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Brisbane
Canberra
Melbourne
Perth
Sydney
Auckland
Wellington
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Ho Chi Minh City

Our ref: EYF:0210052

19 December 2002

Mr Peter McNamara
Australian Stock Exchange Limited
PO Box 7055
Riverside Centre
BRISBANE QLD 4001

Dear Peter

Advanced Engine Components Limited

Please find **enclosed** a copy of a substantial shareholder notice which was given to the company under cover of our letter of 21 November 2002.

Regards

'02 DEC 19 11:11

Eugene Fung
Partner
Direct +61 7 3246 4048
Email eugene.fung@phillipsfox.com

Enc

Form 603

Corporations Law
Section 671B

Notice of initial substantial holder

To: Company Name/ Scheme	ADVANCED ENGINE COMPONENTS LIMITED
ACN/ARSN	009 081 770

1. Details of substantial holder(1)

Name	LIM ASIA ARBITRAGE FUND INC.
ACN (if applicable)	

The holder became a substantial holder on 5\11\2002

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary	109,000,000	109,000,000	67.34%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
LIM Asia Arbitrage Fund Inc.	Refer Annexure 'A'.	109,000,000 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
LIM Asia Arbitrage Fund Inc.	New Tel Limited	LIM Asia Arbitrage Fund Inc.	109,000,000 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
LIM Asia Arbitrage Fund Inc.	5/11/2002		Pursuant to a mortgage over the shares granted by New Tel Limited in favour of LIM Asia Arbitrage Fund Inc. The circumstances in which this occurred are set out in Annexure A. A copy of the Securities Mortgage is annexed as Annexure C.	109,000,000 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN (if applicable)	Nature of association
Not applicable	

7. Addresses

The addresses of the person named in this form are as follows:

Name	Address
LIM Asia Arbitrage Fund Inc.	Craigmuir Chambers, PO Box 71, Road, Town, Tortola British Virgin Island

Signature

print name George Long **capacity** Director

sign here **date** 18 / 11 / 02

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Law.

(3) See the definition of "relevant interest" in section 608 and 671B(7) of the Corporations Law.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:

- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
- (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Law.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

LIM ASIA ARBITRAGE FUND INC.

Annexure 'A' to Australian Securities & Investments Commission Form 603
Corporations Act 2001 Section 671B

This is the Annexure A of 1 page referred to in the Australian Securities & Investments Commission Form 603 signed and dated the 18 day of Nov 2002.

ITEM 3

Nature of relevant interest (7)

LIM acquired a relevant interest in the 109,000,000 shares in the Company under the following circumstances:

(a) On 11/10/2002, LIM Asia Arbitrage Fund Inc. (**LIM**) and New Tel Limited (**New Tel**) entered into a Facility Agreement and Securities Mortgage. Certified copies of the Facility Agreement and Securities Mortgage (ASIC registration number 896582) accompany this form 603 (Annexures B and C):

(b) Events of default under the Facility Agreement and Securities Mortgage occurred and on 5/11/2002 LIM served a notice of default to New Tel under the Facility Agreement and Securities Mortgage;

(c) Relevantly, under clause 13 of the Securities Mortgage after an event of default occurs New Tel irrevocably appoints LIM and its employees at any time severally as its attorneys with power in the name of New Tel or the attorney to:

- do anything New Tel is obliged to have done pursuant to the Securities Mortgage;
- do anything the attorney considers necessary or desirable to facilitate the exercise of any of LIM's rights under the Securities Mortgage, the payment to LIM of money owing under the Securities Mortgage or protection of LIM's rights;

(c) Relevantly, under clause 7 of the Securities Mortgage after an event of default has occurred LIM has the right to request New Tel to give to LIM or its nominee a proxy in relation to any meeting or meetings with authority to vote in the proxy's discretion.

LIM's other powers in respect of the 109,000,000 in addition to those conferred by general law and the qualifications on those powers, are as set out in the Facility Agreement and Securities Mortgage.

....

George Long
DIRECTOR
LIM Asia Arbitrage Fund Inc.
Dated: 18/11/.2

309 2 / 3

LIM ASIA ARBITRAGE FUND INC.

Annexure 'B' to Australian Securities & Investments Commission Form 603
Corporations Act 2001 Section 671B

This is the Annexure B of 35 pages referred to in the Australian Securities & Investments Commission Form 603 signed and dated the 18 day of Nov 2002.

....
George Long
DIRECTOR
LIM Asia Arbitrage Fund Inc.
Dated: 18/11/02

'B'

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Adelaide
Brisbane
Canberra
Melbourne
Perth
Sydney
Auckland
Wellington
Hanoi
Ho Chi Minh City

I certify that this Annexure B is a true copy of the original document.

Eugene Yuk-Kwan **Fung**
Solicitor
21/11/2002

Facility Agreement (Bridge Loan)

LIM Asia Arbitrage Fund Inc.
New Tel Limited

Table of contents

Parties

LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town, Tortola, British Virgin Islands (**Financier**)

New Tel Limited ACN 009 068 955 of 22 Hasler Road, Osborne Park, Western Australia (**Borrower**)

Background

The Financier has agreed to make a single cash advance to the Borrower and the Borrower has agreed to accept that advance and to repay it together with interest on the terms set out in this document.

Queensland Duty Paid $NIL
On the Amount of $NIL Duty Code MORT
COLLATERAL TO $2000 000
DUTY ACCOUNTED FOR
13A:BNE:16352 Transaction Number 28/02
Signed: 6/11/02

Operative provisions

1 Advance

Advance

1.1 Subject to this document, the Financier agrees to make a single cash advance to the Borrower of A$2,000,000 to assist with the acquisition of the DigiPlus Shares.

Conditions precedent

1.2 The obligations of the Financier under this document are subject to it first receiving in a form and substance satisfactory to it:

1.2.1 **(holding lock)** confirmation from AEC's share registry that a holding lock has been applied in relation to the AEC Shares;

1.2.2 **(share registry undertaking)** an undertaking from AEC's share registry in the form set out in Schedule 1;

1.2.3 **(AEC Debt)** evidence that:

(a) the AEC Debt has been assigned absolutely to the Financier in accordance with the AEC Securities Mortgage; and

(b) the Financier is, at the date of this document, owed absolutely the AEC Debt;

1.2.4 **(consents to AEC Securities Mortgage and DigiPlus Share Mortgage)** evidence satisfactory to it that:

(a) AEC has consented, in a form acceptable to the Financier, to the grant of the AEC Securities Mortgage and in particular the absolute assignment by the Borrower to the Financier of the AEC Debt; and

(b) The DigiPlus Vendors have consented, in a form acceptable to the Financier, to the grant of the DigiPlus Share Mortgage;

1.2.5 **(Relevant Documents)** the execution and delivery to the Financier of:

(a) the Relevant Documents duly executed by the Borrower and all other parties (except the Financier);

(b) any other documents required by the Financier under the Relevant Documents necessary to stamp, register or otherwise perfect the Financier's interest in the Relevant Documents including ASIC Forms 309 and 350 in registrable form in relation to the AEC Securities Mortgage and DigiPlus Share Mortgage duly executed by the Borrower; and

(c) any documents or information required to be provided to the Borrower under the Relevant Documents;

1.2.6 **(ASX announcements)** the announcements which the Borrower and AEC will make to ASX immediately after the execution of this document and the making of the advance;

1.2.7 **(grant of Options)** the instructions which the Borrower will give its share registry immediately after the execution of this document to grant the Options and an undertaking from the share registry in the form set out in Schedule 3;

1.2.8 **(legal opinion)** a legal opinion in relation to the Relevant Documents and the grant of Options;

1.2.9 **(other documents)** any other information or document which the Financier reasonably requests in relation to the Borrower, its proposed acquisitions or affairs; and

1.2.10 **(commitment fee)** payment of the commitment fee in accordance with clause 5.3.

Acknowledgement by Financier

1.3 The Financier:

1.3.1 acknowledges that the Borrower has entered into a contract to sell the AEC Shares; and

1.3.2 agrees within 5 Business Days after receipt of a request by the Borrower to release the AEC Shares from the AEC Securities Mortgage in exchange for:

(a) receipt of the proceeds of sale; or

(b) receipt of replacement or substitute security having a value and otherwise on terms and conditions satisfactory to the Financier in its absolute discretion

2 Interest

Liability

2.1 Subject to clause 2.2, the Borrower must pay the Financier interest on the Principal Outstanding at the rate of 20% per annum compounded monthly in arrears in accordance with clause 2.3 on or before the Repayment Date.

2.2 If, however, on the Repayment Date, there is no subsisting Event of Default and the Borrower pays the Financier all the Money Owing (calculated on the basis of the interest rate under this clause 2.2), then the Financier will accept interest calculated at the rate of 12% instead of 20%.

Payment of interest on Principal Outstanding

2.3 All interest accrues daily until all Money Owing is repaid.

2.4 On the last day of each calendar month, all accrued interest on any Principal Outstanding will be capitalised and form part of the Principal Outstanding of the relevant Loan. Capitalised interest will itself bear interest at the rate specified in clauses and 2.2 from the date of capitalisation up to and including the date of actual payment.

3 Repayment

Repayment

3.1 The Borrower must pay the Money Owing to the Financier in full on or before the Repayment Date.

Early repayment

3.2 The Borrower may repay all or part of the Principal Outstanding before the Repayment Date only if:

3.2.1 the Borrower gives the Financier not less than 2 Business Days notice in writing that it intends to repay, and specifies the amount of the repayment and the date for repayment; and

3.2.2 it repays the Principal Outstanding in full, or the amount the Borrower wants to repay is:

(a) at least $100,000; and

(b) a whole number multiple of $100,000; and

3.2.3 the Borrower pays on the day specified in the notice.

3.3 If the Borrower gives a notice contemplated by clause 3.2.1, the Borrower must make the payment specified in that notice and must not revoke or purport to revoke that notice.

Proceeds from GEM Equity Line

3.4 Notwithstanding clauses 3.2 and 3.3, the Borrower must:

3.4.1 apply any monies which it receives or is entitled to receive under the GEM Equity Line towards repayment of the Money Owing; and

3.4.2 otherwise comply strictly with clauses 4.8 and 4.9 of the GEM Equity Line.

