



PACIFIC TURBINE BRISBANE LTD



Authorised Sales Centre &
Commercial Representative

17 August 2006

Pacific Turbine Brisbane Ltd

ACN 098 390 991

Dear Shareholder

SHAREHOLDERS APPROVAL TO ACQUIRE ALL THE SHARES IN IAP GROUP

We enclose a Notice of Meeting which covers Pacific Turbine Brisbane Ltd's ("PTB") proposed acquisition of IAP Group Australia Pty Ltd ("IAP Group"). The board is very positive about this proposed acquisition for reasons outlined below and in the accompanying Explanatory Memorandum.

IAP Group is a niche aviation asset management company providing aircraft inventory support, encompassing:

- global supply of aviation parts; and
- global aircraft and engine finance and sales

IAP Group was established in 1983.

IAP Group's business operations are highly complementary to the PTB business. PTB has focused on building its recurring earnings from engine financing activities from its base of international trade in turbine engines and related parts and specialist turbine engine repair and overhaul.

The acquisition of IAP Group will enable PTB to expand into new engine types in which IAP Group has considerable expertise and in aircraft in which IAP Group has in-house engineering expertise. The merger will create a larger and more diverse business and management team. Steve Ferris, the founder of IAP Group will take approximately 80 % of his consideration in the form of PTB shares. He will hold approximately 25 per cent of the expanded group after further capital raising and the planned move to Australian Stock Exchange Limited ("ASX") in November 2006.

Steve Ferris will continue as Managing Director of IAP group and enter into an executive employment agreement with PTB on substantially the same terms and conditions as PTB's executive directors. Steve brings a wealth of aviation experience and will add considerable additional depth to the management team.



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A company meeting has been convened to seek shareholders' approval, as follows

- Approval for the acquisition of IAP Group payable by \$2.5 million cash and the issue of 6,908,054 fully paid ordinary shares in the company to Royston Stephen Ferris ("Ferris")
- Approval for raising post acquisition funding of \$2.1 million (approx).
- Appointment of Royston Stephen Ferris as a Director of Pacific Turbine Brisbane Ltd
- Approval of PTB's transition to the ASX

All Directors recommend that the shareholders approve these resolutions. Additional information is contained in the Explanatory Memorandum with the notice of meeting.

If you are unable to attend the meeting, I ask that you complete and return a proxy to the address specified, by the required time and date.

Yours sincerely

Harvey Parker
Chairman
Pacific Turbine Brisbane Ltd

NOTICE OF GENERAL MEETING

Pacific Turbine Brisbane Limited
ACN 098 390 991

Notice is given that a general meeting of Pacific Turbine Brisbane Limited ('Company') will be held at 10am (Brisbane time) on Wednesday 20 September 2006 at McCullough Robertson Lawyers, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Queensland.

AGENDA

Special business

1. APPROVAL OF ACQUISITION OF IAP GROUP AUSTRALIA PTY LTD ACN 003 675 867 AND THE ISSUE OF COMPANY SHARES

To consider and, if thought fit, pass the following ordinary resolution:

'That for the purposes of NSX Listing Rule 6.25 and for the purposes of section 611 item 7 of the Corporations Act 2001, and associated with the acquisition by the Company of IAP Group Australia Pty Ltd ACN 003 675 867 ('IAP Group') that Royston Stephen Ferris ('Ferris') be issued 6,908,054 fully paid ordinary shares in the Company, and that the transaction be approved having regard to the terms and conditions described in the Explanatory Memorandum.'

2. APPROVAL FOR RAISING POST ACQUISITION FUNDING

To consider, and if thought fit, pass the following special resolution:

'That for the purposes of NSX Listing Rules 6.44 and 6.25 that approval be given to the allotment and issue of 1,408,620 fully paid ordinary shares in the Company at \$1.53 per share to directors and/or related parties or associates of directors as well as other parties as identified in the Explanatory Memorandum in order to raise \$2,155,187 having regard to the information contained in the Explanatory Memorandum.'

3. APPOINTMENT OF ROYSTON STEPHEN FERRIS AS DIRECTOR

To consider and, if thought fit, pass the following ordinary resolution:

'That subject to the completion of the acquisition of IAP Group Australia Pty Ltd, that Royston Stephen Ferris be appointed as a director of the Company on the completion date of that transaction.'

