

4th October 2010



ASX ANNOUNCEMENT

ATG TO RAISE UP TO \$6.8M IN RIGHTS ISSUE AND OPTIONS ISSUE

Automotive Technology Group Limited (ASX: ATJ) (ATG) wishes to advise the Directors have resolved to make an offer to eligible shareholders to participate in a pro rata Entitlement issue to raise up to approximately \$6.8 million.

Under the Entitlement issue, the Company will issue up to 227,711,866 new fully paid ATG shares at 3.0 cents per share with one free attaching Option for every four shares subscribed for, exercisable at 8 cents and expiring on 30 June 2012. The shares will be offered on the basis of one new share for every ATG share held (as at the Record date). **(Rights Issue)**

The Options to be issued under the Rights Issue will be a new class of security of the Company.

The Company advises that its Directors have agreed to participate in the Rights Issue for a minimum of 77,161,074 shares (subject to compliance with the Corporations Act) which will raise approximately \$2.3 million. The Directors have agreed to advance these funds to the Company via loans to the Company by 6 October 2010 while the Rights Issue documentation is prepared.

The Company expects to lodge the Prospectus on or about the 14th of October 2010.

The funds raised through the Rights Issue will be used to fund working capital as the Company transitions its business focus to increasing global sales volumes of its patented, low emission, high fuel efficiency Sprintex® Supercharger product range.

The Company is pleased to report that it has achieved a number of notable milestones during 2009-10, in preparation for its next stage of development as a key supplier of market leading supercharger products to global automotive markets. A summary of key recent milestones is listed below:

Key ATG milestones achieved

1. Chinese distribution agreement with Huachuang Zhenxin Automobile Technology Development Co Ltd (Huachuang). Huachuang have completed construction of a purpose built distribution centre in Beijing and have developed their own supercharger kits for Ford Focus and Suzuki Swift vehicles incorporating Sprintex superchargers.

ATG's Business Development Manager visited Huachuang in August 2010 to complete the installation of supercharger kits on two vehicles (a Honda Jazz and a Suzuki Swift) and attended a SEMA China exhibition from September 23–26 where the Huachuang showcased four supercharger kits incorporating Sprintex superchargers:

- Honda Fit (Jazz)
- Toyota Reiz
- Suzuki Swift
- Ford Focus

With a strong distribution partner in the world's largest (and one of the fastest growing) automotive markets, ATG is poised to grow sales in China.

2. Cost reduction breakthrough which will allow the Company to produce its own rotors, with the expectation that the production cost of a pair of rotors will be significantly reduced.
3. Performance improvement breakthrough which will deliver a significant reduction in operating temperature and noise level of a supercharger. This achievement is a major breakthrough to attract interest from OEMs.
4. Collaboration agreement with an Indian OEM, Greaves Cotton Ltd, which produces over 200,000 diesel engines per year.
5. Sprintex® superchargers were launched in the US at the November 2009 SEMA show and sales in the US have commenced. Representatives from the Company will also be attending the 2010 SEMA show to continue the ATG presence and also explore further distribution opportunities.
6. The Company is currently negotiating a distribution agreement for the Americas for superchargers in BMW Minis vehicles. The kit is currently under development in Perth, Western Australia, and will be show cased at the upcoming 2010 SEMA show in Las Vegas in late October 2010.
7. Supercharger kits for Toyota Land Cruiser Series 80 and 100 have been completed. Sales enquiries are continuing to build following strong following exposure through some of Australia's leading automobile trade press.
8. The Company is also aiming to complete supercharger kits for the Toyota 4L V6 (Prado, Hilux, FJ Cruiser), Jeep Cherokee, and the Toyota Reiz by the end of 2010.

ENDS

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About Automotive Technology Group

Automotive Technology Group listed on the ASX in May 2008. It is the designer and manufacturer of the patented low emissions, high fuel efficiency Sprintex® supercharger product range. The Company's vision is to be a leading developer and manufacturer of innovative green automotive technologies to world markets, in particular in the manufacturer of superchargers.

Motor vehicle and motorcycle manufacturers are increasingly turning to Superchargers to help meet tougher vehicle emissions and fuel efficiency targets being set by governments globally, and the Sprintex® Supercharger achieves these two goals while ensuring that engine performance is not compromised.

The Company operates from a specialist research and development, and manufacturing facility in Perth, Western Australia.

Visit www.ATGgroup.com.au for more information.