advance energy

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9th August 2013

Dave Filov
Senior Advisor
ASX Limited
GPO Box D187
Perth WA 6840

Email: Dave.Filov@asx.com.au

Dear Sir

ADVANCED ENERGY LTD (the "Company")

We refer to your letter dated 6th August 2013 regarding the Appendix 5B and your request for responses to specific question.

Below, please find our responses, in the prescribed order in which they were asked:

1. As indicated in the Appendix 5B, the Company has estimated that cash outflows for the forthcoming quarter will be restrained.
   The Company is of the belief that it will have sufficient capital and support to fund its activities.
   As an indication of the support for the funding of this cash requirement, the Company has announced that it is negotiating with RM Corporate Finance to act as lead manager, on a best endeavours basis, to place an unsecured Converting note for up to $3.0 Million, pursuant to S708 of the Corporations act.
2. The Company expects that in the near future it will have negative operating cash flows, however it believes that it will have sufficient cash inflows via capital raisings to ensure that it can continue its operations, as outlined in 1 above;
3. The Company believes that it will continue to be supported in its pursuit of its business objectives, as indicated by 1 above;
4. The Company can confirm that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1 (Continuous Disclosure);and
5. The Company is in compliance with Listing rule 12.2 (Sufficiency with regard to financial condition to support operations and other activities).

Yours sincerely,

Roland Berzins

Company Secretary

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6 August 2013

Mr Roland Berzins
Joint Company Secretary
Advance Energy Limited
Suite 2, 16 Ord Street
WEST PERTH WA 6005

By email

Dear Roland

Advance Energy Limited ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2013, released to ASX Limited ("ASX") on 31 July 2013, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.

2. Net negative operating cash flows for the quarter of $46,000.

3. Cash at end of quarter of $3,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email dave.filov@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Friday 9 August 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Dave Filov
Senior Adviser, Listings Compliance (Perth)