4 Grant of Options

4.1 On the Issue Date the Borrower must grant to the Financier such number of Options determined in accordance with the following formula:

Number of Options to be granted = A$2,000,000 ÷ Exercise Price

Where:

Exercise Price means the lower of A$0.30 per share or the volume weighted average sale price of ordinary shares in the Borrower traded on ASX over the Trading Period.

Trading Period means the period starting on and from the Trading Day immediately after the date of this document and ending at 4.00pm (Brisbane time) on 31 October 2002.

4.2 The Borrower represents and warrants to the Financier that the grant of Options under this document:

4.2.1 does not require any third party approvals or consents under law or ASX's listing rules including without limitation the approval of holders of ordinary securities under listing rule 7.1; and

4.2.2 otherwise does not breach any law of the ASX listing rules including without limitation listing rule 7.16.

4.3 If for whatever reason, the Borrower is prohibited by law or under the ASX listing rules from granting the full number of Options to which the Financier is entitled under this document, the Borrower must grant such a number of Options which it is entitled to grant and take such steps which may be necessary to grant the remaining Options. This clause does not in any way limit or waive any rights or remedies which the Financier may have for any breach of warranty or contract by the Borrower under any of the Relevant Documents.

5 Indemnities, fees, costs and expenses

Indemnity

5.1 On demand, the Borrower indemnifies the Financier against any loss, cost liability or reasonable expense including legal costs on a full indemnity basis which the Financier incurs or suffers as a result of or in connection with the occurrence of an Event of Default or any breach of a representation or warranty or any other provision of a Relevant Document.

Indemnity for early or late payment

5.2 The Borrower indemnifies the Financier against any loss or expense the Financier incurs or suffers as a result of the Money Owing or any part of the Money Owing:

5.2.1 being paid or repaid to the Financier after the date on which it is due; or

5.2.2 becoming payable to the Financier early as a result of an Event of Default.

Commitment fee

5.3 The Borrower must pay LIM Advisors Limited a commitment fee of A$15,000 on the date of this document which the Financier may deduct and retain from the advance.

Costs and expenses

5.4 The Borrower indemnifies the Financier against, and must pay on demand to the Financier, all Taxes, costs and expenses (including, but not limited to, legal costs and expenses on a full indemnity basis) which the Financier pays, or is liable to pay, in connection with:

5.4.1 obtaining payment of the Money Owing; or

5.4.2 protecting, enforcing or exercising a right, power or remedy of the Financier or a receiver or an attorney appointed under a Relevant Document; or

5.4.3 an Event of Default; or

5.4.4 obtaining advice (including, but not limited to, legal advice) from a professional person or consultant in connection with any of the events in this clause 5.4.

Goods and Services Tax

5.5 Without limiting the generality of this document, if any supply made:

5.5.1 under or in connection with this document; or

5.5.2 by the Financier or an External Administrator in the course of exercising or attempting to exercise rights given under this document or another Relevant Document,

5.5.3 is subject to GST, the Borrower must pay the Financier in respect of that supply an amount sufficient to ensure that the Financier retains, after payment of GST, the amount that the Financier would have received had GST not been payable. The Borrower must pay any amount payable under this clause on the same date as payment must be made for the supply giving rise to the GST or on such other date that the Financier demands payment from the Borrower.

5.6 Any word or expression used in this clause which is defined in *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* has the same meaning in this document.

6 General obligations

Positive obligations

6.1 From the date of this document until the Money Owing is paid in full the Borrower must and must cause each Group Company to:

6.1.1 carry on its business in a proper and efficient way and obtain, renew and maintain all licences, consents and approvals advisable in connection with that Group Company's business;

6.1.2 comply with all applicable laws including without limitation the Corporations Act and ASX's listing rules;

6.1.3 pay when due the Taxes assessed, levied or imposed on the Group Company or on assets held by the Group Company in any capacity;

6.1.4 do everything necessary to ensure that no Event of Default occurs; and

6.1.5 Comply strictly with the Relevant Documents.

Negative obligations

6.2 The Borrower must not, without the Financier's consent:

6.2.1 materially change the nature of its business from the way it is at the date of this document or permit a Group Company to do that; or

6.2.2 allow anything to be done to lessen the Financier's rights, powers or remedies under a Relevant Document; or

6.2.3 declare or pay a dividend if:

(a) it would have a material adverse effect on the ability of the Borrower to meet its obligations under a Relevant Document; or

(b) an Event of Default has occurred and has not been remedied,

or allow or permit a Group Company to do that; or

6.2.4 except for the First Mortgage (as defined in the AEC Securities Mortgage), create, permit or allow a Security Interest over the AEC Shares or AEC Debt ranking in priority to the Money Owing to the Financier.

Notices to the Financier

6.3 The Borrower must notify the Financier as soon as the Borrower or any Group Company becomes aware of:

6.3.1 an Event of Default or any other circumstance which could become an Event of Default; or

6.3.2 a representation or warranty in clause 7, or in another Relevant Document, becoming false or misleading (giving full details).

Sale of AEC Shares

6.4 Until such time as the Money Owing is repaid in full or the AEC Shares are sold with the Financier's consent in accordance with this document, the Borrower must keep the Financier fully informed, on a current basis, of the status of all negotiations with any and all potential purchasers of the AEC Shares.

7 Borrower's representations and warranties

7.1 The Borrower represents and warrants to the Financier that:

7.1.1 in relation to the AEC Securities:

(a) Subject to the AEC Share Sale Agreement, it is the legal and beneficial owner of the AEC Securities;

(b) The AEC Shares represent approximately 67.35% of the total issued share capital of the AEC;

(c) There are no Security Interests in respect of or over the AEC Securities;

(d) The AEC Shares are held by the Borrower in an Issuer Sponsored Holding with the Share Registry and not in Participant Sponsored Holding;

(e) a holding lock has been applied to the AEC Shares and the Share Registry has given an undertaking in the form set out in Schedule 1;

(f) There has been no breach of the AEC Deed or the AEC Share Sale Agreement by any party to those documents (except the Financier) and there are no circumstances which with the passage of time would constitute a breach of the AEC Deed or the AEC Share Sale Agreement by any party to those documents (except the Financier);

(g) Each Relevant Document is valid, binding, subsisting and enforceable according to their tenor;

(h) All of the terms and conditions of the AEC Debt and AEC Share Sale Agreement have been disclosed to the Financier;

(i) The Borrower has no reason as at the date of this document to believe that completion of the AEC Share Sale Agreement will not occur on or about 31 December 2002;

(j) All Taxes have been paid in respect of the AEC Deed;

(k) The Borrower has the power and authority to grant the AEC Securities Mortgage and the DigiPlus Share Mortgage; and

(l) All representations and warranties in the AEC Deed are true and accurate and not misleading as at the date of this document.

7.1.2 In relation to the DigiPlus Shares:

(a) All of the terms and conditions of the DigiPlus Share Purchase Agreement have been disclosed to the Financier;

(b) Subject to the DigiPlus Share Purchase Agreement, on completion of that agreement, the Borrower will be the legal and beneficial owner of the DigiPlus Shares free of any Security Interests;

(c) The DigiPlus Shares are all of the total issued share capital and other securities of DigiPlus Investments Limited (a New Zealand company);

(d) There has been no breach of DigiPlus Share Purchase Agreement by any party and there are no circumstances which with the passage of time would constitute a breach of that agreement by any party; and

(e) The DigiPlus Share Purchase Agreement is valid, binding, subsisting and enforceable according to their tenor;

7.1.3 Each Group Company was properly incorporated and validly exists and has the power to enter into each Relevant Document to which it is a party and to carry out any transaction or obligation contemplated by it;

7.1.4 the details regarding the current officers and registered office of the Borrower and AEC contained in the records of the Australian Securities & Investments Commission are true and correct;

7.1.5 all necessary action (including without limitation obtaining all third party consents, shareholder approvals and internal procedures) has been taken to make each Relevant Document to which any Group Company is a party valid and binding on them and to enable the Group Company to carry out any transaction or obligation contemplated by them;

7.1.6 executing and performing this document and the other Relevant Documents to which a Group Company is a party does not:

(a) conflict with any document or arrangement that binds the Group Company; or

(b) result in a Security Interest (other than under a Relevant Document) being created on, or a charge crystallising over, an asset of Group Company;

(c) require any third party approvals or consents (except as contemplated in clause 1.2.4;

7.1.7 each Group Company is solvent and there are reasonable grounds to expect that, on execution of each Relevant Document to which a Group Company is a party, each Group Company will continue to be able to pay all its debts as and when they become due and payable;

7.1.8 no litigation or other proceeding which could have a material adverse effect on a Group Company is taking place, pending or threatened against any Group Company;

7.1.9 no Event of Default has occurred;

7.1.10 no other circumstance exists which could become an Event of Default if a notice is given, a period of time lapses or another requirement is fulfilled;

7.1.11 all information provided to the Financier by the Borrower or any of its advisors is accurate in all material respects and not deficient, misleading or deceptive in any material respect whether by its inclusion or by the omission or other information;

7.1.12 each Group Company has not disclosed to the Financier any information which is not generally available and which a reasonable person would expect to have a material effect on the price of that Group Company's shares;

7.1.13 all material facts or circumstances known to it and relevant to the decision of the Financier to enter into this transaction have been disclosed by it to the Financier;

7.1.14 no Group Company enters into any Relevant Document as the trustee of a trust; and

7.1.15 each Group Company has relied on its own investigations and enquiries regarding the nature of the transactions contemplated by the Relevant Documents and has not relied on any information, advice or opinion given or offered by or on behalf of the Financier, even if in answer to any enquiry by or for that Group Company.

7.2 The Borrower acknowledges that the Financier has entered into the Relevant Documents in reliance on the representations and warranties in this document.

8 Payments to Financier

Payment to be on Business Day

8.1 If a payment under this document falls due on a day that is not a Business Day, it must be paid on the previous Business Day.

Manner of payment

8.2 Payments must be made:

8.2.1 to a Financier, or as directed by it; and

8.2.2 at the place or into the account notified by the Financier to the Borrower; and

8.2.3 at or before 12 noon on the due date in the place where the payment is to be made; and

8.2.4 in immediately available funds; and

8.2.5 free of any set-off, deduction or counterclaim.

Deduction or withholding required

8.3 If the Borrower must deduct or withhold Taxes from a payment to a Financier it must:

8.3.1 make those deductions or withholdings (or both); and

8.3.2 pay the full amount deducted or withheld as required by the relevant law; and

8.3.3 give the Financier a receipt for each payment; and

8.3.4 increase its payment to the Financier to an amount which will result in the Financier receiving the full amount which would have been received if no deduction or withholding had been required.

