

## ASX ANNOUNCEMENT

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### ATG SIGNS AGREEMENT ON NEW GREEN ENGINE TECHNOLOGY

**Automotive Technology Group Limited (ASX: ATJ) has signed an agreement with ARE Engines Limited to jointly evaluate the fuel saving and lower emission capability of the patented Almasi Rotary Engine.**

Automotive Technology Group Limited (“**ATG**”) Executive Director Steven Apedaile said the Almasi Rotary Engine (“**the Technology**”) was a significant evolutionary step forward in the development of low fuel consumption and low emissions engines which had overcome the limitations of traditional rotary engines.

Mr Apedaile said under the agreement, ATG and ARE Engines Limited (“**ARE**”) would assess the performance of the Technology using a four stroke prototype engine developed and engineered at ATG’s specialist manufacturing and testing facility in Perth, Western Australia.

Under the terms of the agreement, the Almasi Rotary Engine is required to meet a minimum 30% fuel saving and 30% emissions reductions over a standard combustion engine while maintaining an equivalent power output.

“The global pressure to produce low emission engines that save on fuel consumption while maintaining power is only going to increase in the years ahead, which is the driving philosophy behind ATG’s Sprintex supercharging technology.” Mr Apedaile said. “If our prototype of the Almasi Rotary Engine meets expectations then rapid commercialisation is a real possibility.”

Mr Apedaile said the Federal Government’s recently announced plans to create a \$2billion Green Car Innovation Fund might provide an opportunity for the commercialisation of the Almasi Rotary Engine to be fast-tracked if the performance targets were reached.

Key revolutionary benefits of the Almasi Rotary Engine to be evaluated include:

- Minimum 30% decrease in fuel consumption
- Minimum 30% decrease in emissions, including CO<sub>2</sub>
- No decrease in power output
- Elimination of the crankshaft
- Superior lubrication system and minimal friction to the cylinder
- Superior cooling mechanism
- Simple design and cost efficient manufacturing

Dr Mansour Almasi, inventor of the Almasi Rotary Engine and chairman of ARE, said the world’s vehicle manufacturers were looking for ways to leap frog their competitors when it came to producing the most advanced low fuel-low emission engine.

“The fuel consumption and CO<sub>2</sub>/CO emission targets imposed by international authorities and established by each and every car manufacturing company are tight, aggressive and perhaps too optimistic in relation to their existing technology.”

“The great potential of the Almasi Rotary Engine is that it may provide the solution to vehicle manufacturers trying to meet very stringent emissions and fuel consumption reduction targets.”

## Development Agreement

Following an initial evaluation and if specified performance measures are met, ATG will acquire 51% of ARE the (owner of the Technology) for \$US500,000, appoint a majority of ARE's board, and fund (at its discretion) Stage 1 (Evaluation Phase). On completion of Stage 1 (Evaluation Phase), and provided the results satisfy the target performance measures, ATG can commit to, and fund (at its discretion), the Commercialisation Phase (Stage 2).

Upon commercialisation of the Technology (or earlier at ATG's discretion), ATG will acquire an additional 24% equity interest in ARE for US\$500,000, giving it a total interest of 75% of ARE.

The existing ARE shareholders will also receive a 5% royalty on gross revenues net of direct expenses from the commercialisation of the Almasi Rotary Engine, once ATG's sole funding commitments have been repaid.

Other than outlined above, ATG is not required to make any financial payment or commitment to ARE or its directors under the agreement.

### Dr Mansour Almasi - Chairman/Director ARE Engines Limited

Dr Mansour Almasi is a consultant engineer with over 50 years' professional experience. Dr Almasi has developed a number of award-winning industrial projects and has held several senior executive positions.

In the late 1960s, Dr Almasi became the president and founder of LMK consultancy. LMK designed and managed engineering projects for some of the largest industrial manufacturers in Iran. Throughout the 1970s, Dr Almasi assumed full responsibility for the country's largest steel production plant, manufacturing 1.4Mt/a of steel for the construction and engineering industries.

Since 1979, Dr Almasi has continued engineering consulting while inventing and commercialising several of his own international patents.

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### Automotive Technology Group

Automotive Technology Group Limited (ATG) is the designer and manufacturer of the patented Sprintex supercharger product range. ATG also manufactures and supplies Vee Two specialist and performance parts for all Ducati and certain models of Harley-Davidson motorcycles. ATG operates from a specialist research and development facility in Perth, Western Australia. The Company's vision is to be a leading developer and manufacturer of innovative green automotive technologies, and in particular to be a pre-eminent manufacturer of superchargers to the world market. ATG is listed on the ASX (ASX: ATJ).

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