



ADVANCED ENGINE COMPONENTS LIMITED

ACN 009 081 770

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT
TO SHAREHOLDERS**

**NOTICE IS INCLUDED FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
THURSDAY, 22 NOVEMBER 2007
AT 2.00PM
AT THE CELTIC CLUB, 48 ORD STREET, WEST PERTH**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay to
Advanced Engine Components Limited at 14 Energy Street, Malaga WA 6090
or by mail to Advanced Engine Components Limited, PO Box 3126, Malaga WA 6090
or by facsimile on facsimile number (+61 8) 9209 6999.

THIS PAGE IS BLANK INTENTIONALLY



ADVANCED ENGINE COMPONENTS LIMITED

ACN 009 081 770

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Advanced Engine Components Limited ("AEC" or "the Company") will be held as specified below:

TIME: 2.00pm

DATE: Thursday, 22 November 2007

LOCATION: The Celtic Club
48 Ord Street, West Perth, Western Australia

**This is an important document that should be read in its entirety.
If you do not understand it, you should consult with your professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact
Mr. Antony Middleton, Managing Director, on telephone +61 8 9209 6900.**

Words and phrases used in the Resolutions are defined in Section 7 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

ORDINARY BUSINESS

Financial Reports

To receive and consider the financial report and the Directors' and auditors' reports for the year ended 30 June 2007.

RESOLUTION 1: Re-election of Director – Mr. Pun Kin Wa (Albert)

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

"That Mr. Pun Kin Wa (Albert) being a Director of the Company pursuant to Rule 8.1(d) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company pursuant to Rule 8.1(e)(1) of the Company's Constitution."

RESOLUTION 2: Re-election of Director – Mr. Graham Keys

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

"That Mr. Graham Keys being a Director of the Company who retires by rotation pursuant to Rule 8.1(e)(2) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."



RESOLUTION 3: Remuneration Report

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

“That the Remuneration Report for the year ended 30 June 2007 be adopted.”

Note – the vote on this Resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

RESOLUTION 4: Advanced Engine Components Limited Director and Employee Share Option Plan

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

“That approval be given to the issue of Options from time to time under the terms of the Advanced Engine Components Limited Director and Employee Share Option Plan attached as Annexure A to this Notice of Annual General Meeting and as otherwise set out in the Explanatory Statement accompanying this Notice of Annual General Meeting for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules.”

VOTING EXCLUSION STATEMENT: Pursuant to the ASX Listing Rules, the Company will disregard any votes on Resolution 4 cast by or on behalf of any Director or an associate of any Director. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: Issue of Options to Mr. Antony Middleton

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

“That pursuant to ASX Listing Rule 10.14 and for all other purposes, that approval be and is hereby given, to issue to Mr. Antony Middleton (or his nominees) 400,000 Options to subscribe for Shares in the Company pursuant to the terms and conditions of the Advanced Engine Components Limited Director and Employee Share Option Plan attached as Annexure A to this Notice of Annual General Meeting. The issue of Options will occur no later than 12 months from the date of the Annual General Meeting.”

VOTING EXCLUSION STATEMENT: Pursuant to the ASX Listing Rules, the Company will disregard any votes on Resolution 5 cast by or on behalf of Mr. Antony Middleton or an associate of Mr. Antony Middleton. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of the Annual General Meeting as soon as possible and either:



- send the Proxy Form by facsimile to the Company on +61 8 9209 6999;
- post the Proxy Form to the Company at PO Box 3126, Malaga WA 6090; or
- deliver the Proxy Form to the registered office of the Company at 14 Energy Street, Malaga WA 6090.

Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Act, the Directors have set 2.00pm (WST) on Tuesday 20 November 2007 as the time and date to determine who are the holders of the Shares in the Company for the purposes of the Annual General Meeting. Accordingly Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated this 4 October 2007.

By order of the Board

A handwritten signature in black ink, appearing to read 'S. Hunter', followed by a period.

Susan Hunter
Company Secretary



EXPLANATORY STATEMENT TO SHAREHOLDERS ADVANCED ENGINE COMPONENTS LIMITED ACN 009 081 770

This Explanatory Statement has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming 2007 Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Statement and attend the forthcoming 2007 Annual General Meeting.

1. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditors for the year ended 30 June 2007 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditors are contained in the Company's 2007 Annual Report, a copy of which accompanies this Notice of Annual General Meeting. The 2007 Annual Report is also available on the Company's website www.advancedengine.com.