9 Default

Events of Default

9.1 An Event of Default occurs if:

9.1.1 **(non-payment)** the Borrower does not pay the whole or any part of the Money Owing when due;

9.1.2 **(obligation not complied with)** the Borrower does not comply with an obligation under a Relevant Document or an event of default (however described) occurs under a Relevant Document; or

9.1.3 **(non compliance with AEC Deed)** AEC does not comply strictly with an obligation under the AEC Deed including without limitation its obligation to convene and obtain the shareholder approvals contemplated in that document within the times set out in that document;

9.1.4 **(AEC Shares)** without limiting anything else in this clause - the Borrower does not provide a full written response to any written inquiry made by the Financier in relation to the matters in clause 6.4 within 5 Business Days of the Financier making such an inquiry;

9.1.5 **(incorrect statement or representation)** a statement or representation:

(a) made to the Financier by or on behalf of the Borrower or a Related Party; or

(b) made in a certificate, report or opinion given to the Financier, proves to be incorrect or misleading in any way which the Financier considers material; or

9.1.6 (**undertaking not complied with**) an undertaking given to the Financier or the Financier's solicitors by or on behalf of the Borrower is not complied with promptly and, unless otherwise specified, within 30 days of giving the undertaking; or

9.1.7 (**funding applied for other purpose**) a Loan is applied for a purpose other than a purpose specified in clause 1.1; or

9.1.8 (**cross default - repayment**) any indebtedness of the Borrower:

(a) becomes payable before its normal maturity because of actual or potential default, or an event of default (however described); or

(b) is not paid when due after taking into account any applicable grace period; or

9.1.9 (**creditors**) the Borrower or the Company stops payment to creditors generally or enters into an arrangement, assignment or composition with its creditors (except with the consent of the Financier) or proposes to do so; or

9.1.10 (**business stopped**) without the consent of the Financier the Borrower or the Company stops or threatens to stop carrying on its business; or

9.1.11 (**External Administrator**)

(a) an External Administrator is appointed; or

(b) the Borrower, or the Company or any person on their behalf requests the appointment of an External Administrator,

to the Borrower, the Company or any of their assets; or

9.1.12 (**enforcement proceedings**) execution or distress takes place or is attempted or an order to execute a judgment (however described) is made against the Borrower, the Company or any of their assets; or

9.1.13 (**Security Interest enforceable**) a Security Interest created or entered into by the Borrower or the Company becomes enforceable and any step is taken to enforce it; or

9.1.14 (**prior trust not disclosed**) the Borrower did not disclose to the Financier in writing, before or at the time this document was executed, the fact that:

(a) it or the Company was entering into the transactions contemplated by this document as a trustee or in a trust capacity; or

(b) all or any part of the assets held by it or the Company are held in trust for or on behalf of any other person; or

9.1.15 (**Winding Up**):

(a) an order is made for the Winding Up of the Borrower or the Company; or

(b) proceedings are commenced or an application is made for the Winding Up of the Borrower or the Company and not withdrawn or dismissed within seven days; or

(c) an effective resolution is passed or a meeting is summoned or convened to consider a resolution for the Winding Up of the Borrower or the Company, except with the consent of the Financier and for the purpose of amalgamation or reconstruction;

9.1.16 (**grounds for Winding Up**) a circumstance specified in section 461 of the Act occurs to the Borrower or the Company; or

9.1.17 (**deregistration**) a step is taken under section 601AA, 601AB or 601AC of the Act to cancel the registration of the Borrower or the Company; or

9.1.18 (**change in constituent documents**) the Borrower or the Company alters its constitution or other constituent documents without the consent of the Financier; or

9.1.19 (**business changed**) the Borrower or the Company substantially changes the nature of its business without the consent of the Financier; or

9.1.20 (**change in control**) the control of the Borrower or the Company or the composition of the board of directors of the Borrower or the Company changes in any way which the Financier thinks is detrimental to its interests under a Relevant Document, without the consent of the Financier; or

9.1.21 (**unenforceability**) anyone finds, or the Borrower says that, a Relevant Document or a provision of a Relevant Document is void, voidable or unenforceable, or anyone becomes entitled to terminate or rescind all or any part of a Relevant Document; or

9.1.22 (**material adverse change**) an event occurs which, in the reasonable opinion of the Financier, has a material adverse effect on the Borrower, the Company or property the subject of a Security Interest in favour of the Financier.

Consequences of Event of Default

9.2 After an Event of Default the Financier may:

9.2.1 declare the Money Owing payable. If so, the Money Owing becomes immediately payable; or

9.2.2 give notice to the Borrower that all the obligations of the Financier under this document are immediately at an end; or

9.2.3 do both of the things in clauses 9.2.2 and 9.2.3.

10 Illegality

10.1 If the Financier decides that it is unlawful to allow the Principal Outstanding to remain outstanding:

10.1.1 the Financier must notify the Borrower of that decision promptly; and

10.1.2 if the Financier requires it, the Borrower must pay the Money Owing in full to the Financier on the date specified by the Financier.

11 Preserving Financier's rights, powers and remedies

Preservation

11.1 The fact that the Financier does not exercise, or delays the exercise of, any right, power or remedy does not affect any of its other rights, powers or remedies.

11.2 The fact that the Financier delays the exercise of any right, power or remedy does not constitute a waiver of that right, power or remedy.

11.3 The fact that the Financier exercises a right, power or remedy does not prevent the Financier from exercising that right, power or remedy again.

11.4 This document does not operate to extinguish or prejudice any right, power or remedy of the Financier under a Relevant Document or a negotiable instrument.

Moratorium legislation

11.5 A moratorium does not apply to a Relevant Document or the recovery of the Money Owing except if:

11.5.1 the Financier agrees in writing that it does; or

11.5.2 it cannot be excluded by law.

Reinstating or replacing rights

11.6 If any payment made to the Financier in reduction of the Money Owing is repaid or conceded to be void, voidable or repayable for any reason, then, despite any release, settlement or discharge in connection with the Money Owing:

11.6.1 that payment has not discharged the relevant liability; and

11.6.2 the Financier may recover the amount of that payment from the Borrower; and

11.6.3 the Borrower must:

(a) immediately do all acts and things the Financier requires to replace or reinstate this document; and

(b) indemnify the Financier against and pay on demand all costs and expenses in connection with replacing or reinstating this document.

Effect of release

11.7 A full or partial release of this document by the Financier does not release the Borrower from personal liability under this document until the Financier receives the Money Owing, regardless of any:

11.7.1 receipt given, payout figure quoted or other form of account stated; or

11.7.2 error or miscalculation by the Financier.

Indemnities continuing

11.8 Each indemnity given by the Borrower to the Financier under this document is a continuing indemnity. A full or partial release of this document does not release the Borrower from liability under an indemnity unless the release is specifically of that indemnity.

12 Notices

Signing

12.1 Notice from or demand by the Financier to or on the Borrower may be signed by an Authorised Officer of the Financier, or by a solicitor acting for the Financier. This signature may be handwritten or printed or reproduced by other means.

Sending

12.2 In addition to any method of service provided for by statute, a notice from or demand by the Financier is given to or made on the Borrower if it is:

12.2.1 sent by facsimile to the facsimile number of the Borrower last known to the Financier or, if more than one facsimile number is known to the Financier, to any of those facsimile numbers; or

12.2.2 left for the Borrower, or sent by prepaid mail (and by airmail if to an address outside Australia) to the Borrower at:

(a) the address of the Borrower set out in this document; or

(b) the Borrower's usual place of business last known to the Financier; or

(c) the Borrower's registered office; or

(d) premises owned or occupied by the Borrower.

Validity

12.3 A notice or demand under this clause is validly given even if:

12.3.1 the Borrower has been Wound Up or the Borrower is absent from the place the notice or demand is left at or delivered or sent to; or

12.3.2 the notice or demand is returned unclaimed.

Receipt

12.4 A notice or demand is taken to have been received by the Borrower:

12.4.1 if delivered personally, on the same day; and

12.4.2 if posted to an address in Australia, on the second Business Day after it was posted; and

12.4.3 if posted to an address outside Australia, on the fourth Business Day after it was posted; and

12.4.4 if sent by facsimile, when a transmission report is produced by the sender' facsimile machine indicating that the notice or demand has been sent to the relevant number.

13 Miscellaneous

Assignment

13.1 The Financier may transfer, assign novate or otherwise deal with any or all of its rights under this document for any reason and at any time.

Costs

13.2 The Borrower must pay to the Financier all legal costs and expenses incurred by the Financier in connection with the preparation, negotiation and execution of the document and the documents and transactions contemplated under this document up to a maximum amount of A$20,000.

Stamp Duty

13.3 The Borrower must pay:

13.3.1 all stamp, transaction and any other similar duties and registration, variation, discharge or release charges in relation to this document and the transactions and documents contemplated in this document; and

13.3.2 any fines or penalties, except those which are a direct result of delay by the Financier.

No obligation to exercise rights or give consent

13.4 The Financier may:

13.4.1 exercise or not exercise any right, power or remedy; and

13.4.2 give or not give consent; and

13.4.3 make or not make a decision,

under this document, in its absolute discretion without giving a reason and without being liable or accountable for the consequences.

Consent must be in writing

13.5 A consent given or a right, power or remedy waived by the Financier is effective only if given or waived in writing.

Notification from Borrower

13.6 If the Borrower is required under this document to notify the Financier about anything, the Borrower must do so in writing.

Financier may set off

13.7 Without any demand or notice, the Financier may set off and apply indebtedness it owes to the Borrower (whatever the currency) against the Money Owing:

- 13.7.1 whether or not the indebtedness is owed alone or with any other person; and
- 13.7.2 whether or not the Money Owing is immediately payable.

Borrower must not set off

13.8 The Borrower must not claim, exercise or attempt to exercise a right of set-off or any other right which might reduce or discharge the Money.

Applying receipts

13.9 The Financier may apply or appropriate money received to reduce the Money Owing in the order, and to satisfy whatever part of the Money Owing, the Financier sees fit.