4. APPROVAL OF TRANSITION TO ASX

To consider and, if thought fit, pass the following resolution as a special resolution:

'That, for the purpose of NSX Listing Rule 2.25, that shareholders resolve that approval be given to authorise the directors to withdraw the Company's listing on NSX and to issue a prospectus for the raising of up to \$8 million approximately, from the public having regard to the Company's planned transition to listing on the Australian Stock Exchange Limited ('ASX').'

DATED 17 August 2006

By Order of the Board



.....
Annette Abrahams
Company Secretary

NOTES

A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.

A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

The Company has determined in accordance with Regulation 7.11.37, *Corporations Regulation 2001* that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 10am on 18 September 2006.

If you have any queries on how to cast your votes then call Annette Abrahams on (07) 3637 7003 during business hours.

Voting Restriction Statement

In accordance with the NSX Listing Rules, resolutions will be subject to any voting restrictions which are imposed under the NSX Listing Rules. By virtue of section 611 item 7 of the *Corporations Act 2001*, Royston Stephen Ferris and any of his associates may not cast votes in favour of resolutions 1 and 2. However, the Company need not disregard any such vote if it is cast by Royston Stephen Ferris as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form.

The directors of the Company and their related entities and associates who are allocated or will be allocated shares pursuant to Resolution 2 are considered to be '*directors with an interest*' and may not cast votes in respect of Resolution 2. However, the Company need not disregard any vote if it is cast by a director with an interest as proxy for a person who is entitled to vote in accordance with directions on the proxy form.

EXPLANATORY MEMORANDUM

Pacific Turbine Brisbane Limited ('Company')
ACN 098 390 991

This explanatory memorandum has been prepared to assist shareholders with their consideration of the resolutions to be put to the general meeting referred to in the accompanying notice of meeting.

This explanatory memorandum should be read with, and forms part of, the accompanying Notice of Meeting of Shareholders.

Background

On 1 August 2006, the Company announced that it had entered into a conditional contract to acquire all of the shares in IAP Group Australia Pty Ltd ('IAP Group').

IAP Group is a niche aviation asset management company providing aircraft inventory support, encompassing:

- global supply of aviation parts; and
- global aircraft and engine refinancing and sales.

IAP Group was established in 1983.

IAP's business operations are highly complimentary to the Company's business. The Company has focused on building its recurring earnings from engine financing activities from its base of international trade in turbine engines and related parts and specialist turbine engine repair and overhaul.

The acquisition of IAP Group will enable the Company to expand into new engine types in which IAP Group has considerable expertise and in aircraft in which IAP Group has airframe and in-house engineering expertise. The merger will create a larger and more diverse business and management team. Mr Royston Stephen Ferris, the founder and owner of all shares in the IAP Group and currently its managing director, will take approximately 80 per cent of his consideration in the form of Company shares. He will hold approximately 25 per cent of the expanded group after further capital raising and the planned move to the Australian Stock Exchange Limited ('ASX') in November 2006.

The purchase price for the acquisition for the IAP Group has a notional value of \$12.9 million which, by agreement, is to be funded as to \$2.5 million in cash and by the provision of 6,908,054 fully paid ordinary shares in the Company (assessed as having a value of \$1.50 per share).

The decision made by Mr Ferris to take a considerable amount of the purchase price for his company as shares in your Company demonstrates a great deal of faith which Mr Ferris has in your company. The decision emphasises a desire on Mr Ferris' part to merge his company's business with your Company. The resulting merged entity will enable the Company to expand into new engine types and aircraft, and have a larger and much more diverse business than previously. Mr Ferris wishes to join the board of your Company and also to continue his role as managing director of the business within IAP Group.

In summary, it is the Company's intention to complete the acquisition of IAP Group and satisfy the total purchase price for the acquisition of IAP Group through the following mechanisms:

- (a) through a placement of Company shares to sophisticated and institutional investors to raise \$2.5 million (the cash component of the total purchase price); and
- (b) Issue of 6,908,054 ordinary shares to Royston Stephen Ferris;

The issue of 6,908,054 company shares to Mr Ferris will initially constitute approximately 32% of the shares in the Company (based on 21,587,686 shares on issue). Accordingly, this percentage of shareholding will trigger the need to get shareholder approval under NSX Listing Rule 6.25 as well as under section 611 item 7 of the *Corporations Act* (Resolution 1).

As a means of raising part of the purchase price to be paid to Mr Ferris (\$2.5 million cash), there is intended to be a placement. This will be done before the IAP Group acquisition under the 15% threshold allowed for placements under the NSX Listing Rules. Retrospective shareholder approval will be sought at this year's annual general meeting with regard to that capital raising. Additionally, to fund additional working capital for the whole Group, it is intended to raise a further \$2,155,187 by way of placement under Resolution 2.

