

Avation plc

Securing of USD \$9.22m debt finance facility

22 DECEMBER 2006

AVATION PLC ("AVATION" OR THE "COMPANY") SECURES USD \$9.22M DEBT FINANCE FACILITY, PURCHASES TWO AIRCRAFT

The Board of Avation PLC is pleased to announce several important developments that in their opinion materially improve the business affairs of the Company. These include:

1. The successful granting to the Company of a USD \$9.22m finance facility.
2. The purchase of two leased aircraft which are expected to generate each year about USD \$1.8m in revenues for a term of 6 years amounting to about USD \$10.8m in revenues.

The Chairman, Mr Jeff Chatfield said "The combination of these transactions provides the Avation group with a substantial increase in its asset base and provides it with reliable revenues for the next six years. For a company of Avation's size the combination of reliable revenues and financing, together with a determination by the directors to avoid further dilution give the Company the opportunity to grow shareholder value from a stable base".

FINANCE FACILITY

The salient terms of the finance facility, secured from a leading capital equipment finance specialist, are as follows:

- * The finance facility amount is USD \$9.22m;
- * The facility is being provided by a subsidiary of a major commercial bank;
- * The currency of the facility is United States Dollars;
- * The facility has a term to expiry of 6 years at commercial interest rates;
- * There are no convertible elements to the facility ensuring that dilution to existing shareholders will be kept to a minimum. It is not the current intention of the Company to issue any further shares or instruments that may dilute the current shareholders equity ownership.

INCORPORATION OF SUBSIDIARY AND ESTABLISHMENT OF SUBSIDIARY DIRECTORATE

The Company has incorporated a wholly owned Australian incorporated subsidiary named F100 Pty Ltd as a special purpose vehicle to own and maintain the leases of the aircraft. The Directors of F100 Pty Ltd are: Mr Jeff Chatfield and Mr Ronald Lewis Aitkenhead. Mr Aitkenhead's qualifications include being both a Graduate and Fellow of the Institute of the Company Directors (Australia) and is a Justice of the Peace. Mr Aitkenhead's professional qualifications, amongst others, include being the Chairman of the Fremantle Port Authority, a director of the Fremantle Port Authority, along with holding positions with several community and sporting organizations.

PURCHASE AND LEASE OF AIRCRAFT

Avation subsidiary F100 Pty Ltd and AerCap B.V. have entered an agreement for F100 Pty Ltd to acquire two Fokker 100 Aircraft (the "Aircraft"). The sale of the Aircraft is subject to the notation of the existing leases for the Aircraft, and the transaction is for approximately USD \$8.9m. These Aircraft are currently leased and operated by the Skywest Airlines Pty Ltd which will be novated in favor of F100 Pty Ltd by way of a Deed of Novation. Under the Deed of Novation, the terms of the leases will not materially change or result in changes which could be characterized as detrimental to Skywest Airlines Pty Ltd. The planes are key to Skywest's operations.

The guarantor for the transaction is Avation PLC. With the security to be provided by F100 Pty Ltd for an Escrow Facility and an Aviation Mortgage Facility will comprise a first registered mortgage over the aircraft. Avation PLC was previously a part of the Advent Air Ltd group. Because Avation

PLC was demerged from the Advent Group this year by way of a special dividend and Mr. Chatfield is Chairman of Avation PLC, Skywest Pty Ltd and Executive Chairman of Advent Air Ltd, the proposed transactions are being treated as a related party transactions. Accordingly the independent director of Avation PLC to the transactions, Mr Andrew Baudinette, has considered the benefits of the proposed purchase of the Fokker 100 aircraft by Avation PLC and considers that the terms of the proposed transaction are fair and reasonable insofar as the shareholders of Avation PLC are concerned.

The Independent Director to the transaction believes that the proposed transaction has a number of significant benefits for Avation PLC including:

- * An increase in profitable group revenue of about USD \$1.8m in revenues for a term of 6 years amounting to about USD \$10.8m in revenues.

- * An increase in asset base of about USD \$8.85m in income producing assets.

The directors take responsibility for the contents of this announcement.

---ENDS---

ENQUIRES:

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