Certain notices or demands

13.10 A notice from or demand by the Financier stating:

- 13.10.1 that a specified sum of money is owing or payable (or both) under a Relevant Document; or
- 13.10.2 that an Event of Default has occurred; or
- 13.10.3 something relevant to the rights or obligations of the Financier or the Borrower under a Relevant Document,

is admissible in proceedings and prima facie conclusive evidence of the matters stated in it.

Severability

13.11 A construction of this document that results in all provisions being enforceable is to be preferred to a construction that does not so result.

13.12 If, despite the application ofclause 13.11, a provision of this document is illegal or unenforceable:

- 13.12.1 and it would be legal and enforceable if a word or words were omitted, that word or those words are severed; and
- 13.12.2 in any other case, the whole provision is severed,

and the remainder of this document continues in force.

Variation of agreement

13.13 A variation of this document must be in writing and signed by or for the Financier and by or for the Borrower.

Counterparts

13.14 This document may be executed in any number of counterparts.

Governing law and jurisdiction

13.15 This document is governed by the law applicable in Queensland and the Borrower submits to the non-exclusive jurisdiction of the courts of Queensland.

14 Definitions and interpretation

Definitions

14.1 In this document the following definitions apply:

Act means the Corporations Act 2001.

ASX means the Australian Stock Exchange Limited ACN 008 624 691.

A$** or **$ means Australian dollars.

AEC means Advanced Engine Components Limited ACN 009 081 770. **AEC Debt** means:

(a) all monies owing by AEC to the Borrower as at the date of this document including without limitation a debt of $4,000,000 and all other monies owing under the AEC Deed whether by way of interest, fees, costs, charges, damages or otherwise together with all rights whatsoever to claim payment of those monies; and

(b) all of the Borrower's present and future right, title and interest in and to all entitlements and benefits arising in favour of the Borrower under the AEC Deed including, without limitation, any shares issued under or pursuant to the AEC Deed or any varied or amended terms and conditions of AEC's indebtedness to the Borrower.

AEC Deed means a deed of acknowledgment of debt between the Financier, the Borrower and AEC dated on or about the date of this document.

AEC Securities means the charged property as defined in the AEC Securities Mortgage.

AEC Securities Mortgage means a securities mortgage dated on or about the date of this document granted by the Borrower to the Financier over certain property including the AEC Shares and the AEC Debt more particularly defined as charged property in the securities mortgage.

109,000,000

AEC Shares means ~~110,000,000~~ shares in the capital of Advanced Engine Components Limited ACN 009 081 770 registered in the name of the Borrower in an Issuer Sponsored Holding.

AEC Share Sale Agreement means the agreement under which the Borrower has agreed to sell the AEC Shares.

Authorised Officer means a person holding or acting in the office of director, chief executive or secretary, or whose title includes the word **Manager** or **Director**.

Business Day means any day other than a Saturday, Sunday, bank holiday or public holiday in Brisbane, Queensland.

Business Rules means the business rules of ASX.

Company means AEC and DigiPlus together or separately as the context requires.

DigiPlus means DigiPlus Investments Limited AK/1161072 (a company incorporated in New Zealand)

Digiplus Shares means all of the shares in DigiPlus comprising 100 ordinary shares..

DigiPlus Share Purchase Agreement means the agreement under which the Borrower has contracted to acquire the DigiPlus Shares.

DigiPlus Share Mortgage means the mortgage dated on or about the date of this document granted by the Borrower to the Financier over certain property including the DigiPlus Shares.

DigiPlus Vendors means such persons entitled to a Security Interest over the DigiPlus Shares under the DigiPlus Share Purchase Agreement.

Event of Default means each event listed in clause 9.

Exercise Period means the period starting on and from the day immediately after the date of this document and ending at 5.00pm (Brisbane time) on the day which is 4 years after the date of this document.

External Administrator means an administrator, receiver, receiver and manager, trustee, provisional liquidator, liquidator, inspector or any other person (however described) holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

Financial Year means a period of 12 months commencing 1 July in any year and ending on 30 June in the following year.

Financier means LIM Asia Arbitrage Fund Inc.

GEM Equity Line means an equity line facility agreement between the Borrower and other parties including GEM Global Yield Fund Ltd (a West Indies company) (**GEM**) under which GEM agrees to provide to the Borrower a A$22,000,000 equity line and a loan agreement between GEM and the Borrower, both dated on or about the date of this document.

Group Company means any of the Borrower or the Company.

Holding Lock has the same meaning given to that expression under the listing rules of ASX.

Issue Date means 1 November 2002.

Loan means a cash advance provided by a Financier to the Borrower under this document.

Money Owing means, at any time, all money (in whatever currency) that the Borrower is at that time liable (actually, prospectively or contingently) to pay to the Financier on any account and in any way whatever under or in connection with a Relevant Document (including by way of principal, interest, fees, costs, charges, expenses) or damages and money which the Borrower would be liable to pay but for its insolvency.

Options means options to subscribe for unissued shares in the capital of the Borrower having the terms and conditions set out in Schedule 2.

Principal Outstanding means, at any time, the aggregate principal amount of the then outstanding Loan under this document.

Public Authority means the Crown, a government, a minister of a government, a government department, a statutory corporation, or a semi-government or judicial entity.

Relevant Document means:

(a) this document;

(b) the AEC Deed;

(c) the AEC Share Sale Agreement;

(d) the AEC Securities Mortgage;

(e) the DigiPlus Share Purchase Agreement;

(f) DigiPlus Share Mortgage;

(g) the GEM Equity Line; and

(h) any other document the parties agree to be a Relevant Document

Repayment Date means the date which is the earlier of:

(a) 15 December 2002; or

(b) any earlier date on which the Money Owing becomes payable under this document.

Security Interest means a mortgage, pledge, lien, charge, preferential right, trust arrangement, agreement or other arrangement given, arising or created as security.

Share Registry means Computershare Investor Services Pty Ltd of Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia.

Tax includes a tax, levy, duty or charge (and associated penalty or interest) imposed by a Public Authority. It includes income, withholding, stamp and transaction taxes and duties but does not include income tax on the overall net income of the Financier.

Trading Day has the meaning given to that expression in ASX Business Rules from time to time which as at the date of this document means a day other than:

(a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and

(b) any other day which the ASX declares and publishes is not a Trading Day; and

notwithstanding (a), a day for which the purposes of settlement, ASX declares is a Trading Day notwithstanding that there is to be no Official Meeting (as defined in the Business Rules) on that day or that dealings between participating organisations are suspended on that day.

Winding Up includes:

(a) dissolution, liquidation, provisional liquidation and bankruptcy; and

(b) a procedure which is equivalent or analogous in any jurisdiction.

Interpretation

14.2 In this document, unless the context otherwise requires:

14.2.1 a reference to any law or legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;

14.2.2 a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time;

14.2.3 a reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this document unless otherwise stated;

14.2.4 an expression importing a natural person includes any company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;

14.2.5 a reference to a business day means a day on which all banks are open for business generally in Brisbane, Queensland;

14.2.6 the day on which any act, matter or thing is to be done under this document is not a business day, that act, matter or thing may be done on the next business day;

14.2.7 a covenant or agreement on the part of two or more persons binds them jointly and severally; and

14.2.8 the schedules and attachments form part of this document.

Calculations on Daily Basis

14.3 All interest, amounts in the nature of interest and fees under this document will be calculated on a daily basis and the year of 365 days.

Things required to be done on a Business Day

14.4 If anything (other than the making of a payment) is required by this document to be done on or by a day which is not a Business Day then it must be done on or by the next following Business Day.

Execution

Executed as an agreement

Date: 11 October 2002

Executed by **LIM Asia Arbitrage Fund Inc.** by being signed by:

....

Signature of Director

....

Signature of *Director/*Company Secretary

....

Print full name

....

Print full name

Delete whichever is not applicable

Executed by **New Tel Limited**
ACN 009 068 955 by being signed by:

....

Signature of Director

....

Signature of *~~Director~~/*Company Secretary

PETER [illegible]

....

Print full name

CRAIG PIERCY

....

Print full name

Delete whichever is not applicable

Schedule 1

AEC share registry undertaking

By: **Computershare Investor Services Pty Ltd**
Level 2, Reserve Bank Building
45 St George's Terrace
Perth. WA. 6000
Australia
(Share Registry)

To: **LIM Asia Arbitrage Fund Inc**
Craigmuir Chambers
PO Box 71 Road Town
Tortola, British Virgin Islands
Attention: George Long
(**Financier**)

And To: **New Tel Limited ACN 009 068 955**
22 Hasler Road, Osborne Park
Western Australia
(**Borrower**)

Undertaking – Shareholding in Advanced Engine Components Limited

1. The Share Registry represents and warrants to the Financier and the Borrower that:
   (a) The Borrower is the registered holder of 109,000,000 ~~110~~,000,000 shares in the capital of Advanced Engine Components Limited ACN 009 081 770 in an Issuer Sponsored Holding (the **AEC Shares**); and
   (b) a holding lock has been applied to the AEC Shares.
2. The Share Registry must:
   (a) Not effect not effect any Transfers or Conversions or otherwise deal with, or do any other thing in connection with, the AEC Shares, except in accordance with the instructions, or with the prior written consent, of the Financier; and
   (b) at any time after the occurrence of an Event of Default, effect any Transfers or Conversions or otherwise deal with, or do any other thing in connection with, the AEC Shares in accordance with the instructions of the Financier.

3. The Share Registry is under no duty to enquire whether the Financier is entitled to validly give any consent or instructions.

4. The Share Registry must copy to the Financier all notices in relation to the AEC Shares which the Share Registry gives to the Borrower at the same time as the notices are given to the Borrower.

5. Words and expressions in this undertaking have the same meaning given to those words and expressions in a Facility Agreement dated on or about the date of this undertaking and in the business rules of ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532 from time to time.

Executed as a deed poll

Date:

Executed for an on behalf of **Computershare Investor Services Pty Ltd** by an authorised representative who certifies that he or she has not received before the date of this deed any notice of revocation of his or her authority:

....	....
Signature of witness	Signature of authorised representative
....	....
Print full name	Print full name

Schedule 2

Option terms and conditions of issue

Entitlement

1. Subject to and conditional upon any adjustment in accordance with these conditions, each Option entitles the holder to subscribe for one fully paid ordinary share upon payment of the exercise price as determined in accordance with a facility agreement (**Facility agreement**) under which the Option has been granted (**Exercise Price**).

