CORRS CHAMBERS WESTGARTH

LAWYERS

24 December 2002

Pages: 3 (including this page)

To:	Australian Stock Exchange Company Announcements Office	Facsimile: Telephone:	1300 300 021 ≠30S (02) 9227 0334
From:	Philip Lucas/Steven Papadopoulos Our ref: PL/SP/ADVA4847-1033088	Facsimile: Telephone:	(08) 9322 6953 (08) 9322 6953

Dear Sirs

ADVANCED ENGINE COMPONENTS (ASX CODE: ACE)

We act for Advanced Engine Components Limited ("**Company**").

The Company has been granted a waiver from ASX Listing Rule 6.24 to the extent necessary to permit the Company not to send the notices required by paragraph 6.1 of Appendix 6A in relation to 38,865,507 options exercisable at 33 cents each on or before 31 December 2002. Consequently, an option expiry notice will not be sent to optionholders. A Notice of Exercise of Options/Application for Shares is attached to this announcement.

The following information is provided in compliance with the terms of the ASX Listing Rule Waiver.

(a)	The name of the holder of the convertible securities.	Advanced Engine Components Limited
(b)	The number of convertible securities held, and the number of securities to be issued on their conversion.	38,865,507
(c)	The conversion or exercise price.	33 cents.
(d)	In the case of options, the due date for payment.	5:00pm (WST) 31 December 2002.

COMMONWEALTH BANK BUILDING 150 ST GEORGE'S TERRACE PERTH 6000
GPO BOX 9925 WA 6001
TELEPHONE (08) 9321 8531 INT +618 9321 8531 FAX (08) 9322 6953
DX 126 PERTH
SYDNEY MELBOURNE BRISBANE PERTH CANBERRA GOLD COAST

CORRS CHAMBERS WESTGARTH

LAWYERS

(e)	In the case of options, the consequences of non-payment and, in the case of other convertible securities, the consequences of not exercising the right of conversion.	If payment is not received by the due date the options will lapse and optionholders will no longer be able to sell or exercise them.
(f)	The date that quotation of the convertible securities will end (which is 5 business days before the expiry date for options or final conversion date for other convertible securities, unless there is a later maturity date).	20 December 2002
(g)	The latest available market price of the underlying securities.	$0.042 (24.10.02)
(h)	The highest and lowest market price of the underlying securities during the 3 months immediately before the notice is issued, and the dates of those sales.	Highest: $0.06 (24.9.02) Lowest: $0.042 (24.12.02)
(i)	The information required by (g), (h) and (j) in respect of all quoted securities that would be, if fully paid, in the same class as the underlying securities.	N/A
(j)	In case of options, the details of any underwriting agreement notified under rule 3.11.3.	N/A.

Yours faithfully
CORRS CHAMBERS WESTGARTH

Philip Lucas
Partner

Steven Papadopoulos
Senior Associate

ADVANCED ENGINE COMPONENTS LIMITED

Notice of Exercise of Options/Application For Shares

To the Directors of ADVANCED ENGINE COMPONENTS LIMITED ACN 009 081 770, 22 Hasler Road, Herdsman WA 6017

I/WE Mr/ Mrs/ Miss/ ....
(Please use block letters)

Full address ....

.... State .... Postcode ....

Hereby exercise my/our options to apply for

(in figures)	(In words)

Ordinary fully paid shares in ADVANCED ENGINE COMPONENTS LIMITED and I/We enclose (being application and allotment money) payment at the rate of

$0.33 per share $ ....

I/We request you allot such shares to me/us and I/We agree to accept them subject to the Company's constitution. If this application is signed by an Attorney, the Attorney hereby declares that he has no notice of revocation of the power under authority of which this application is signed. Companies should sign under seal.

Signature(s) .... Date: ....

....

PLEASE NOTE: In the case of joint holders, each holder must sign. Cheques should be made payable to ADVANCED ENGINE COMPONENTS LIMITED and sent to Computer Share Investor Services Pty Limited, Level 2, 45 St George's Terrace, Perth WA 6000.

Terms and Conditions Of Options

(a) Nil consideration will be payable for the issue of each option.

(b) Each option entitles the holder to the right to subscribe for and to be allotted on full paid share in the capital of the Company upon exercise of the option and payment to the Company of $0.33.

(c) Each option is exercisable on or before 31 December 2002 and shall lapse at 5:00pm WST on that date (expiry date).

(d) An option may be exercised in whole or in part at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of $0.33 for each option and the certificate for the option, to the Company's share registry.

(e) A notice of exercise is only effective when the Company has received the full amount of the exercise price ($0.33 per option) in cash or cleared funds.

(f) Within 14 days of receipt of a properly executed notice of exercise and the required application monies the number of shares specified in the notice will be allotted.

(g) A statement of the terms of the issue of the options and a notice of exercise, but not an option certificate, will be issued to option holders.

(h) The options may be transferred at any time prior to their expiry.

(i) The period during which the options may be exercised will not be extended.

(j) Options will be reorganised as required by the Listing Rules of ASX on a reorganisation (including consolidation, subdivision, reduction or return) of issued capital.

(k) Option holder are not entitled to participate in a new issue of securities offered to shareholders. Option holders can participate in new issues of securities offered to shareholders if the option is exercised before the relevant record date for that new issue. Option holders will be advised at least 9 Business Days (as defined in the Listing Rules) before the record date for a proposed new issue.

(l) If from time to time before the expiry date of the options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a "bonus issue") other than in lieu of a dividend payment, then upon exercise of an option the option holder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to is upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares to which it would have been registered as holder immediately before that date it had exercised its options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.

(m) In the event of a pro rata issue by the Company (other than a bonus issue) the number of ordinary shares over which the options exist and the exercise price for each option will be adjusted in accordance with the Listing Rules.

(n) Shares allotted pursuant to the exercise of potions will rank equally with the then issued ordinary shares of the Company.

(o) The Company will apply to ASX for official quotation of the options and of all ordinary shares allotted pursuant to the exercise of the options.

(p) These terms and conditions may be amended from time to time by special resolution of the Company in general meeting if required by the Listing Rules.