CA 2006, Resolution 2 (which is subject to Resolution 1 being passed) will be proposed as a special resolution to provide the Directors (in addition to their existing authorities) with authority to allot equity securities as if section 561(1) of the CA 2006 did not apply to such allotments.

### ***Articles of Association***

In view of the considerations with regard to a potential listing of the Company's securities on the ASX, the Directors consider it prudent to make amendments to the Articles of Association which, amongst other things, would enable the Company's ordinary shares to be traded on the ASX (via chess depository interests). The changes are summarised in the Appendix to this circular.

ASX approval of the proposed changes should not be taken as an indication that the ASX has or will approve the listing of the Company on the ASX nor that the directors have made any decision to pursue a listing on the ASX.

Further consequential amendments are also proposed to be made to the Articles of Association to update these in line with the authority to allot shares and disapplication of pre-emption rights proposed pursuant to Resolution 1 and Resolution 2.

A draft of the new Articles of Association proposed to be adopted pursuant to Resolution 3 together with a marked-up version against the Company's current Articles of Association will be available at the Company's registered office and on its website at:

<http://www.avation.net/constitutional.html>

Proposed changes to the Company's Memorandum of Association to take advantage of the provisions of CA 2006 are also summarised in the Appendix.

### ***Reduced Notice Period for General Meetings***

Resolution 4, which is a special resolution, will enable the Company to reduce the notice period for general meetings (other than annual general meetings) to 14 days, whereas otherwise the requirements of The Companies (Shareholders' Rights) Regulations 2009 would require general meeting to be held on 21 days' notice.

### ***Notice of General Meeting***

You will find set out at the end of this document, a notice convening a general meeting of the Company to be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 5 p.m. on 18 March 2011.

Resolution 4, which is a special resolution, will enable the Company to reduce the notice period for general meetings (other than annual general meetings) to 14 days, whereas otherwise the requirements of The Companies (Shareholders' Rights) Regulations 2009 would require a general meeting to be held on 21 days' notice.

***Action to be taken***

**You will find attached to this document a Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by The Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event not later than 5 p.m. on 16 March 2011, being 48 hours before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the meeting and speaking and voting in person if you so choose.**

***Recommendation***

The Directors consider that the passing of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole.

**Accordingly, the Board unanimously recommends that shareholders vote in favour of the resolutions to be proposed at the General Meeting.** Those Directors who hold shares intend to vote in favour of the resolutions in respect of their holdings of ordinary shares amounting to 7,390,512 ordinary shares in aggregate (representing approximately 25.9% of the issued ordinary share capital of the Company as at the date of this document).

Yours faithfully



Robert Jeffries Chatfield  
**Chairman**

## **APPENDIX**

### **Summary of changes to the Articles of Association**

The proposed changes to the Articles of Association are intended to align the provisions of the Articles of Association with the listing rules of the ASX (the "ASX Listing Rules"). The main changes include:

1. The addition of an article providing that any act prohibited by the ASX Listing Rules must not be undertaken and any act required to be done by the ASX Listing Rules will be taken to be authorised by the Articles of Association. In the event of inconsistencies between the ASX Listing Rules and the Articles of Association, the Articles of Association will be deemed not to contain the inconsistent provision. A number of provisions have also been specified to be subject to the ASX Listing Rules or amended to reflect the approach required by the ASX Listing Rules.
2. The addition of an article specifying that holders of depository interests will have certain proxy voting rights in respect of the ordinary shares underlying their depository interests. Depository interests are the interests expected to be traded on the ASX if the Company is listed on the ASX, with each depository interest being an interest in one underlying ordinary share.
3. A change to the forfeiture article so that forfeitures of shares must now be approved by the holders of ordinary shares (rather than the Directors).
4. The addition of an article relating to unmarketable parcels of shares, which will enable the Directors to sell unmarketable parcels provided that they first notify the holder and the holder does not advise the Company that it wishes to retain those shares.
5. The deletion of the article granting the Directors general and unconditional authority to allot shares of the Company.
6. The deletion of the article relating to the waiver of pre-emption rights on the issue of shares of the Company.

### **Summary of changes to the Memorandum of Association**

7. The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.
8. The CA 2006 significantly reduces the constitutional significance of a company's memorandum. The CA 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take

in the company. Under the CA 2006, the objects clause and all other provisions which are contained in a company's memorandum, for existing companies are deemed to be contained in a company's Articles of Association but the company can remove these provisions by special resolution.

9. Further, the CA 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the CA 2006, are treated as forming part of the Company's Articles of Association. Resolution 3 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of Shareholders.