Exercise Period

2. An Option is exercisable by the holder at any time starting on and from 31 December 2002 until 5pm (Brisbane time) on 31 October 2006 (the **'Expiry Date'**). Options not exercised by the Expiry Date lapse.

Manner of exercise of Options

3. Each Option may be exercised by notice in writing addressed to the Borrower's registered office. There is no restriction on the number of Options that may be exercised at any one time. Payment of the Exercise Price for each Option must accompany each notice of exercise of option. All cheques must be payable to the Borrower and be crossed 'not negotiable'.

Ranking of Shares

4. Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those shares

Timing of issue of Shares

5. After an Option is validly exercised, the Borrower must as soon as possible:

   (a) issue and allot the Share as soon as possible; and

   (b) do all such acts matters and things to obtain the grant of quotation for the Shares on ASX no later than 5 business days from the date of exercise of the Option.

Options transferrable

6. Options may be transferred in the same manner as Shares and may be exercised by any other person or body corporate.

Participation in new issues

7. An Option holder may participate in new issues of securities to holders of Shares only if and to the extent that:

   (a) an Option has been exercised; and

   (b) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

8. The Borrower must give notice to the Option holder of any new issue not less than 10 Business Days before the record date for determining entitlements to the issue.

Adjustment for bonus issues of shares

9. If the Borrower makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

   (a) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

   (b) no change will be made to the Exercise Price.

Adjustment for rights issue

10. If the Borrower makes an issue of Shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = the fair market value of each share determined by the Board on the record date.

S = the subscription price of a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new security.

Reconstructions

11. If there is any reconstruction of the issued share capital of the Borrower, the number of Shares to which the Option holder is entitled, and/or the Exercise Price, must be reconstructed in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), but in all other respects, the terms for the exercise of a Option will remain unchanged.

Interpretation

12. Defined terms in these conditions have the same meaning as in the Facility Agreement under which the Options were issued.

Schedule 3

New Tel share registry undertaking

By: **Computershare Investor Services Pty Ltd**
Level 2, Reserve Bank Building
45 St George's Terrace
Perth. WA. 6000
Australia
(Share Registry)

To: **LIM Asia Arbitrage Fund Inc**
Craigmuir Chambers
PO Box 71 Road Town
Tortola, British Virgin Islands Attention: George Long
(**Financier**)

And To: **New Tel Limited ACN 009 068 955**
22 Hasler Road, Osborne Park
Western Australia
(**Borrower**)

Undertaking - grant of unlisted options in New Tel Limited

1. The Share Registry represents and warrants to the Financier and the Borrower that the Share Registry has received instructions from the Borrower to grant to the Financier on 1 November 2002 such a number of options in the capital of the Borrower (**Options**) calculated as follows and on the terms and conditions set out in a Facility Agreement between the parties dated on or about the date of this undertaking (the **Facility Agreement**):

   Number of Options to be granted = A$2,000,000 ÷ Exercise Price

   Where:

   Exercise Price means the lower of A$0.30 or the volume weighted average sale price of ordinary shares in the Borrower traded on ASX over the Trading Period.

   Trading Period means the period starting on and from the Trading Day immediately after the date of the Facility Agreement and ending at 4.00pm (Brisbane time) on 31 October 2002.

   Trading Day has the meaning given to that expression in ASX Business Rules from time to time

2. The Share Registry certifies to the Financier and the Borrower that:

(a) the grant of those Options is not more than the number of equity securities which the Borrower can issue or agree to issue without shareholder approval under listing rule 7.1 of ASX's listing rules; and

(b) provided that Borrower does not issue any further equity securities between the date of this undertaking an 1 November 2002, the grant of the Options will not result in more options on issue in the Borrower than underlying securities.

3. The Share Registry undertakes to the Borrower and the Financier on 1 November 2002:

(a) to register the Financier as the holder of the Options in accordance with paragraph 1 above; and

(b) give the Financier an issuer sponsored holding statement setting out the number of Options registered in the name of the Finanicer, the exercise price of those Options (determined in accordance with paragraph 1) and the expiry date of those Options.

4. Words and expressions in this undertaking have the same meaning given to those words and expressions in the Facility Agreement, the ASX listing rules and the business rules of ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532 from time to time.

Executed as a deed poll

Date:

Executed for an on behalf of **Computershare Investor Services Pty Ltd** by an authorised representative who certifies that he or she has not received before the date of this deed any notice of revocation of his or her authority:

....	....
Signature of witness	Signature of authorised representative
....	....
Print full name	Print full name

LIM ASIA ARBITRAGE FUND INC.

Annexure 'C' to Australian Securities & Investments Commission Form 603
Corporations Act 2001 Section 671B

This is the Annexure C of 31 pages referred to in the Australian Securities & Investments Commission Form 603 signed and dated the 18 day of Nov 2002.

....
George Long
DIRECTOR
LIM Asia Arbitrage Fund Inc.
Dated: 18/11/02

'C'

I certify that this Annexure C is a true copy of the original document.

Eugene Yuk-Kwan Fung
Solicitor

21/11/2002

AEC Securities mortgage

New Tel Limited
LIM Asia Arbitrage Fund Inc

Table of contents

Parties

LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town, Tortola, British Virgin Islands (the **Financier**)

New Tel Limited ACN 009 068 955 of 22 Hasler Road, Osborne Park, Western Australia, Australia (**Borrower**)

[illegible]

Background

This document sets out the terms and conditions upon and subject to which the Financier will receive security for the due and punctual payment of the Secured Moneys and the performance of the Secured Obligations.

Operative provisions

Queensland Duty Paid $ NIL
On the Amount of $ NIL Duty Code MORT
DUTY ACCOUNTED FOR
COLLATERAL SECURITY TO $2 000 000
13A:BNE:16352 Transaction Number 28/02
Signed: 6/11/02.

1 Equitable charge over AEC Shares

Unconditional Charge

1.1 For better securing the repayment of the Secured Money and the performance of the Secured Obligations, the Borrower as beneficial owner unconditionally charges as an equitable charge the AEC Shares to the Financier as security for the payment of the Secured Money and the performance of the Secured Obligations. This charge operates as a fixed charge over the AEC Shares.

Irrevocable Direction

1.2 The Borrower must with this document provide the Company with a duly signed irrevocable direction in the form in Schedule 1.

2 Mortgage over the AEC Debt

Absolute assignment

2.1 The Borrower as beneficial owner absolutely assigns and conveys the AEC Debt to the Financier free of all Security Interests as security for the payment of the Secured Money and the performance of all other obligations owed by the Borrower to the Financier. This charge operates as a fixed charge over the AEC Debt.

Irrevocable Direction

2.2 The Borrower must with this document provide the Company with a duly signed notice of assignment in the form in Schedule 2.

3 Redemption

3.1 The agreement in this document will end upon payment in full of the Secured Money and on the Financier being satisfied that no Secured Money will arise in the future by virtue of any current transaction or circumstance.

3.2 At the end of the agreement in this document, the Financier must, at the written request and cost of the Borrower:

3.2.1 In relation to the charged AEC Shares:

(a) redeliver all documents of or evidencing title to the AEC Shares and execute such documents as the Borrower reasonably requires to release and evidence the release of the equitable charge over the AEC Shares constituted by this document; and

(b) advise the Company and the Share Registry that the direction given pursuant to clause 1.1 is revoked.

3.2.2 in relation to the AEC Debt:

(a) absolutely reassign and reconvey the AEC Debt back to the Borrower; and

(b) give the Company a notice of reassignment.

4 Performance of Borrower's obligations generally

4.1 In addition to its obligations under this document, the Borrower must duly perform all of its other obligations (both positive and negative) owed to the Financier under the Relevant Documents.

5 Payment of Secured Money

Time for payment

5.1 Subject to clause 5.3, the Borrower must pay the Secured Money to the Financier at the times and in the manner expressly agreed between the Borrower and the Financier specified in the Facility Agreement or the Relevant Documents and in the absence of any express agreement, immediately upon demand by the Financier.

No precondition to demanding payment of the Secured Money

5.2 The Borrower agrees to pay the Secured Money when it becomes payable pursuant to clause 5.1 irrespective of whether the Financier has made any demand on the Borrower or any other person liable to pay the Secured Money.

Payment following an Event of Default

5.3 If an Event of Default occurs, the Borrower must pay the Secured Money to the Financier immediately upon demand.

Payment without deduction or set-off

5.4 Secured Money must be paid in full without any deduction. The Borrower waives all rights of set-off, combination or counterclaim in relation to payment of Secured Money.

Credit for payment

5.5 The Borrower will be given credit for payment of Secured Money only upon its actual receipt in immediately available funds.

Application of payments

5.6 The Borrower irrevocably waives its right to determine the appropriation of any money paid to the Financier. All payments of Secured Money may be applied in the discretion of the Financier towards reduction or satisfaction of whichever part of the Secured Money the Financier elects.

5.7 The rule in Clayton's case does not apply. If the Financier has not made an election it will be deemed to have applied payments in the manner and against such Secured Money as is in its best interests.

6 Interest

Application of this clause

6.1 This clause 6 does not apply to any monies which bear interest under the Facility Agreement.

Payment of interest

6.2 The Borrower must on the last day of each month or upon earlier demand pay interest calculated at the Applicable Rate on daily balances of any Secured Money which does not otherwise bear interest from the earlier of the date it became payable to or was outlaid by the Financier to the date of payment.

Interest on interest

6.3 The Borrower acknowledges that, pursuant to clause 6.2, Secured Money which is interest not paid on its due date will itself bear interest at the Applicable Rate.

No waiver

6.4 The charging, demanding and receipt of interest on Secured Money not paid when due will not amount to a waiver of the Financier's rights pursuant to the Event of Default arising because of that non-payment.

7 Provision of notices relating to the Charged Property

Notices

7.1 The Borrower must:

7.1.1 immediately upon receipt, forward to the Financier copies of notices of meetings and other communications and documents sent by the Company to the Borrower; and

7.1.2 upon coming to the notice of the Borrower, give the Financier details of any announcement relating to the Company issued by a stock exchange upon which the shares of the Company are listed or a commission which has responsibility for overseeing any companies legislation affecting the Company.

Voting

7.2 For so long as there are Monies Owing, the Borrower must exercise any right to vote arising in respect of the Charged property as directed by the Financier.