While no resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

2. RESOLUTION 1: RE-ELECTION OF DIRECTOR - MR. PUN KIN WA (ALBERT)

It is a requirement under Rule 8.1(e)(1) of the Company's Constitution that any natural person appointed by the Directors under Rule 8.1(d) of the Company's Constitution either as an addition to the existing Directors or to fill a casual vacancy must be re-appointed at the next Annual General Meeting of the Company. Accordingly, Mr. Pun Kin Wa (Albert) appointed as a Director on 28 November 2006 pursuant to Rule 8.1(d) of the Company's Constitution retires from office, and being eligible, offers himself for re-election as a Director of the Company pursuant to Rule 8.1(e)(1) of the Company's Constitution.

Mr Pun has significant international investment experience. Mr Pun is the managing director of Cherry Capital Management Limited, a Hong Kong based financial advisory company, providing strategic and financial advice to its clients. He is currently appointed as the chief advisor of KGI Group, a Hong Kong based regional investment bank. Mr Pun was formerly the chief financial officer and a member of the board of directors of KG Investments Holdings Limited, a regional financial services group in Hong Kong. Both KGI Asia Limited and KG Investments Holdings Limited are part of the Koos Group which is one of the largest business groups in Taiwan. Mr Pun previously worked at Morgan Stanley Asia Limited as vice president. Mr Pun has a Master of Sciences and Bachelor of Social Sciences degree from the University of Hong Kong.

3. RESOLUTION 2: RE-ELECTION OF DIRECTOR - MR. GRAHAM KEYS

It is a requirement under Rule 8.1(e)(2) of the Company's Constitution that one third of all directors, other than the Managing Director, retire at each annual general meeting. Accordingly, Mr Graham Keys retires from office, and being eligible, offers himself for re-election as a Director of the Company.

Mr. Keys has significant corporate and management experience. He is a former corporate finance partner of accounting firm Ernst & Young. Mr. Keys has experience as an executive director, and subsequently managing director, of a publicly listed company, as the chief executive officer of two large private companies and has been chairman and/or non-executive director of several public listed companies. He formed Norvest Corporate Pty Ltd, a specialist corporate advisory firm, in April 2000 and is the current managing director of that company. Mr. Keys is currently the non-executive Chairman of ASX listed Global Wine Ventures Ltd.



4. RESOLUTION 3: ADOPTION OF REMUNERATION REPORT

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report which details the Company's policy on the remuneration of non-executive Directors, executive Directors and senior executives is set out on pages 9 to 13 of the Company's 2007 Annual Report distributed to Shareholders with this Notice of Annual General Meeting. The 2007 Annual Report, including the Remuneration Report, is also available on the Company's website www.advancedengine.com.

The vote on the resolution is advisory only and does not bind the Directors or the Company.

5. RESOLUTION 4: ADVANCED ENGINE COMPONENTS LIMITED DIRECTOR AND EMPLOYEE SHARE OPTION PLAN

Resolution 4 seeks Shareholder approval to the issue of Options from time to time upon the terms of the Advanced Engine Components Limited Director and Employee Share Option Plan attached as Annexure A to the Notice of Annual General Meeting and as otherwise set out in this Explanatory Statement for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules. Any issue of Options to Directors under the Advanced Engine Components Limited Director and Employee Share Option Plan will be subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act, if required.

Shareholders approved the Advanced Engine Components Limited Director and Employee Share Option Plan at the 2004 Annual General Meeting of the Company. The Advanced Engine Components Limited Director and Employee Share Option Plan has passed its third anniversary date and the issue of options pursuant to the Advanced Engine Components Limited Director and Employee Share Option Plan must be approved by shareholders again in order to enable the Company to issue Options under the Advanced Engine Components Limited Director and Employee Share Option Plan within the requirements of ASX Listing Rule 7.2 (exception 9). The Company currently has 450,000 Options exercisable at \$0.19 on or before 31 December 2008 on issue which were issued under the Advanced Engine Components Limited Director and Employee Share Option Plan.

The Directors consider it desirable to maintain an option plan under which selected employees, Directors and officers of the Company may be offered the opportunity to subscribe for options in the Company in order to increase the range of potential incentives and to strengthen links between the Company, its Directors, employees and contractors.

The Advanced Engine Components Limited Director and Employee Share Option Plan is attached as Annexure A to the Notice of Annual General Meeting.

The Advanced Engine Components Limited Director and Employee Share Option Plan will also be available for inspection at the Meeting.

