



ADVANCED ENGINE COMPONENTS LIMITED

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The Manager
Company Announcements Office
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

By: e-lodgement (ASX code ACE)

SECURITIES TRADING POLICY

In accordance with ASX Listing Rule 12.9, which comes into effect on 1 January 2011, the following document is attached for release to the market:

- Advanced Engine Components Limited Securities Trading Policy.

Yours sincerely

Alicia Mitton
Company Secretary
Advanced Engine Components Limited

Securities Trading Policy

Advanced Engine Components Limited
ACN 009 081 770

Adopted by the Board: 21 December 2010

1 Introduction

This document sets out the policy covering restrictions on trading in securities of Advanced Engine Components Limited (**AEC or the Company**) by its directors, officers, employees and certain contractors and consultants (**Company Personnel**)¹.

Company Personnel who wish to trade in AEC securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (ie. shares or options) by a person with some connection with a company (eg. an employee) in possession of information generally not available to the public, but may be relevant to the value of the company's securities or may influence a person's decision to transact in the company's securities. It may also include the passing on of this information to another.

Legally, insider trading is an offence which carries severe penalties, including imprisonment.

2 Insider Trading Prohibition

In summary, Company Personnel must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities in the Company, or procure another person to do so:

1. if that Company Personnel possesses information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available;
2. if the Company Personnel knows or ought reasonably to know, that:
 - (a) the information is not generally available; and
 - (b) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company.

Further, Company Personnel must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

3 Blackout Period

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company identifies the circumstances set out below, where Company Personnel must not trade in the Company's securities (**Blackout Periods**).

¹ In this policy references to Company Personnel include all associates such as family members or companies and trusts controlled by Company Personnel.

The Blackout Periods for the Company are as follows:

Circumstance	Blackout Period
Release of full year results to ASX	One month immediately preceding the deadline for the Company to release its preliminary final annual results.
Release of half year results to ASX	One month immediately preceding the deadline for the Company to release its half year results.
Other – as determined by the Company from time to time	Other restricted periods as may be communicated by the Board to Company Personnel from time to time.

During the above Blackout Periods, Company Personnel must not purchase any securities of the Company nor should they sell any such securities unless the circumstances are exceptional and the procedure described below has been met.

A person may trade in the Company's securities inside a Blackout Period described above in the following circumstances:

1. the Chair approves the trade by a director or officer upon the director or officer satisfying the Chair that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
2. the Managing Director (or equivalent) approves the trade by the Chair upon the Chair satisfying the Managing Director or equivalent that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
3. the Managing Director (or equivalent) approves the trade by an employee, contractor or consultant upon the employee satisfying the Managing Director (or equivalent) that they do not possess unpublished price sensitive information about the Company and a failure to trade in the Company's securities would result in exceptional circumstances such as financial hardship;
4. where the trade is part of a managed securities portfolio where the person is not in a position to influence choices in the portfolio;
5. where the trade results in no change to the beneficial interest in the securities;
6. where the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends;
7. acquisition of shares in the Company by conversion of options or other convertible securities; and
8. participation in an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board.

4 Procedure for Obtaining Clearance Prior to Trading

Company Personnel must not trade in the Company's securities during a Blackout Period without first obtaining written clearance before commencing the transaction pursuant to Section 3 from:

1. in the case of employees and relevant contractors and consultants, the Managing Director or equivalent or in his absence, the Chair;
2. in the case of a director, the Chair or in his absence, the Managing Director (or equivalent);
3. in case of the Managing Director (or equivalent), the Chair; or
4. in the case of the Chair, the Managing Director (or equivalent).

Written clearance must be in the form of a correctly completed and approved Securities Dealing Approval Request Form. The original Approval Form must be given to the company secretary within 3 business days of approval to be kept on record.

5 Prohibited Transactions

Company Personnel must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

6 Notification

Directors must disclose details of changes in securities of the Company they hold (directly or indirectly) to the company secretary as soon as reasonably possible after the date of the contract to buy and sell the securities ("**Contract Date**") but in any event:

1. no later than 3 business days after the Contract Date; or
2. if you begin to have or cease to have a substantial shareholding or there is a change in your substantial holding, the business day after the Contract Date.

The relevant Director must also report all notifications of dealings in the Company's securities to the next board meeting of the Company.

7 Breaches

Breach of the insider trading prohibition could expose you to criminal and civil liability. Breach of insider trading law or this Policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This Policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading. Company Personnel who wish to obtain further advice in this matter, are encouraged to contact the company secretary.

This Policy also applies to the Company's related entities.

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SECURITIES DEALING APPROVAL REQUEST FORM

Directors, officers, employees and certain contractors and consultants must provide prior notification to, and obtain approval from, an applicable AEC officer for dealings in AEC Securities during specific Blackout Periods as defined in the AEC Securities Trading Policy.

Name:	Position:
Location:	Tel No:

I request approval for the following dealing in AEC Securities:

Securities:	Insert here a full description of the Securities, eg AEC ordinary shares, options, other company securities.
Nature of proposed dealings:	Insert here a full description of the proposed dealings and the number of Securities involved. Eg purchase 100 AEC shares, exercise 100 AEC options.
Person dealing:	Insert here the name of the person dealing. If not the person requesting approval, then the relationship with the person requesting approval must be stated.

I confirm the following:

- I have read and understand the AEC Securities Trading Policy and confirm that the above dealings will not contravene the Policy or any applicable laws;
- There are exceptional circumstances that justify a sale of the relevant AEC Securities as the only reasonable course of action and these are attached to this document;
- The above dealing will not occur until written approval in accordance with the Policy is given, and then only in accordance with the Policy; and
- I understand that approval under the Policy (if given) will not be an endorsement of the above dealing, and that I remain personally responsible for complying with any applicable laws and the Policy.

Signed:	Date:
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For completion by applicable AEC Officer under the AEC Securities Trading Policy

Approval for the above dealing

- ☐ has been granted and is valid for days from date of approval.
- ☐ has been refused

Signed:	Date:
Name:	Position:
Co Sec Signature:	Date Received: