Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ADVANCED ENGINE COMPONENTS LIMITED

ACN

009 081 770

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Ordinary Fully Paid Shares Options and Co-operation Options (unlisted) Convertible Notes (unlisted)
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	A. 16,600,000 fully paid ordinary shares B. 17,500,000 fully paid ordinary shares C. 1,250,000 Options D. 20,000,000 Co-operation Options E. 3,000,000 Convertible Notes

3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	A. Fully paid ordinary shares. B. Fully paid ordinary shares. C. Unlisted Options with exercise price of 20 cents on or before 30 June 2008. D. Unlisted Co-operation Options **Exercise price:** 20 cents **Expiry Date:** exercisable on or before 36 months from date of requotation of the Company's Shares. **Condition of Exercise**: The Co-operation Options may only be exercised if the volume weighted average closing sales price of the Shares sold on ASX during the 30 Trading Days before the exercise date is at least 50 cents. E. Convertible Notes **Issue price:** $1.00 **Interest Rate:** Better Business Loan Reference Rate as quoted by Commonwealth Bank of Australia (currently 6.57%) plus 1% margin payable annually in arrears. **Conversion Dates**: Minimum parcels of 100,000 Notes at any time on or before 31 December 2009. **Conversion Rate:** 40 cents per share **Security:** First fixed and floating charge. **Redemption Date:** Minimum parcels of 100,000 Notes between 1 July 2006 and 31 December 2009.
4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	A. 16,600,000 Shares - Yes B. 17,500,000 Shares - Yes C. Options - No D. Co-operation Options - No E. Convertible Notes - No The Options, Co-operation Options and Convertible Notes may be converted into Shares subject to the expiry dates and terms of exercise/conversion referred to above. Upon exercise/conversion, these Shares will rank equally with the existing Shares. The holders of the Options, Co-operation Options and Convertible Notes are not, prior to exercise/conversion, entitled to participate in any rights issues, return of capital, bonus issue or capital reconstruction. However, the exercise/conversion terms may be adjusted in accordance with the Listing Rules.

+ See chapter 19 for defined terms.

5	Issue price or consideration	A. 16,600,000 Shares 20 cents per share upon conversion of debt. B. 17,500,000 Shares 20 cents per share cash. C. Options Nil consideration D. Co-operation Options Nil consideration E. Convertible Notes $1.00 per Note.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	A. Issued pursuant to Resolution 3 of general meeting held 5 April 2005. B. Issued under a prospectus dated 21 October 2004 pursuant to Resolution 1 of general meeting held 5 April 2005. C. Issued pursuant to Resolution 12 of general meeting held 8 September 2004. D. Issued pursuant to Resolution 7 of general meeting held 5 April 2005. E. Issued pursuant to Resolution 4 of general meeting held 5 April 2005.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	A. 6 April 2005 B. 6 April 2005 C. 28 February 2005 D. 6 April 2005 E. 6 April 2005

8 Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
82,534,266	Shares

9 Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
5,625,0000	Options
20,000,000	Co-operation Options
3,000,000	Convertible Notes

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	

+ See chapter 19 for defined terms.

25 If the issue is contingent on +security holders' approval, the date of the meeting

26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled

27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders

28 Date rights trading will begin (if applicable)

29 Date rights trading will end (if applicable)

30 How do +security holders sell their entitlements *in full* through a broker?

31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1 (Shares only)

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35	☒	If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
36	☒	If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories 1 - 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over
37	☐	A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A
39	Class of +securities for which quotation is sought	N/A
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A

+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)	N/A	

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

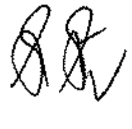
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Simon Storm
Company Secretary **Date: 7 April 2005**

+ See chapter 19 for defined terms.