6. RESOLUTION 5: ISSUE OF OPTIONS TO MR. ANTONY MIDDLETON

Resolution 5 seeks shareholder approval pursuant to ASX Listing Rule 10.14 to issue 400,000 Options in the Company to Mr Antony Middleton or his nominees pursuant to the Advanced Engine Components Limited Director and Employee Share Option Plan. The issue of Options will occur no later than 12 months from the date of the Annual General Meeting.

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director (or his associate) under an employee incentive scheme without the approval of the holders of ordinary securities. Mr. Middleton is the Managing Director of the Company.

The success of the Company and its shareholders depends greatly on the people employed by the Company. To maintain and improve performance, the Company has an ongoing need both to motivate and retain an excellent and dedicated management team and key employees.

The purpose of the Options is to recognise and reward Mr Middleton's reputation and experience in the industry and his past performance with the Company as well as provide him with an additional incentive to continue those efforts for the benefit of the Company and its Shareholders. The Options will form part of Mr Middleton's remuneration package as Managing Director.



Under the current circumstances, the Directors consider that the incentive to Mr Middleton represented by the Options would be a cost-effective and appropriate incentive for the Company to provide, as opposed to alternative forms of incentive such as cash bonuses or increased remuneration.

The Board (other than Mr. Middleton who abstained because of his personal interest in the Resolution) believes that:

- the overall remuneration of Mr. Middleton, which will include the Options, is reasonable having regard to the Company's circumstances; and
- the issue of the Options to Mr Middleton as part of his remuneration package is reasonable having regard to the responsibilities involved in the role of Managing Director of an ASX listed company.

The following information is provided to help Shareholders assess the merits of Resolution 5:

- The maximum number of Options to be issued to Mr Middleton or his nominees is 400,000.
- The Options will be issued on the terms and conditions set out in the Advanced Engine Components Limited Director and Employee Share Option Plan attached as Annexure A to the Notice of Annual General Meeting.
- The Options are being issued for no consideration and consequently no funds will be raised by the issue. Funds will be raised by the Company upon the exercise of the Options.
- Following shareholder approval at the 2005 Annual General Meeting of the Company, on 24 November 2005 Mr. Middleton received 400,000 unlisted Options exercisable at \$0.19 on or before 31 December 2008 for no consideration pursuant to the Advanced Engine Components Limited Director and Employee Share Option Plan. No further Options have been issued to the Directors under the Advanced Engine Components Limited Director and Employee Share Option Plan since its last approval at the 2004 Annual General Meeting.
- No Director, other than Mr Middleton, has participated in the Advanced Engine Components Limited Director and Employee Share Option Plan at this point in time. The Directors from time to time of the Company or of associated bodies corporate of the Company are entitled to participate in the Advanced Engine Components Limited Director and Employee Share Option Plan.
- The Options will be issued to Mr Middleton or his nominees no later than 12 months from the date of the Annual General Meeting.
- The Company will not provide any loan to Mr Middleton in relation to the Options.
- An appropriate voting exclusion statement is included in the attached Notice of Annual General Meeting.
- Other than the material set out in this Explanatory Statement, the Directors are not aware of any other information which Shareholders of the Company would reasonably require in order to decide whether or not it is in the Company's interest to pass Resolution 5.

7. DEFINITIONS

In this Explanatory Statement:

Advanced Engine Components Limited Director and Employee Share Option Plan means the Director and Employee Share Option Plan attached as Annexure A to the Notice of Annual General Meeting.

AEC means Advanced Engine Components Limited, ACN 009 081 770.

Annual General Meeting means the meeting of the Shareholders convened for the purposes (including others) of considering the Resolutions contained in the Notice of Annual General Meeting.

ASX means ASX Limited, ABN 98 008 624 691.

Board means the Board of Directors of the Company.

Company means Advanced Engine Components Limited, ACN 009 081 770.

Constitution means the constitution of Advanced Engine Components Limited, ACN 009 081 770.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Annual General Meeting.



Listing Rules means the Listing Rules of the ASX.

Notice of Annual General Meeting means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Option means an option over a Share in the Company.

Proxy Form means the form of proxy accompanying the Notice of Annual General Meeting.

Resolution means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.



ANNEXURE A

This is the Advanced Engine Components Limited Director and Employee Share Option Plan proposed to be adopted at the Annual General Meeting of the Company to be held on the 22nd day of November, 2007.