Further, the consent of shareholders' approval to de-list from the Newcastle Stock Exchange Limited ('NSX') is sought in order that upon acquisition of IAP Group, the Company may transition itself from the NSX to listing on the ASX. This transaction process will involve the offer of shares to the public by way of a prospectus to raise approximately \$8 million.

Special Business

1. RESOLUTION 1 - APPROVAL OF ACQUISITION OF IAP GROUP AUSTRALIA PTY LTD ACN 003 675 867 AND THE ISSUE OF COMPANY SHARES
 - 1.1. Under NSX Listing Rules 6.25, shareholder approval is required prior to issuing securities where the number of securities involved is above the allowed threshold. The allowed threshold recognises that a listed company can issue up to 15% of its issued shares over a period of 12 months without shareholder approval. However, any issue of shares in excess of those limits will require shareholder approval.
 - 1.2. The intended issue of shares as vendor consideration to Mr Ferris associated with the purchase of IAP Group will be in excess of that level and hence, under this NSX Listing Rule, shareholder approval is required. Additionally, section 611 item 7 of the *Corporations Act 2001* will require shareholder approval if a person acquires more than 20% of the voting shares in a company.
 - 1.3. Based on the number of shares expected to be on issue when completion of the acquisition of the IAP Group is consolidated, the total number of shares which may be issued to Mr Ferris will represent approximately 32% of the issued shares in the Company. Accordingly, shareholder approval will be required for this purpose. The shareholding percentage to be held by Mr Ferris will be diluted as a result of placements and offers of shares explained in the information memorandum. Following the planned ASX listing for example, and subject to Mr Ferris acquiring no further shares, his shareholding stake in the Company should be approximately 26.2%.
 - 1.4. In order to enable company shareholders to assess the implications which Mr Ferris' level of shareholding would have, the Company has commissioned William Buck to provide an independent expert's report having regard to ASIC requirements expressed in Policy Statement 74. For the purposes of ensuring that shareholders are fully informed of the intended shareholding interest which Mr Ferris will acquire, the following information is provided:
 - (a) **How Many Shares Will be Issued?**

6,908,054 ordinary shares are proposed to be issued as part consideration for the acquisition of IAP Group. These shares will be issued subject to a restriction agreement if the ASX so requires.
 - (b) **What are the Terms of the Shares**

The shares to be issued will not participate in any dividend declared for the year ending 30 June 2006. The shares will otherwise be issued on the same terms and conditions as other shares.

(c) **What is the Value of the Shares**

For the purposes of the purchase of IAP Group, each company share was valued at \$1.50 per share.

(d) **Who will be the holder of the share?**

Shares will be held by Mr Ferris personally (ie Royston Stephen Ferris of 4 Rosedale Avenue, Fairlight, New South Wales).

(e) **What percentage of shares will be held before and after the acquisition?**

Mr Ferris does not currently own any shares in the Company and shares to be allotted to him following the acquisition of IAP Group will be the only shares held by him.

(f) **Is Mr Ferris associated with any other party?**

Mr Ferris is not associated with any other shareholders or directors of the Company.

(g) **Statement of Intentions**

As a result of his Company acquiring shareholding, Mr Ferris:

- does not intend to make any changes to the business of the Company;
- intends to assist the Company and its directors to expand the Company's activities;
- does not intend to make any changes to the future employment of the employees of either IAP Group or the Company;
- does not intend to have any company property transferred to him or from him other than the shares in IAP Group which will be transferred to the Company;
- does not have any intentions to deploy the fixed assets of the Company.

(h) **Acquisition – timing**

The agreement entered into with Mr Ferris relating to the purchase of IAP Group contemplates that completion of the transaction will take place not more than 10 business days from the date that shareholders approve Resolution 1. However, the directors of your Company are expecting that completion of that transaction may occur on about 29 September 2006. The shares to issue to Mr Ferris may be subject to escrow restrictions which could possibly be imposed by the ASX having regard to the Company's future listing application to be made with the ASX.

(i) **Interests of existing directors**

None of the directors have any personal interest in the transaction involving the acquisition of IAP Group.

(j) **Other information**

The transaction was announced to the NSX by the announcement dated 1 August 2006.

