

27 May 2011



(ABN: 38 106 337 599)

ASX ANNOUNCEMENT

ATG TO RAISE UP TO \$6.9 MILLION VIA AN ENTITLEMENT ISSUE

Automotive Technology Group Limited (ASX: ATJ) (ATG) wishes to advise that the Directors have resolved to make an offer to eligible shareholders to participate in a pro rata non-renounceable entitlement issue to raise up to approximately A\$6.9 million.

The proceeds of this issue will be used to fund the Company through the next phase of its commercialisation, which is focused on delivering Sprintex supercharger products to Original Equipment Manufacturers (OEMs) from a proposed high volume offshore manufacturing facility.

The manufacturing facility is planned to be established in Malaysia in conjunction with a Tier 1 OEM supplier.

Under the entitlement issue, the Company will issue up to 342,716,263 new fully paid ATG shares at 2.0 cents per share. The shares will be offered on the basis of one new share for every ATG share held at the record date (**Entitlement Issue**).

The Company advises that its **Directors have agreed to participate in the Entitlement Issue for a minimum of 156,451,839 shares which will raise approximately \$3.1 million.**

The Company expects to lodge the prospectus on or about the 10 June 2011.

ATG is at an exciting stage of development as it accelerates the commercialisation of the Sprintex range of products. The Company is currently preparing to deliver on the previously announced initial OEM order from Proton, via ATG's prospective high volume manufacturing partner in Malaysia, Proreka (see ASX announcement, 29 April 2011).

Prototype systems were provided to Proton earlier this year and the system development program is on track to enable ATG and Proreka to commence delivery of the first systems in the last quarter of 2011.

With after-market sales accelerating and OEM product deliveries due to commence during this year, ATG has also been focusing on progressing the previously announced feasibility study to establish a high volume manufacturing and assembly facility in Malaysia with Proreka (see ASX announcement, 14 February 2011) while the existing Perth facility will then be redeployed as a research and development centre. The Company's intention is to finalise this agreement by 30 June 2011.

The progression to commercialisation requires the Company to fund both capital equipment and infrastructure as well as working capital requirements to improve manufacturing capacity and cost efficiencies, and also to fund the inventory build associated with the increase in sales. In addition thereto, proceeds of the Entitlement Issue will be utilised for repayment of the convertible note of approximately \$1.9 million. After considering a variety of funding possibilities, the Board has decided that the best approach is to invite its shareholders to participate in the future development of the Company via an attractively priced entitlement issue.

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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.