



ADVANCED ENGINE COMPONENTS LIMITED

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Company Announcements Office
Australian Securities Exchange
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REFINANCING OF FACILITY & CONVERTIBLE NOTES

Advanced Engine Components Limited ("ACE") and 698 Capital Asia Pacific Ltd ("698"), a party related to ACE's major shareholder, have agreed to negotiate an extended repayment of 698's \$3,000,000 sales financing facility to ACE and the amount outstanding under the Convertible Notes held by 698.

The sales financing facility was repayable on or before 31 December 2009. At 698's option, the Convertible Notes were convertible to ACE shares at 40 cents per share or redeemable on or before 31 December 2009.

698 has confirmed to ACE that it will not immediately call up the amount owing under the sales financing facility or exercise its right to either convert or redeem the Convertible Notes by 31 December 2009. As such, the amounts owing under the sales financing facility and the lapsed Convertible Notes, of approximately \$7.1 million inclusive of accrued interest, will remain outstanding as at 31 December as short term loans at call.

ACE and 698 have agreed to negotiate revised terms for the amounts outstanding. It is agreed the negotiated terms and execution of the formal documentation will be completed on or before 31 January 2010.

ACE continuously reviews its cost structure and cash flow requirements as a consequence of the effect of the global financial crisis. The refinancing of the 698 sales financing facility and Convertible Notes demonstrates the ongoing support, commitment and belief of 698, the major shareholder, in the immediate and long term future of ACE and provides shareholders, suppliers and customers with confidence in ACE's financial capability going forward.

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