2. **RESOLUTION 2 - APPROVAL FOR RAISING POST ACQUISITION FUNDING**

The directors propose that \$2,155,187 be raised by the issue of new shares to sophisticated and professional investors and which will include directors and their related or associated entities having regard to the following criteria:

- (a) The amount to be raised will be \$2,155,187 through the issue of Company shares to sophisticated and professional investors as a means of avoiding the costs associated with the issue of a prospectus.
- (b) The shares will be issued at a price of \$1.53 per share which the directors believe is a fair and reasonable price taking into account the pricing model of \$1.50 per Company share issued for the acquisition of the IAP Group.

- (c) The shares to be issued through the placement may be issued after this notice of meeting is given. Capital raised will be for additional working capital for both the Company and IAP Group.
- (d) In the allocation and placement of shares, directors of the Company or their associated or related entities may be offered and allotted shares. A list of intended places of shares including those who are related or associated with directors and the number of shares intended to be acquired is set out in the following table:

Table of intended allottees	
Name of allottee	Number of shares to be allotted
Huntington Group Pty Ltd ACN 010 693 651 (associated with Andrew Kemp, an alternate director)	16,340
Huntington Investment Services Pty Ltd ACN 117 733 490 (associated with Andrew Kemp, an alternate director)	16,340
Kreskin Pty Ltd ACN _057 881 240	49,000
Harvels Pty Ltd ACN 009 667 038	65,000
Colex Pty Ltd ACN 072 749 949	65,000
PJ & KF Sawyer (as trustee)	98,000
Stephen Smith (a director)	26,140
SG Smith (a director) and JA Flintoff as trustees	39,220
River Capital Pty Ltd ACN 073 531 469	654,000
Anthony John Wilson (as trustee)	39,000
R B Wool Pty Ltd ACN 098 894 716	10,000
Hawk Capital Pty Ltd ACN 110 122 453	265,220
Matthew Donaldson	32,680
Brahman Securities Pty Ltd ACN 093 563 350	32,680
TOTAL	1,408,620

3. RESOLUTION 3 - APPOINTMENT OF ROYSTON STEPHEN FERRIS AS DIRECTOR

Having regard to the terms of the share sale deed entered into with Mr Ferris, it has been agreed that Mr Ferris be appointed as a director of the Company and that he will also be managing director of IAP Group Australia Pty Ltd. It is intended, subject to Mr Ferris giving his written consent as a director, that Mr Ferris be appointed as a director immediately following the acquisition of the shares in IAP Group Pty Ltd expectedly on 29 September 2006.

4. RESOLUTION 4 - APPROVAL OF TRANSITION TO ASX

Under NSX Listing Rule 2.25, if a company such as Pacific Turbine Brisbane Limited wishes to delist from the NSX voluntarily, it needs to give the NSX at least 90 days notice and it also needs to obtain the approval of its shareholders by a majority vote of three quarters in favour at a meeting of the Company. The Company intends to apply to the ASX for listing and it intends to do this on or by the end of November 2006. The Company intends to issue a prospectus to raise approximately \$8 million for the purposes of facilitating its ASX listing and also to expand working capital. Having regard to those plans, Resolution 4 seeks shareholder approval for the Company to voluntarily delist from NSX, on the basis that the Company will seek listing on the ASX.

PROXY FORM

PACIFIC TURBINE BRISBANE LIMITED
ACN 098 390 991

PLEASE COMPLETE IN BLACK INK

MEMBER/S NAME/S AND ADDRESS

Name/s:.....

Address/es:

I/we appoint as my/our proxy the person named below at the general meeting of the Company to be held at 10am (Brisbane time) on Wednesday 20 September 2006 at c/- McCullough Robertson, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Queensland and at any adjournment thereof.

Appointment of Proxy

Box A

I/we appoint
as my/our proxy *or* failing him/her the Chairman to exercise my/our votes for me/us on my/our behalf

☐

OR

Appointment of Chairman

Box B

I/we appoint the Chairman to exercise all of my/our votes for me/us on my/our behalf

☐

DIRECTING YOUR PROXY HOW TO VOTE

I/we direct my/our proxy to vote in the following manner:

No*	RESOLUTION	FOR	AGAINST	ABSTAIN
1.	Approval of acquisition of IAP Group Australia Pty Ltd ACN 003 675 867 and the issue of Company shares			
2.	Approval of raising post acquisition funding			
3.	Appointment of Royston Stephen Ferris as Director			
4.	Approval of transition to ASX			

**The resolutions are numbered as in the notice of general meeting.*

If you do not wish to direct your proxy how to vote, please place a mark in the box.

☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

The Chairman intends to vote in favour of all resolutions with respect to all undirected proxies given to him.

INDIVIDUALS TO SIGN

.....
.....

EXECUTION BY ATTORNEY

Executed by

.....

(insert name of attorney)

.....

(attorney to sign here) as attorney for

.....

(insert name of individual or company) in accordance with the company's constitution and the *Corporations Act 2001*. The authority or a certified copy of the authority under which the appointment is signed must be attached.

COMPANIES TO SIGN

Executed in accordance with the Company's constitution

.....

Director

.....

Director/Secretary *OR*

Affix seal
if required

.....

Sole Director and Sole Company Secretary

DATED...../...../.....

NOTES FOR COMPLETION OF PROXY FORM

Pacific Turbine Brisbane Limited
ACN 098 039 991

APPOINTMENT OF PROXY (*see Proxy form*)

- **To appoint a single proxy** - tick **BOX A**, complete name of proxy and sign Proxy Form; **OR**
- **To appoint the Chairman only** - tick **BOX B** and sign Proxy Form

A proxy appointed to attend and vote for a member has the same rights as the member to vote (to the extent allowed by this appointment) and to join in the demand for a poll.

If you mark the abstention box for a particular item, you are directing your proxy not to vote on a show of hands or on a poll and your shares will not be counted in computing the required majority on a poll.

Note that the Proxy Form sets out the manner in which the Chairman has indicated [she/he] will vote any undirected proxies granted to [her/him] ie proxies that do not indicate the manner in which such votes are to be cast.

To appoint 2 proxies to exercise a specified proportion of your votes - see below Note: If you appoint 2 proxies and do not specify the number or proportion of votes each proxy may exercise, then each will be entitled to exercise half of your votes (with fractions being disregarded).

HOW TO SIGN PROXY FORM

- The proxy form must be signed by the member or by the member's attorney. If a joint holding then either shareholder may sign.
- If the proxy is signed by a person who is not the registered shareholder, then the relevant authority or a certified copy should either have been exhibited previously with the Company or be enclosed with this proxy. If sent by fax then the authority must be certified.
- If the member is a corporation, the proxy form must be signed in accordance with its constitution and the *Corporations Act 2001*, or under the hand of an authorised officer or attorney who has not received any notice of revocation. A person intending to vote shares held in the name of a corporation **MUST** bring a properly executed authority from the corporation in favour of the person attending.

DEADLINE FOR RECEIPT OF PROXIES

This Proxy Form must be lodged with the Company **before 10 am** (Brisbane time) on **18 September 2006**, i.e. not less than 48 hours before the time for holding the meeting by:

- mailing your proxy to the Company at its registered office, Attn. Company Secretary, PO Box 306, Hamilton Qld 4007; **OR**
- depositing your proxy with the Company at its registered office, Attn. Company Secretary, 47-51 Pandanus Avenue, Brisbane Airport, Brisbane Qld 4007; **OR**
- faxing your proxy to (07) 3860 4006 (if within Australia) or + 61 7 3860 4006 (if sent from overseas).

Please bring this letter with you to the meeting to enable us to process your registration efficiently.

Registration will commence at 9.45am (Brisbane time) on Wednesday 20 September 2006 at c/- McCullough Robertson, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Queensland.

APPOINTMENT OF 2 PROXIES

(If you are entitled to cast 2 or more votes at the meeting, you may appoint 2 proxies instead of a single proxy)

(If you wish to appoint 2 proxies then complete below and not details for Appointment of Proxy on Proxy Form)

I/we appoint

(Insert name of first proxy)

to exercise *(state number or proportion)*.....

of my/our votes for me/us at the general meeting of the Company **AND**

I/we appoint

(Insert name of 2nd proxy)

to exercise *(state number or proportion)*.....

of my/our votes for me/us at the general meeting of the Company **OR**

failing one or both of my 1st and 2nd proxies, then the Chairman to exercise my/our votes for me/us in respect of the number or proportion of my/our shares allocated to the absent proxy/s, as set out above.

Note: *If you appoint 2 proxies and do not specify the number or proportion of votes each proxy may exercise, then each will be entitled to exercise half of your votes (with fractions being disregarded.).*

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

PACIFIC TURBINE BRISBANE LIMITED ACN 098 390 991

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay.

If you wish to discuss any aspects of this document with the Company please contact the Company Secretary Ms Annette Abrahams on (07) 3637 7003.