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

AGREEMENT FOR INDIA PRODUCTION

Advanced Engine Components Limited ("ACE") is pleased to announce signing of a Technical Assistance Agreement and a Development & Supply Agreement ("the Agreements") with SHIGAN Quantum Technologies Pvt Ltd ("SQT") of India.

The Agreements assist ACE in funding development of the Tata Motors Limited ("TML") naturally aspirated and turbo charged, natural gas, four and six cylinder engines for buses and trucks. The Agreements also satisfy TML's localisation requirement for Indian production of the ACE compressed natural gas system components

Over the past nine months ACE and TML have made significant progress with the TML engine developments. TML and SQT personnel recently visited ACE's premises in Perth. The visit was in preparation for performance and emission testing of the engines in India, planned for November 2009. Completion of the engine developments, including final vehicle testing, is scheduled to coincide with India's regulatory requirement that all new trucks and buses, in eleven major centres, be Euro 4 emission compliant by 1 April 2010.

Pursuant to the Agreements:

- (a) As agreed development milestones are achieved, SQT will part fund ACE development costs and pre purchase ACE manufactured injectors and fifth generation electronic control units ("ECU 560/580");
- (b) With TML start of production, SQT will purchase ACE manufactured injectors and ECU 560/580, for sale to TML, until such time as SQT commences licensed manufacture of those components in India;
- (c) SQT is licensed to manufacture ACE injectors and ECU 560/580 in India, for SQT sale to TML, for a ten year period commencing with SQT's commercial production of those components;
- (d) ACE will receive a royalty payment on all ACE injectors and ECU 560/580 sold by SQT for a period of 10 years from SQT's commencement of commercial production;
- (e) ACE will provide technical assistance to SQT throughout the development and license periods; and
- (f) Ownership of all existing ACE intellectual property, including all future ACE improvements thereto, is retained by ACE.

ACE's arrangement with SQT, for the TML engines, enables ACE to concentrate on the technical aspects of the engine developments; the initial manufacture and sale of its proprietary protected products to TML; and subsequent licensed use of its intellectual property, without a requirement on ACE for significant capital or labour intensive investment in India.

For further information contact Tony Middleton, Managing Director, on +618 9209 6900; or email shares@advancedengine.com

***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

About SHIGAN Quantum Technologies Pvt Ltd ("SQT"):

SQT is an Indian private company which has a collaboration with Quantum Fuel Technologies Worldwide, Inc a US Nasdaq listed company. SQT is involved in development, manufacture and sale of alternative fuel systems.

SQT is a supplier to original equipment manufacturers in India of heavy duty vehicle, stationary and industrial engines. SQT sources its supply from a number of international companies as well as designing, optimising, manufacturing, assembling, testing and kit integration of alternate fuel systems in India. SQT utilises world leading technology to offer original equipment manufacturers in India a complete engineering solution in alternative fuels including compressed natural gas, liquefied petroleum gas and hydrogen.

About Tata Motors Limited ("TML"):

TML is India's largest automobile company, with revenues of US\$8.8 billion in 2007-08. Through subsidiaries and associate companies, TML 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 four million Tata vehicles plying in India, TML 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 sold in a number of countries in Europe, Africa, the Middle East, South Asia, South East Asia and South America.

Further information is available at www.tatamotors.com

Natural Gas Market in India:

India is the fifth largest and fastest growing Natural Gas Vehicle market in the world. India currently has 28 city projects in process, involving 450,000 vehicles and 373 natural gas refuelling stations. Over 220 Indian cities are planned for CNG development, involving more than 12,000 km of networked pipeline. This pipeline network is in addition to the massive Iran-Pakistan-India and Turkmenistan-Afghanistan-Pakistan-India pipelines. By the end of calendar year 2009, gas availability in India will have doubled; by 2012 India's CNG pipeline will connect 15 states and reach a population of 160 million people.

Legislation in India requires all buses and trucks servicing the major cities to comply with Euro 4 emission standards by 1 April 2010. This requirement will increase to Euro 5 by 1 April 2014.