

ISSUE 1: May 2010

PLASMADRIVE AGREEMENT

Last month we announced a significant agreement with emerging American automotive technology company PlasmaDrive Inc. to supply our patented Sprintex® Supercharger for PlasmaDrive's fuel saving engine systems. The agreement will see us work with PlasmaDrive to bring its revolutionary Phas5Fuel advanced fuel economy, low emission fuel system to the global automotive market.

Our aim is to develop a large scale, long term supply of ATG Sprintex® Superchargers for PlasmaDrive's engine systems. PlasmaDrive's market research forecasts sales volumes could grow to in excess of 1 million units per annum, in less than three years.

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PlasmaDrive has tested other superchargers without achieving the required efficiency or durability. PlasmaDrive's testing of the Sprintex® Supercharger delivered results which far exceeded its requirements. ATG and PlasmaDrive have also agreed to collaborate on the further development of fuel-saving and emission reducing technology.

[read more about PlasmaDrive's technology on p2]

MAJOR DISTRIBUTION AGREEMENT WITH LEADING CHINESE AUTOMOTIVE GROUP

As part of our expansion into major automotive markets, the Company recently signed an \$8 million agreement with leading Chinese automotive distribution group, Huachuang Zhenxin Automobile Technology Development Co Ltd for the exclusive distribution of ATG's Sprintex® Supercharger products in China, Hong Kong, Macau and Taiwan.

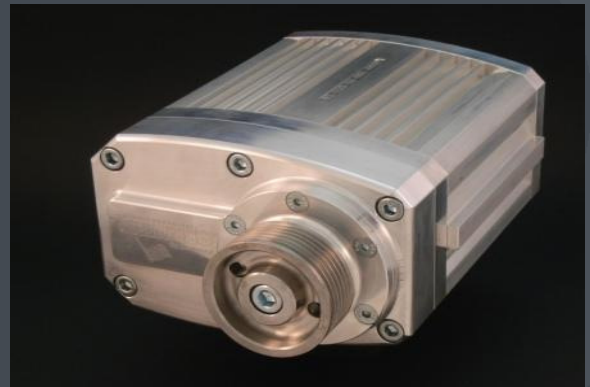
The agreement is for three years, and Huachuang will purchase Sprintex® Supercharger products to the value of \$2 million in the first 12 months and \$3 million in each of the second and third years of the agreement. The agreement is a major opportunity for the company to generate significant sales revenues in a major growing automotive market.

INVESTOR UPDATE

FROM THE MANAGING DIRECTOR

I am pleased to bring you the first issue of Automotive Technology Group's Investor Update. As part of our commitment to keep shareholders and other interested parties up to date with developments in the Company and our business, we will be producing the Investor Update each quarter.

The first issue coincides with a period of significant progress in the development of our headline product, the patented Sprintex® Supercharger (see example model below), despite what has been a very difficult time in investment and automotive markets alike. I am excited to provide you with details of these developments and also outline some of our coming plans to grow the Sprintex® Supercharger's presence in major global markets.



The Sprintex® Supercharger delivers greater fuel efficiency and engine performance while at the same producing lower exhaust emissions from automotive engines. It is recognised globally as one of the best supercharger products available and in the current age of declining energy reserves and increasing environmental awareness, there is a major opportunity for the company to promote the use of our superchargers in both new and existing vehicles alike, to provide either emissions and fuel economy or performance benefits.

The key focus for the Company in 2010 will be the continued rollout of the Sprintex® Supercharger in the automobile aftermarket and new car sector, and I look forward to bringing you further news on these developments during the year.

*Steven Apedaile
Managing Director*

STRENGTHENING THE TEAM

The Company has recently appointed some key new personnel to the team, which will add to the existing skill sets of our people.

Mr Richard O'Brien – non-executive director

At Board level, the Company appointed Richard O'Brien as a non-executive director in March.

Richard has more than 35 years experience in the financial management and administration of companies, and was previously the Financial Accountant for the State Energy Commission of Western Australia.

He holds a Bachelor of Business, Post Graduate Diploma in Business and is a Fellow of the Australian Society of CPA's.

The Company welcomes the services of such a high caliber executive as Richard and believes that his role with the Company as an independent director will add to our already strong corporate governance practices.

Mr Ben Parry – Cost Engineer. Production and Supply Chain Manager

Ben is an automotive engineer who joined the Company recently. He has extensive experience working for major vehicle manufacturing groups like Ford Motor Company and Lotus Engineering, among others.

He has significant experience in cost engineering and implementation of new components to vehicle manufacturers production lines and more recently worked with Orbital Engine Company, where he facilitated engineering solutions for various Chinese vehicle manufacturer customers.

Ben also has supercharger and motorcycle experience, and is a key addition to our technical staff.

ABOUT PLASMADRIVE'S TECHNOLOGY

PlasmaDrive uses a simple, low cost reactor to create a fuel for use in conventional automotive engines. The reactor is mounted in the exhaust system to provide a heat source from wasted exhaust heat. Fuel is created by taking a conventional fuel source (eg petrol) and converting it to a 'Cold Plasma'. In the process, energy is added via an electro-magnetic process which has to occur under vacuum.

The result is that the Cold Plasma contains significantly more specific energy than the original petrol fuel source used to create it. The final outcome is that a conventional vehicle engine will operate at normal power levels on around significantly less fuel than required for conventional operation. Also, noxious exhaust emissions are reduced to the point that no catalytic converter is required during operation on plasma fuel (see presentation attached). The plasma process requires a highly efficient vacuum pump, and this issue has been resolved by the application of ATG's Sprintex® supercharger.

GROWTH PLANS

The Company continues to expand into major markets including India, China and the US. Early this year we signed an agreement with major Indian engineering group, Greaves Cotton Ltd, for the development of new vehicle engine systems using Sprintex® Superchargers. Greaves is one of the largest engineering companies in India and the aim of the agreement is to pave the way for the high volume supply of ATG superchargers into one of the world's largest automotive markets. India's annual vehicle production is expected to grow to 2.2 million by 2014.

We are also working on developing potential production facilities in India and Malaysia, supercharger kits for BMW and Mini vehicles, and other breakthrough fuel saving technology.

FOR FURTHER INFORMATION CONTACT

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