advance energy LTD
www.advanceenergyltd.com.au

13th October 2009

Jenny Cutri-Assistant Manager, Issuers (Perth)
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Jenny

Advance Energy Ltd – Response to ASX letter dated 9 October 2009

Thank you for your letter to which we respond as follows:

1. The late lodgement of the Appendix 3X was due to administrative oversight, exacerbated by the absence of a number of parties overseas in the period immediately prior to and subsequent to the board appointment, and to a busy reporting season schedule of work.
2. All Directors are required to immediately notify the Company Secretary, in writing, of changes to their holdings in the Company's securities; and further are required to confirm their beneficial holdings twice yearly upon completion of the Company's audit and half year review.
3. The Company recognises the need for, and importance of, high levels of corporate governance, and to this end is currently implementing the Complispace corporate governance programme, which is a task based, comprehensive governance and risk management tool. Within this programme, the Company is building potential listing rule breaches into its risk management register. In particular this will require that no new board appointment is announced to the market without the simultaneous preparation of an Appendix 3X and a form 484 (for lodgement with ASIC). We anticipate that Complispace will be fully operational by the end of the 2009 calendar year.

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ASX
AUSTRALIAN SECURITIES EXCHANGE

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9 October 2009

Mr David Ballantyne
Company Secretary
Advance Energy Ltd
Suite 2, 16 Ord Street
WEST PERTH WA 6005

By Facsimile: 9486 1011

Dear David

Advance Energy Limited (the "Company")

We refer to the following:

1. Company's announcement lodged with ASX Ltd ("ASX") on 7 October 2009 regarding the initial director's interest for Mr Paul Berresford ("Appendix 3X").

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
   - On the date that the entity is admitted to the official list.
   - On the date that a director is appointed.

   The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

   3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3x indicates that Mr Beresford's appointment occurred on 14 September 2009. It appears that the Director's Notice should have been lodged with ASX by 21 September 2009. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3X was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at jenny.cutri@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading at **7.00am WST** on **Wednesday 14 October 2009.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

Jenny Cutri
Assistant Manager, Issuers (Perth)