7.3 If the Financier has not issued any direction (in the circumstances contemplated by clause 7.2 ~~0~~), the Borrower must vote against any proposal which would or may adversely affect the Financier's security under this document or its value and for any proposal which would or may enhance the Financier's security under this document or its value.

7.4 At any time upon request by the Financier following the occurrence of an Event of Default or where a vote relates to a Reconstruction Event, the Borrower must in the form acceptable to the Company give the Financier or its nominee a proxy in relation to any meeting or meetings with authority to vote in the proxy's discretion.

Dividends

7.5 In this clause **dividends** means any money received from the Company by the Borrower in respect of the Charged Property whether by way of interest, dividend, return of capital, repayment of any principal or interest or any other monies under the AEC Debt and the proceeds from any dealings with the Charged Property including any proceeds of sale or otherwise.

7.6 The Borrower must direct the Company to pay all dividends in respect of Charged Property to the Financier for application against Secured Money. Any dividends received by the Borrower following the occurrence of an Event of Default, must be immediately accounted for to the Financier and until so accounted held in trust for the Financier.

Rights issues

7.7 The Borrower must within 7 days of the terms of any rights issue in relation to any Charged Property being made known to it inform the Financier of whether or not it will take up the offer.

7.8 The Borrower acknowledges that any shares acquired pursuant to any rights issue in respect of any Charged Property themselves become Charged Property.

7.9 If the Borrower gives the Financier notice that it will not take up the offer it must, to the extent it has the right to do so, without delay use its best endeavours to dispose of the rights for cash at the best possible market price.

New issues

7.10 The Borrower must accept allotments of any shares, notes, options or other rights issued by the Company in respect of the Charged Property in its own name and immediately deliver all certificates and other documents of or evidencing title to the Financier together with Forms of Transfer in relation to the newly issued shares, notes, options or other rights, duly executed by the Borrower as transferor in favour of the Financier or its nominee, provided that the Financier may only deal with such certificates and Forms of Transfer if entitled to exercise any of the powers contained in clause 11and not before.

8 Indemnities

8.1 The Borrower irrevocably and unconditionally indemnifies the Financier against all actions, claims, demands, losses, damages, liabilities, costs and expenses of any nature suffered or incurred at any time actually or contingently by the Financier as a direct or indirect consequence of:

8.1.1 the Financier or an attorney appointed under this document exercising or attempting to exercise any power or right under this document or at general law in respect of the subject matter of this document;

8.1.2 the rate of interest applying to any judgment debt being less than that applying to the original obligation to pay Secured Money in respect of which judgment was obtained; or

8.1.3 a claim that a payment, obligation, settlement, transaction, conveyance or transfer in connection with Secured Money (or money which would be Secured Money if the claim was invalid) is void, voidable or unenforceable for any reason.

9 Provision of information and access to the Financier

Financial information

9.1 The Borrower must provide to the Financier copies certified as true and accurate by a director of the Borrower of:

9.1.1 the financial statements of the Borrower and the Company (as defined in section 9 of the Corporations Act 2001) in the form issued by the

Borrower and the Company, as soon as they become available, certified as true copies by a director of the Borrower;

9.1.2 the yearly and half year financial statements of DigiPlus, in the form issued by DigiPlus as soon as they become available, certified as true copies by a director of the Borrower;

9.1.3 all announcements or notices made by the Borrower and the Company to ASX at the same time as those announcements or notices are made to ASX; and

9.1.4 all material notices given to or lodged with the Australian Securities and Investments Commission, Australian Stock Exchange Limited, the New Zealand Securities Commission or the New Zealand Companies Office by the Borrower, the Company or DigiPlus at the same time as those notices are given to or lodged with those bodies.

9.2 The Borrower must also provide the Financier promptly on request with such other information regarding the Borrower, the Company or DigiPlus as the Financier may require to assess and evaluate the value of its security under the Relevant Documents.

Notification of matters to the Financier

9.3 The Borrower must, immediately upon becoming aware, notify the Financier of the following:

9.3.1 the occurrence of an Event of Default or an event or circumstance which would with the giving of notice, lapse of time or fulfilment of any condition would likely to become an Event of Default;

9.3.2 the receipt by the Borrower of any demand pursuant to section 459E of the Corporations Act 2001; and

9.3.3 any substantial decrease in the value of any Charged Property; and

9.3.4 anything which gives or may give rise to a claim for compensation in relation to Charged Property; and

9.3.5 the appointment of an administrator to the Borrower under the Corporations Act 2001.

9.4 The Borrower must provide the Financier with such other information following notification under clause 9.3 as the Financier reasonably requires.

10 Events of Default

10.1 The Borrower acknowledges that it will be in default under this document if an Event of Default occurs.

11 The Financier's powers following Event of Default

The Financier's general powers

11.1 Whether or not the Financier has demanded payment of the Secured Money the Financier may at any time following the occurrence of an Event of Default, provided always that the Event of Default is subsisting, in the manner and at the times it considers appropriate (irrespective of any omission, neglect or delay):

11.1.1 become the registered holder of the Charged Property;

11.1.2 receive dividends, profits and other payments or benefits in relation to the Charged Property;

11.1.3 take any action it considers necessary or desirable for the preservation, maintenance or enhancement of the Charged Property or the security constituted by this document:

11.1.4 commence, conduct, defend, compromise, settle, discontinue or submit to arbitration any proceedings, claims, questions or disputes in connection with the Charged Property or this document;

11.1.5 prove any debt or liability owed to the Borrower in the bankruptcy, insolvency or winding up of the Company and receive dividends and assent to any proposal for a composition or scheme of arrangement in relation to the Company;

11.1.6 exercise the rights of the Borrower in connection with the Charged Property including without limitation converting the AEC Debt or part of it;

11.1.7 perform obligations of the Borrower in connection with the Charged Property under this document or otherwise;

11.1.8 renew, terminate, repudiate, rescind, vary, accept surrenders of and exercise rights under any contract or arrangement entered into by the Borrower, any predecessor in title or the Financier (pursuant to the powers in this document or at general law) in connection with the Charged Property;

11.1.9 deal in any permitted way with the Charged Property;

11.1.10 sell, surrender, dispose of, realise or convert into money the Charged Property on any terms and in any manner;

11.1.11 grant upon any terms and in any manner an option to purchase or acquire an interest in the Charged Property;

11.1.12 grant upon any terms and in any manner interests in or rights over the Charged Property;

11.1.13 secure upon any terms and in any manner any money borrowed or liability incurred by charge over the Charged Property whether ranking in priority to, equally with or after this document;

11.1.14 draw, accept, make and endorse any negotiable instrument;

11.1.15 take up any rights issue or offer arising in connection with the Charged Property;

11.1.16 delegate in any manner any of its powers and rights under this document or at general law;

11.1.17 upon any terms and in any manner employ and terminate the employment of persons and engage and terminate the engagement of agents, contractors, consultants, advisers, auctioneers and other persons in connection with its powers under this document or at general law;

11.1.18 expend money, assume obligations and incur liabilities in connection with any power under this document or at general law; and

11.1.19 do anything else in Australia and elsewhere the Financier considers necessary, desirable or convenient to be done in connection with the recovery of Secured Money and anything incidental or conducive to the exercise of any other power under this document or general law.

Exercise of powers by agent

11.2 The Financier may exercise its powers under this document or general law by itself or through any agent. The reasonable fees charged by any agent must be paid by the Borrower.

12 Provisions relating to the Financier's powers

Powers are in addition to statutory powers

12.1 The powers of the Financier under this document are to be construed separately and are independent of and in addition to any other legal, or statutory powers.

Waiver of statutory notices

12.2 To the extent permitted by any legislation the Borrower agrees to dispense with any notice of or lapse of time before the Financier may exercise any option, power or right following the occurrence of any Event of Default.

Protection of purchasers

12.3 The Borrower agrees that any person dealing with the Financier need not be concerned whether any power of the Financier has arisen or with the propriety of any transaction undertaken by the Financier even if it has actual notice to the contrary.

Protection of the Financier

12.4 The Borrower agrees that the Financier is not liable for any loss which may arise because of any omission or delay in the exercise of any of their respective powers under this document or any legislation except where the loss arises as a result of any unlawful act or omission on the part of the Financiers.

13 Power of attorney

The Financier as Borrower's attorney

13.1 For valuable consideration, the Borrower irrevocably appoints the Financier and its employees at any time severally as its attorneys with power in the name of the Borrower or the attorney to:

13.1.1 after an Event of Default has occurred and providing it is subsisting, do anything the Borrower is obliged to have done pursuant to this document or any Security;

13.1.2 after an Event of Default has occurred and providing it is subsisting, do anything the attorney considers necessary or desirable to facilitate the exercise of any of the Financier's rights under this document, the payment to the Financier of money owing under this document or the protection of the Financier's interests under this document;

13.1.3 delegate its powers to any person for any period and revoke such delegation;

13.1.4 complete any blanks and correct any manifest errors in this document or any ancillary document or agree or give effect to any such completion or correction and do all things necessary to procure the registration of this document as a valid security with the priority intended by the Financier; or

13.1.5 lodge notices under section 268(2) of the Corporations Act 2001 in connection with the Charged Property.

Conflicts of duty

13.2 An attorney appointed under clause 13.1 may act notwithstanding any conflict of duty or a direct or personal interest in the means or result.

Attorney's indemnity and costs

13.3 The Borrower indemnifies any attorney against any liability or loss arising from the exercise of any powers under this document except where the same arises as a result of any unlawful act or omission on the part of the attorney.

13.4 The Financier may indemnify any attorney in connection with the exercise of its powers on the same terms as clause 13.3 and the Borrower must reimburse any money paid pursuant to any such indemnity.

14 Preservation of the Financier's rights

General preservation of rights

14.1 This document is a continuing security for the Secured Money. Except as otherwise provided under this document, the liabilities of the Borrower under this document, and the rights of the Financier or an attorney of the Borrower appointed under this document are not affected by:

14.1.1 the Financier granting any time or indulgence to the Borrower or another person;

14.1.2 the Financier compounding or compromising with or wholly or partially releasing any other person;

14.1.3 laches, acquiescence, delay, acts, omissions or mistakes by the Financier or another person;

14.1.4 the Financier taking, varying, wholly or partially discharging or otherwise dealing with or losing or impairing any other security for Secured Money;

14.1.5 any security for or obligation to pay Secured Money being or becoming void, voidable or unenforceable;

14.1.6 any person who was intended to assume any actual or contingent liability to pay Secured Money not doing so or not doing so effectively or being discharged;

14.1.7 any other transaction or arrangement between the Financier or any other person; or

14.1.8 anything else which might otherwise have such affect at law or in equity.

