



ADVANCED ENGINE COMPONENTS LIMITED

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

AGREEMENT WITH TATA MOTORS EXECUTED

Advanced Engine Components Limited ("ACE") is pleased to announce execution of a formal ten year Purchase Agreement ("the Agreement") with Tata Motors Limited ("TML") of India. The terms of the Agreement are consistent with the Letter of Intent ("LOI") announced on 31 October 2008.

Pursuant to the LOI ACE will design, develop, test and certify compressed natural gas ("CNG") kits as part of the natural gas vehicle system ("NGVS"). The NGVS is for naturally aspirated and turbo charged CNG versions of TML's four and six cylinder engines for commercial vehicle application. Quantities and pricing were set in the LOI.

Harit AEC India Pvt Ltd, a joint venture ("JV") between ACE and Vialle Alternative Fuel Systems Private Limited ("Vialle India"), is in the process of being incorporated in India. The JV will be responsible for localisation of production of ACE's CNG kits and arranging required working capital for ACE's activities in India.

ACE has commenced development on the NGVS for the TML CNG engines.

A key component of the NGVS for the TML engine development programme is completion of the fifth generation ACE electronic control unit ("ECU"). The fifth generation ECU is a significant advance on the current ECU incorporating simplified state of the art components, with incremental development capacity and an improved pricing structure.

Tata Motors is India's largest automobile company, with revenues of US\$ 8.8 billion in 2007-08. Through subsidiaries and associate companies, Tata Motors has operations in the UK, South Korea, Thailand and Spain. Among them is Jaguar Land Rover, a business comprising the two iconic British brands. It also has a strategic alliance with Fiat. With over 4 million Tata vehicles plying in India, Tata Motors is the country's market leader in commercial vehicles and among the top three in passenger vehicles. It is also the world's fourth largest truck manufacturer and the second largest bus manufacturer. Tata cars, buses and trucks are being marketed in several countries in Europe, Africa, the Middle East, South Asia, South East Asia and South America. Further information is available at www.tatamotors.com

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About Advanced Engine Components Limited (ASX code ACE):

ACE has been listed on the Australian Stock Exchange since February 2002. The corporate and research headquarters are in Perth, Western Australia. Branch offices for marketing, procurement and production are in Beijing and Dalian, China. Additional strategic partnerships and markets are in Thailand, Indonesia, Australia, France and India.

ACE was established in 1984 to undertake research, development and commercialisation of electronic fuel injection and engine management technologies designed to increase engine power while meeting, or improving, international exhaust emission standards (Euro 4).

ACE's flagship product is the patented Natural Gas Vehicle System (NGVS) a multi-point sequential electronic gas injection system. The NGVS enables engines to be adapted, on the production line or in retro-fit, to use natural gas.

The ACE NGVS is ideally suited for the city bus and truck fleets, where its low emission levels and operating economies are key benefits.

Further information is available at www.advancedengine.com