## **AVATION PLC**

*(Incorporated and registered in England and Wales with company number 5872328)*

### **Notice of General Meeting**

Notice is hereby given that a General Meeting of shareholders will be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 5 p.m. (GMT) on 18 March 2011 for the purpose of considering and, if thought fit, passing the following resolutions which, in the case of Resolution 1 will be proposed as an ordinary resolution, and, in the case of Resolutions 2, 3 and 4, will be proposed as special resolutions:

#### **ORDINARY RESOLUTION**

1. That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "CA 2006") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £500,000, provided that the authority hereby conferred shall:
  - (a) operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to section 80 of the Companies Act 1985 or section 551 of the CA 2006;
  - (b) be exercised only in connection with any of the allotments contemplated in resolution 2 below; and
  - (c) expire on whichever is earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution unless such authority is renewed, varied, or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted, or rights to subscribe for or to convert any security into shares in the Company to be granted, after such expiry and the Directors may allot shares in the Company in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

#### **SPECIAL RESOLUTIONS**

2. That, subject to the passing of Resolution 1 above, the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (as defined in section 560 of the CA 2006) for cash as if section 561(1) of the CA 2006 did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 1 above (as varied from time to time by the Company in general meeting) and/or by way of a sale of treasury shares **PROVIDED THAT** such power shall be limited to:
  - (a) the allotment of equity securities in connection with an offer of equity securities:

- (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

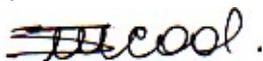
but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment (otherwise than pursuant to paragraph 2(a) above) of equity securities up to an aggregate nominal amount of £500,000;

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the Directors pursuant to section 95 of the Companies Act 1985 or sections 570 or 573 of the CA 2006 and shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting, except that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- 3. That the Company's current Articles of Association be hereby amended by deleting all the provisions of the Company's current Memorandum of Association which, by virtue of section 28 of the CA 2006, are to be treated as provisions of the Company's existing Articles of Association and the new Articles of Association of the Company, initialled by the Chairman for identification purposes only, be adopted in substitution for and to the exclusion of the Company's existing Articles of Association.
- 4. That, in accordance with section 307A of the CA 2006, the Company be authorised to call a general meeting of the shareholders, other than an annual general meeting, on not less than 14 clear days' notice.

By order of the Board



**Company Secretary**

**AVATION PLC**

24 February 2011

## Notes to Notice of General Meeting

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. The attached Form of Proxy for use at the General Meeting should be completed, signed and returned to The Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom (If the form is posted outside the United Kingdom, you should return it in an envelope specifying Par Avion (Airmail) using the Registrar's address above). It must arrive no later than 48 hours before the time of the General Meeting. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's registrars, The Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. All members are entitled to attend and vote at the General Meeting and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at 5 p.m. 23 February 2011.
6. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
7. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Services Authority.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the General Meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by 6.00pm on 16 March 2011. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members at 6.00pm on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
9. As at 23 February 2011 (the latest practicable date prior to the publication of this document) the Company's issued ordinary share capital consisted of 28,532,220 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 23 February 2011 was 28,532,220.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. Shareholders and any proxies or representatives they appoint understand that by attending the meeting that they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
12. No Director has a service contract with the Company.

13. A draft of the new Articles of Association is available for inspection at the registered office of the Company, Georgian House, 63 Coleman Street, London EC2R 5BB during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting. Furthermore, the draft of the new Articles of Association will be available at the Company's website: <http://www.avation.net/constitutional.html> .

14. A copy of this Notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at <http://www.avation.net/notices.html> .

Registered office:  
Georgian House  
63 Coleman Street  
London  
EC2R 5BB

**PROXY FORM FOR USE AT THE GENERAL MEETING  
OF SHAREHOLDERS OF AVATION PLC  
TO BE HELD ON FRIDAY, 18 MARCH 2011 AT 5.00PM (GMT)**

Attention: Ms Michelle Davies  
The Registrar  
Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
BRISTOL BS99 6ZY  
United Kingdom

Fax: +44 (0) 870 7036116

**\*\* Before completing this form, please read the Notes to Notice of General Meeting \*\***

I/We \_\_\_\_\_

*(Block Letters)*

being a member of AVATION PLC (incorporated in the England and Wales) hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the General Meeting, to attend, speak and vote on my/our behalf at the General Meeting of the Company to be held on Friday, 18 March, 2011 at the offices of Speechly Bircham LLP situated at 6 New Street Square, London EC4A 3LX at 5.00pm (GMT) and at any adjournment(s) thereof.

If two proxies are being appointed, the proportion of the member's voting rights which this proxy is appointed to represent must be set out below.

**Instructions on voting:**

If you wish to direct your proxy how to vote in respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by ticking the appropriate column below, otherwise your proxy may vote as he/she thinks fit.

No.	Ordinary Resolution	For	Against	Abstain
1.	<i>Authority to Allot Shares</i>			
	<b><u>Special Resolutions</u></b>			
2.	<i>Authority to Allot Equity Securities for Cash and Approval of Disapplication of Pre-emption Rights</i>			
3.	<i>Adoption of New Articles of Association</i>			
4.	<i>Authority to call General Meetings on 14 days' notice</i>			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

\_\_\_\_\_  
Name of Shareholder  
Total Number of Ordinary Shares Held: \_\_\_\_\_  
Designation No. (if applicable) : \_\_\_\_\_