No merger

14.2 The Financier's right to payment of Secured Money arising under any other instrument does not merge with the Borrower's undertaking to pay Secured Money under this document.

14.3 This document does not merge with or affect any other security or any judgment or order held at any time by the Financier.

No suspension of payment obligation

14.4 The Financier may demand payment of Secured Money in accordance with this document and exercise its other rights and powers under this document even if a negotiable instrument, security, contract or other obligation relating to Secured Money is still current or has not matured or fallen due.

Borrower not to prove in competition or claim subrogation

14.5 The Borrower must not, without the Financier's prior written consent:

14.5.1 other than by its attorney appointed under this document prove in the bankruptcy or insolvency of the Company or claim or receive the benefit of any dividend, distribution or other payment pursuant to that bankruptcy or insolvency; or

14.5.2 directly or indirectly claim the benefit of any right, power, remedy or security held by the Financier or of any distribution, dividend or payment arising out of or relating to the liquidation of the Company,

until the Secured Money has been paid in full to the Financier.

No order in exercise of securities

14.6 The Financier may exercise its security under this document and any other security for Secured Money in any order it wishes. The Borrower waives any right of marshalling in relation to this document or any other security for Secured Money. The Financier is not under any obligation to appropriate in favour of the Borrower or to exercise, apply or recover any security for Secured Money or any fund or asset that the Financier may be entitled to receive or have a claim upon.

Reinstatement of the Financier's rights

14.7 If any claim that a payment, obligation, settlement, transaction, conveyance or transfer in connection with Secured Money (or money which would be Secured Money if the claim was invalid) is void or voidable under any law relating to insolvency, bankruptcy or the protection of creditors is upheld, conceded or compromised:

14.7.1 the Financier is entitled immediately as against the Borrower to the rights in respect of the Secured Money to which it would have been entitled if all or part of that payment, obligation, settlement, transaction, conveyance or transfer had not taken place; and

14.7.2 the Borrower agrees to immediately do any act or sign any document at the Financier's request to restore the Financier to any security or guarantee held by it from the Borrower immediately before that payment, obligation, settlement, transaction, conveyance or transfer.

15 Further assurances

Perfection of Security

15.1 The Borrower must immediately upon request by the Financier do acts, obtain consents, and execute deeds and other documents deemed necessary or desirable by the Financier acting reasonably:

15.1.1 to perfect any charge pursuant to this document;

15.1.2 to effect any charge agreed to be given pursuant to this document;

15.1.3 to enable the exercise of the Financier's rights and powers;

15.1.4 to effect the security and priority intended by this document and the Financier; and

15.1.5 to more effectively secure the Charged Property to the Financier; and

15.1.6 on an Event of Default occurring and providing it is subsisting, to give the Financier a legal charge over any property charged under this document.

16 The Financier's right to assign

16.1 The Financier may at any time assign or deal in any way with its interest in the Secured Money or its rights under this document in the same manner which is permitted in the Facility Agreement.

17 Costs

Borrower to pay all costs

17.1 The Borrower must pay to the Financier or as it may direct all costs and expenses (including legal costs on a full indemnity basis) reasonably incurred by the Financier, any receiver or agent appointed by the Financier under a Security and any officer of the Financier acting as attorney under this document or a Security in connection with:

17.1.1 the registration or variation of this document and any associated investigation, enquiries and searches;

17.1.2 the recovery of the Secured Money or the exercise or attempted exercise of any power conferred on the Financier (or any agent or attorney) pursuant to this document or by law or on any attorney pursuant to clause 13.

Borrower to pay stamp duty and other duties

17.2 The Borrower must pay all stamp, transaction, registration and similar duties, imposts, taxes and levies arising directly or indirectly in relation to this document and any variation or any transaction contemplated or evidenced by this document. The Borrower must immediately reimburse the Financier any such duties, imposts, taxes and levies paid by the Financier.

18 Notices

Signing

18.1 Any statement, demand, certificate or notice to the Borrower will be effectively signed on behalf of the Financier if it is executed or signed by any person who purports to be a director or secretary of the Financier or any solicitor engaged by it in connection with this document.

Sending

18.2 Any notice:

18.2.1 under this document shall be served by hand delivery or by being forwarded by prepaid post or by facsimile to the address of the party first above shown in this document or to such other address as may be notified in writing by the party from time to time;

18.2.2 shall be deemed to have been served:

(a) if personally served, on the Business Day of such service;

(b) if mailed, on the fifth Business Day after posting; and

(c) if facsimiled, on the Business Day of dispatch on receipt by the sender of a transmission control report from the dispatching machine showing that the transmission was successful. Where the facsimile transmission has been received on a day which is not a Business Day, or after 5 p.m. on a Business Day, it shall be deemed to have been received on the next Business Day.

Validity

18.3 A notice or demand under this clause is validly given even if:

18.3.1 the receiving party has been Wound Up or the receiving party is absent from the place the notice or demand is left at or delivered or sent to; or

18.3.2 the notice or demand is returned unclaimed through no fault of the sending party.

19 Miscellaneous

Applicable law

19.1 This document is governed by the laws of Queensland. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the court system of that state.

Corporate relationships

19.2 A reference to a person being an associate of another person or a company being related to or the subsidiary of another corporation or being a holding company has the same meaning as in the Corporations Act 2001.

Goods and Services Tax

19.3 Words or expressions used in clauses 19.4 to 19.7 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the same meaning in this clause.

19.4 Any consideration to be paid or provided for a supply made by under or in connection with this agreement, unless specifically described in this agreement as 'GST inclusive', does not include an amount on account of GST.

19.5 Despite any other provision in this agreement, if a party makes a supply under or in connection with this agreement on which GST is imposed (not being a supply the consideration for which is specifically described in this agreement as 'GST inclusive'):

(a) the consideration payable or to be provided for that supply under this agreement but for the application of this clause ('**GST exclusive consideration**') is increased by, and the recipient of the supply ('**Recipient**') must also pay to the Supplier, an amount equal to the GST exclusive consideration multiplied by the prevailing rate of GST; and

(b) the amount by the which the GST exclusive consideration is increased must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST exclusive consideration is payable or to be provided.

19.6 If a payment to a party under this agreement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party is entitled for that loss, cost or expense.

19.7 The Recipient need not make a payment for a taxable supply made under or in connection with this agreement until the Supplier has given the Recipient a tax invoice for the supply to which the payment relates.

Maximum prospective liability

19.8 For the purposes of the priority rules in section 282 of the Corporations Act 2001 this document secures a prospective liability up to the maximum amount specified in part 2 of Schedule 3.

No moratorium

19.9 The provisions of any legislation postponing payment of money, reducing or fixing rates of interest or purporting to curtail or restrict any rights of the Financier are to the extent that it is lawful expressly excluded from application to this document.

Registration and requisitions

19.10 The Borrower must procure registration of this document and to the satisfaction of the Financier promptly comply with any requisition raised by any authority in connection with registration.

Severability of provisions

19.11 Every provision of this document is independent of the others. Any provision which is prohibited or unenforceable in any jurisdiction is to the extent of the prohibition or unenforceability deemed removed without invalidating the remaining provisions.

Survival of personal covenants and agreements

19.12 Any personal covenant or agreement by the Borrower to pay Secured Money or any indemnity by the Borrower in favour of the Financier in this document remains in full force despite any release or discharge of the whole or any part of the Charged Property.

Consent

19.13 Where the Financier's consent or approval is required pursuant to this document or any other Relevant Document:

   19.13.1 unless otherwise expressed it may in the Financier's discretion (and whether or not acting reasonably) be withheld or given subject to terms or conditions; and

   19.13.2 it is not valid unless expressly given in writing by the Financier.

19.14 Any consent given under this document is not deemed to be consent in the context of any other agreement. Nothing in this document can require the Financier to give its consent in the context of any other agreement.

19.15 The Borrower must comply with the terms and conditions of any consent.

19.16 The Financier, at its cost, may engage consultants and advisers to advise it in relation to any application for its approval or consent under this document.

19.17 The Borrower agrees that the Financier (and the Financier's employees and consultants) owes no duty of care to the Borrower in issuing any consent or approval and that in determining whether to proceed with the thing consented to or approved the Borrower must rely entirely on its own judgment and the advice of its own employees and consultants.

20 Definitions and interpretation

Definitions

20.1 In this document the following definitions apply:

AEC Debt means:

(a) all monies owing by AEC to the Borrower as at the date of this document including without limitation a debt of $4,000,000 and all other monies owing under the AEC Deed whether by way of interest, fees, costs, charges, damages or otherwise together with all rights whatsoever to claim payment of those monies; and

(b) all of the Borrower's present and future right, title and interest in and to all entitlements and benefits arising in favour of the Borrower under the AEC Deed including, without limitation, any shares issued under or pursuant to the AEC Deed or any varied or amended terms and conditions of AEC's indebtedness to the Borrower.

AEC Deed means a deed of acknowledgment of debt between the Financier, the Borrower and AEC dated on or about the date of this document.

AEC Shares means, subject to adjustment under this document:

(a) 110,000,000 shares in the capital of the Company registered in the name of the Borrower by the Company as an Issuer Sponsored Holding;

(b) all of the Borrower's present and future right, title and interest in and to, and all entitlements and benefits arising in favour of the Borrower in respect of the property referred to in paragraph (a) of this definition including, without limitation, any bonus share and any benefits received or receivable in whatever form from any disposal or other dealings whatsoever with that property including without limitation any proceeds of sale.

Applicable Rate means, at any time, the higher of 20% and the rate equal to the Westpac Indicator Lending Rate published at that time plus 5% per annum or, where the relevant indebtedness is not in Australian dollars, such rate as the Financier in its reasonable discretion determines. **Borrower** means New Tel Limited and its permitted successors in title

Business Day means any day other than a

(a) Saturday, Sunday, bank holiday or public holiday in Brisbane, Queensland, or

(b) a day from 27 December to 31 December inclusive.

Certificate(s) means the certificates or other evidence of title if any relating to the AEC Shares or any portion of them including, without limitation, any replacement certificate of any such share certificate.

