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Company Announcements Office
The Australian Stock Exchange Limited
By: e-lodgement (ASX code ACE)

SHARE PLACEMENT and SHARE PURCHASE PLAN

Advanced Engine Components Limited ("ACE") is pleased to announce the raising of $1.95 million through a placement of 16.25 million shares at 12 cents per share.

The shares have been placed with two UK investment funds, a small number of sophisticated investors and the Chairman and Managing Director of the Company. 9.5 million shares will be issued within the next seven days with a further 5.1 million shares issued following the Annual General Meeting to be held on 27 November 2006.

The Chairman and Managing Director of ACE will each subscribe $100,000 for 833,334 placement shares. Their monies will be subscribed immediately but the issue of these shares will be subject to shareholder approval pursuant to ASX listing rules.

To compliment the share placement ACE will offer a Share Purchase Plan ("SPP") to all Australian shareholders registered as at 20 November 2006. The SPP will provide each eligible shareholder the opportunity to subscribe for 17,000 shares at 12 cents per share ($2,040). That is, the same price as the share placement price.

ACE currently has in excess of 600 shareholders holding less than a marketable parcel of shares ($500). ACE will arrange for these shareholders, who do not wish to participate in the SPP or buy additional shares on market, to sell their unmarketable share parcels without the shareholder incurring any brokerage or other cost.

The share placement and SPP monies will be used for working capital, in particular, the funding of increased inventories, increased receivables and long term lead items associated with existing and expanding NGVS kit sales to China and other markets.

The $1.95 million placement exceeds the immediate working capital requirement of $1.25 million. 698 Capital International Limited, ACE's major shareholder, has advised it does not require immediate repayment of the $750,000 short term loan. This will enable ACE to use the surplus working capital to accelerate sales growth. This support is further demonstration of 698 Capital's commitment to ACE's long term future.

A letter detailing the SPP will be sent to all eligible shareholders on 23 November 2006. At the same time, a letter detailing the sale of unmarketable parcels and share retention form will be sent to all shareholders registered as holding less than a marketable parcel of shares on 20 November 2006.

The $1.95 million share placement, the introduction of new shareholders, the SPP and the sale of unmarketable parcels are the final stages of a corporate and capital restructure that commenced in May 2003. ACE is now financially positioned to benefit from the increased NGVS kit orders received from FAW and Weichai in China. These orders will lead to sustainable monthly profits with positive monthly cash flows within the second half of the current financial year.

For further information please contact:
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