Antony Middleton
Managing Director

RULES OF THE ADVANCED ENGINE COMPONENTS LIMITED DIRECTOR AND EMPLOYEE SHARE OPTION PLAN

1 DEFINITIONS

Where used herein the following words shall, unless the context otherwise requires, have the following meanings:-

Application Date means the date of lodging an application by an Eligible Employee or his or her nominee with the Company for Options in the Company pursuant to Rule 10;

Company means Advanced Engine Components Limited ACN 009 081 770;

Controlled Entity means a subsidiary of the Company from time to time;

Directors means the directors from time to time of the Company;

Eligible Employee means:-

- (a) a full or part time employee from time to time of the Company, its Controlled Entities or of associated bodies corporate of the Company; and
- (b) the directors from time to time of the Company or of associated bodies corporate of the Company;

Exchange means ASX Limited, ABN 98 008 624 691;

Exercise Price in respect of an Option means an amount equivalent to 110% of the weighted average sale price of Shares, trading on the Exchange, calculated over a 5 business day period ending on the day prior to the date of grant of the Options;

Expiry Date means 5.00pm on 31 December on the year which is three years after the year of issue;

Holder means the registered holder of an Option;

Listing Rules means the Listing Rules of the Exchange;

Options means options issued pursuant to the Plan to subscribe for Shares in the Company each exercisable at the Exercise Price;

Outstanding Options means an option that has been offered or issued by the Company under an employee share scheme (including, but not limited to, Options issued under the Plan) and that has not been exercised or lapsed;

Plan means the Advanced Engine Components Limited 2004 Employee Share Option Plan; and

Share means an ordinary share in the capital of the Company.

2 OFFERS

From time to time the Directors may make offers in writing to Eligible Employees, or the nominees of Eligible Employees, inviting them to subscribe for Options upon and subject to the terms and conditions of this Plan.

3 TERMS AND CONDITIONS OF ISSUE

All Options issued under this Plan shall be issued on the following terms and conditions:-

- (a) the Options will be issued at an issue price of \$0.00;
- (b) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options to his or her wife or husband or to a proprietary limited company all the issued shares in which are beneficially owned by the holder and his or her wife or husband provided that any such transferee first undertakes to the Company in a deed not to transfer or assign such Options until such time as they are exercised;
- (c) each Option will entitle the holder to subscribe for one Share upon exercise of the Option and payment to the Company of the Exercise Price;
- (d) the Options will expire on the Expiry Date;



- (e) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form" in a form approved by the Directors, accompanied by payment of the Exercise Price for each Option;
 - (f) the Options are exercisable at any time prior to the Expiry Date;
 - (g) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders during the currency of the Options unless the Options are exercised before the relevant record date for that new issue;
 - (h) Shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital of the Company;
 - (i) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options or the Exercise Price of the Options or both shall be reorganised as required by the Listing Rules.
 - (j) the Company shall allot the Options and deliver the certificates or holding statements relating to the Options to the Eligible Employee within ten (10) business days of the Application Date.
-

4 LAPSE OF OPTIONS

- (a) Any Option which has not been exercised by the Expiry Date will lapse.
 - (b) Subject to Rule 4(c), if a Holder ceases to be an Eligible Employee for any reason including resignation or termination of employment or by reason of any change in relationship whereby the Holder ceases to be an Eligible Employee as defined in this Plan, that Holder's Options must be exercised, unless the Directors otherwise determine, within 60 days from the date of that event, after which those Options will lapse.
 - (c) If a Holder ceases to be an Eligible Employee due to that Holder being made redundant by the Company, the Directors may determine in their absolute discretion whether or not the Options held by that Holder will be treated in accordance with Rule 4(b) or whether the Holder will be permitted to exercise any unexercised Options at any time before the Expiry Date.
 - (d) Notwithstanding Rule 4(b), in the event of the death or serious injury or incapacity of a Holder (whether resulting from that persons employment with the Company or any of its associated bodies corporate or otherwise) before the Expiry Date, the Holder or the legal personal representative of the Holder (as the case may be) will, with the consent of the Directors, be permitted to exercise any unexercised Options at any time before the Expiry Date.
-

5 ELIGIBILITY

All Eligible Employees shall be eligible to participate in the Plan.

6 ENTITLEMENTS

Except as provided in Rule 7 the number of Options (if any) to be offered to an Eligible Employee shall be determined by the Directors in their absolute discretion. The determination of the Directors in each case shall be absolute and the Directors shall not be obliged to give reasons to an Eligible Employee for any such determination.