Charged Property means all and singular the property, now or in the future mortgaged, charged, assigned or made the subject of a lien under or pursuant to the terms of this document and includes (without limitation) the AEC Shares and the AEC Debt

Company means Advanced Engine Components Limited ACN 009 081 770.

Event of Default means any event or circumstance, the occurrence of which is an Event of Default under the Facility Agreement.

External Administrator means an administrator, receiver, receiver and manager, trustee, provisional liquidator, liquidator, inspector or any other person (however described) holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

Facility Agreement means a facility agreement under which the Financier has agreed to advance A$2,000,000 to the Borrower dated on or about the date of this document.

Financier means LIM Asia Arbitrage Fund Inc and its successors in title

GST has the same meaning as is given to that term in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Reconstruction Event means any proposal for the Company:

(a) to be reconstructed, amalgamated, taken over, acquired, sold, merged, wound up or to enter into any other form of insolvency administration or to otherwise be restructured or reorganised; or

(b) to amalgamate with, take over, acquire, purchase, merge with or to otherwise be restructured or reorganised with any person.

Relevant Document means:

(a) this document;

(b) the Facility Agreement;

(c) any document defined as a Relevant Document under the Facility Agreement; and

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(d) any other document the parties agree to be a Relevant Document

Secured Money means, at any time, all money (in whatever currency) that the Borrower is at that time liable (actually, prospectively or contingently) to pay to the Financier on any account and in any way whatever under or in connection with a Relevant Document (including by way of principal, interest, fees, costs, charges, expenses, this document or damages and money which the Borrower would be liable to pay but for its insolvency).

Secured Obligations means all obligations owed by the Borrower to the Financier or any other party under the Relevant Documents from time to time under this document and the Relevant Documents.

Security means any guarantee or indemnity given in respect of an obligation of the Borrower under any agreement between the Borrower with the Financier and any legal or equitable mortgage, charge or other security of any nature which secures such guarantee or indemnity or which secures an obligation or liability of the Borrower under any agreement between the Borrower with the Financier.

Security Interest means a mortgage, pledge, lien, charge, encumbrance, preferential right, trust arrangement, agreement or other arrangement given, arising or created as security.

Share Registry means Computershare Investor Services Pty Ltd of Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia.

Winding Up includes:

(a) dissolution, liquidation, provisional liquidation and bankruptcy; and

(b) a procedure which is equivalent or analogous in any jurisdiction.

Interpretation

20.2 In this document, unless the context otherwise requires:

20.2.1 A reference to any law or legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision, in either case whether before, on or after the date of this document.

20.2.2 Time is of the essence of the Borrower's obligations under this document;

20.2.3 A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.

20.2.4 A reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this document.

20.2.5 Where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

20.2.6 A word which denotes the singular denotes the plural, a word which denotes the plural denotes the singular, and a reference to any gender denotes the other genders.

20.2.7 An expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or public authority.

20.2.8 A reference to any party to this document, where that party is made up of more than one person, includes each of them severally.

20.2.9 Any agreement, covenant, representation, warranty, undertaking or liability arising under this document on the part of two or more persons is to be taken to be made or given by such persons jointly and severally.

20.2.10 A reference to dollars or $ means Australian dollars.

20.2.11 A reference to this document includes the agreement recorded by this document.

20.2.12 References to the word ‘include’ or ‘including’ are to be construed without limitation.

20.2.13 A reference to a time of day means that time of day in the place whose laws govern the construction of this document.

20.2.14 A reference to a business day means a day other than a Saturday or Sunday on which all banks are open for business generally in the place whose laws govern the construction of this document.

20.2.15 A term of this document which has the effect of requiring anything to be done on or by a date which is not a business day must be interpreted as if it required it to be done on or by the next business day.

References to and calculations of time

20.3 A reference to a time of day means that time of day in the jurisdiction whose laws apply to this document.

20.4 For the purposes of determining the length of a period (but not its commencement) a reference to:

20.4.1 a day means a period of time commencing at midnight and ending 24 hours later; and

20.4.2 a month means a calendar month which is a period commencing at the beginning of a day of one of the 12 months of the year and ending immediately before the beginning of the day of the corresponding date of the next month, or if there is no such corresponding date, ending at the expiration of the next month.

20.5 Where a period of time is specified from a given day or the day of an act or event it must be calculated exclusive of that day.

20.6 Where something is done or received after 5.00 pm on any Business Day it will be deemed to have been done or received on the following Business Day.

20.7 A provision of this document which has the effect of requiring anything to be done on or by a date which is not a Business Day must unless the context otherwise requires be interpreted as if it required it to be done on or by the immediately preceding Business Day.

Execution

Executed as a deed

Date: 11 October 2002

Executed by **New Tel Limited** ACN 009 068 955 by being signed by:

....	....
Signature of Director	Signature of ~~*Director~~/*Company Secretary
PETER MALONE	CRAIG PIERCY. ....
Print full name	Print full name

**Delete whichever is not applicable*

Executed by **LIM Asia Arbitrage Fund Inc** by being signed by:

....	....
Signature of Director	Signature of *Director/*Company Secretary
....	....
Print full name	Print full name

**Delete whichever is not applicable*

Schedule 1

Equitable charge over AEC Shares - irrevocable direction to AEC and the AEC share registry

To: **The person referred to in item 1 of the schedule (Company)**

And to: **The persons referred to in items 1A and 1B of the schedule (Participant and Share Registry)**

From: **The person referred to in item 2 of the schedule (Shareholder)**

1. The Shareholder notifies the Company that it has charged the shares and other rights (Shares) described in item 3 of the schedule to LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town, Tortola, British Virgin Islands (**Financier**).

2. The Shareholder directs the Company to forward all dividends and other payments arising in respect of the Shares to the Financier at the address described in item 4 or such other address as the Financier may nominate in writing from time to time if the Company receives a written notice from the Financier requesting it to do so.

   The Shareholder further directs the Company, the Participant and the Share Registry to cause to be applied a CHESS holding lock on the Shares so that the Shareholder is not able to deal in any way with the Shares without the prior written consent of the Financier in accordance with a charge over the Shares dated on or about the date of this direction.

3. This direction is irrevocable until the Financier gives the Company, the Participant and the Share Registry written notice that it is no longer to apply.

4. This notice and direction is given to the Company pursuant to a requirement in the charge given by the Shareholder to the Financier and the Financier is relying upon the Company's compliance with this direction.

SCHEDULE

Item 1: Company

Name: Advanced Engine Components Limited ACN 009 081 770
Address:

Item 1A: Participant

Name: Not applicable
Address:

Item 1B: Share Registry

Name: Computershare Investor Services Pty Ltd
Address: Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia.

Item 2: Shareholder

Name: New Tel Limited ACN 009 068 955
Address: 22 Hasler Road, Osborne Park, Western Australia 6017

Item 3: Description of Shares

(a) 110,000,000 shares in the capital of the Company registered in the name of the Shareholder in an issuer sponsored holding.

(b) All of the Shareholder's present and future right, title and interest in and to, and all entitlements and benefits arising in favour of the Shareholder in respect of the shares referred to in paragraph (a) above including, without limitation, any bonus share.

(c) Any shares in the capital of the Company which the Shareholder acquires pursuant to any rights issue and which the Financier notifies you in writing are the subject of the charge referred to at paragraph 4 above.

Item 4: Financier

Address: LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town, Tortola, British Virgin Islands

Attention: Mr George Long

DATE:

Executed by **New Tel Limited ACN 009 068 955** in accordance with section 127 of the Corporations Act by:

....	....
Signature of director	Signature of director/secretary
....	....
Name (print)	Name (print)

Schedule 2

Mortgage of AEC Debt – notice of assignment and irrevocable direction

To: **The person referred to in item 1 of the schedule (Company)**

From: **The person referred to in item 2 of the schedule (Noteholder)**

1. The Noteholder notifies the Company that it has absolutely assigned and conveyed its legal and beneficial interest in certain property including a debt of $4,000,000 and other rights (**AEC Debt**) described in item 3 of the schedule to LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town, Tortola, British Virgin Islands (**Financier**).

2. The Noteholder directs the Company to forward all payments, benefits and monies due to the Noteholder whatsoever arising in respect of the AEC Debt to the Financier at the address described in item 4 or such other address as the Financier may nominate in writing from time to time.

3. This direction is irrevocable until the Financier gives the Company written notice that it is no longer to apply.

4. This notice and direction is given to the Company pursuant to a requirement in the mortgage given by the Shareholder to the Financier and the Financier is relying upon the Company's compliance with this direction.

SCHEDULE

Item 1: Company

Name: Advanced Engine Components Limited ACN 009 081 770
Address:

Item 2: Noteholder

Name: New Tel Limited ACN 009 068 955
Address: 22 Hasler Road, Osborne Park, Western Australia 6017

Item 3: Description of AEC Debt

(a) all monies owing by the Company to the Noteholder as at the date of this document including without limitation a debt of $4,000,000 and all other monies owing under the AEC Deed whether by way of interest, fees, costs, charges, damages or otherwise together with all rights whatsoever to claim payment of those monies; and

(b) all of the Noteholder's present and future right, title and interest in and to all entitlements and benefits arising in favour of the Noteholder under the AEC Deed including, without limitation, any shares issued under or pursuant to the AEC Deed or any varied or amended terms and conditions of Company's indebtedness to the Noteholder.

AEC Deed means a deed of acknowledgment of debt between the Financier, the Noteholder and the Company dated on or about the date of this document.

Item 4: Financier

Address: LIM Asia Arbitrage Fund Inc of Craigmuir Chambers PO Box 71 Road Town,
Tortola, British Virgin Islands

Attention: Mr George Long

DATE:

Executed by **New Tel Limited ACN 009 068 955** in accordance with section 127 of the Corporations Act by:

....	....
Signature of director	Signature of director/secretary
....	....
Name (print)	Name (print)

Consent and receipt

Advanced Engine Components Limited consents to the assignment of the property described in item 3 of the within notice of assignment and covenants with LIM Asia Arbitrage Fund Inc to comply with the direction contained in the within notice of assignment.

....
Advanced Engine Components Limited
ACN 009 081 770
Per: Director
Dated:

Schedule 3

Part 1 Notice details

The Borrower

New Tel Limited per parties provision

The Financier

LIM Asia Arbitrage Fund Inc per parties provision

Part 2 Maximum prospective liability

$4,000,000