7 LIMITATIONS ON NUMBER OF OPTIONS OFFERED

An offer of Options may not be made under the Plan if the total of:

- (a) the number of Shares which would be issued if all of the Options the subject of the offer were exercised;
 - (b) the number of Shares which would be issued if all Outstanding Options were exercised; and
 - (c) the number of Shares issued during the previous 5 years under the Plan or any other employee share scheme of the Company or pursuant to the exercise of any options issued under the Plan or under any other employee share scheme of the Company,
- would exceed 5% of the total number of issued Shares at the time of the offer.
-

8 AMENDMENTS TO THIS PLAN

The provisions of the Plan may not be altered without prior approval of shareholders of the Company in general meeting by special resolution if required by the Listing Rules.

9 STATUS OF THE OPTIONS

- (a) No Options issued under this Plan shall be quoted on the Exchange.
 - (b) Upon exercise of the Options issued under the Plan the Company will make application to the Exchange for quotation of the Shares issued pursuant to the exercise of the Options.
-

10 APPLICATIONS

No Options shall be issued under the Plan until an application has been received by the Company from an Eligible Employee to whom the Directors have resolved to offer Options under the Plan, in a form prescribed by the Directors from time to time.

11 ACCEPTANCE

The Company shall be obliged to accept any application made in terms of Rule 10 provided that the application accords, in all respects, with these Rules and is for such number of Options to which the Eligible Employee is entitled under an offer made to the Eligible Employee by the Directors.

12 RIGHTS OF EMPLOYEES

The Plan shall not form part of any contract of employment between the Company and any of its employees and shall not confer directly or indirectly on any employee any legal or equitable right whatsoever against the Company.

13 BONUS ISSUES

If from time to time before the expiry of any Options the Company makes an issue of shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue") other than in lieu of a dividend payment, then upon exercise of his or her Options a Holder will be entitled to have issued to him or her (in addition to the shares which he or she is otherwise entitled to have issued to him or her upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to him or her under that bonus issue ("bonus shares") if on the date on which entitlements were calculated he or she had been registered as the holder of the number of shares which he or she would have been registered as holder if immediately before that date he or she had exercised his or her 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.

14 PRO RATA ISSUES

In the event of a pro rata issue by the Company (other than an issue to which Rule 13 relates) the number of Shares over which the Option exists and the Exercise Price for each Option will be adjusted in accordance with the Listing Rules.

15 POWERS OF DIRECTORS

The Plan shall be administered by the Directors who shall have the power to:

- (a) determine procedures from time to time for administration of the Plan consistent with these rules;
 - (b) subject to Rule 8 amend or modify these rules;
 - (c) resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
 - (d) delegate to any one or more persons for such period and on such conditions as they may determine the exercise of any of the Directors' powers or discretions arising under the Plan.
-

16 TERMINATION OF PLAN

The Plan may at any time be terminated by resolution of the Directors and notice to the Exchange.

INSTRUCTIONS FOR COMPLETING THE FORM OF PROXY

1. To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:
 - send the Proxy Form by facsimile to the Company on +61 8 9209 6999;
 - post the Proxy Form to the Company at PO Box 3126, Malaga WA 6090; or
 - deliver the Proxy Form to the registered office of the Company at 14 Energy Street, Malaga WA 6090.
2. Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights.
4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of Shares in respect of which each such appointment is made. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
5. Should you desire to direct your proxy how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
6. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
7. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provision of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.
8. Completion of a Proxy Form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the meeting in person, the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
9. Where a Proxy Form or form of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged with this proxy.

ADVANCED ENGINE COMPONENTS LIMITED
ACN 009 081 770
2007 ANNUAL GENERAL MEETING
FORM OF PROXY

I/We (print name)
of

a member/members of Advanced Engine Components Limited (ACN 009 081 770) hereby appoint

.....
of

or failing him/her

of
or failing him/her, the Chairman of the meeting, as my/our proxy at the General Meeting of the Company to be held commencing at **2.00pm on Thursday, 22 November 2007**, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following*

.....
of my/our Shares in the manner as set out below.

In relation to any undirected proxies the Chairman intends to vote in favour of all Resolutions.

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

☐

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

		For	Against	Abstain
Resolution 1	Re-election of Director – Mr. Pun Kin Wa (Albert)	☐	☐	☐
Resolution 2	Re-election of Director – Mr. Graham Keys	☐	☐	☐
Resolution 3	Adoption of Remuneration Report	☐	☐	☐
Resolution 4	AEC Director and Employee Share Option Plan	☐	☐	☐
Resolution 5	Issue of Options to Mr. Antony Middleton	☐	☐	☐

Dated this day of 2007.

Signature of Member/s

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature		Director/Sole Director
Signature		Director/Company Secretary
Signature		Sole Director and Sole Company Secretary