ULTRACHARGE

ASX Release

31 July 2018

ULTRACHARGE LIMITED
ACN 140 316 463

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ASX Code:
UTR

Shares:
695,629,070

Escrow Shares:
114,059,808 quoted
103,108,409 unquoted

Options (various):
124,000,000

Performance Rights:
13,687,500

June 2018 Quarterly Report

- **Signs purchase agreement to supply lithium-ion batteries to power two-wheel electric scooters**
- **Signs JV production & sales agreement with leading Indonesian lead acid battery manufacturer**
- **Finalises acquisition of IP for evolutionary new lithium-ion battery cathode technology from ETV Energy**
- **Increases internal battery production capacity to meet future sales opportunities**
- **Raises AUD$2.5 million through oversubscribed share placement**

PERTH, AUSTRALIA, 31 JULY 2018: UltraCharge Limited **(ASX: UTR, UltraCharge or the Company)** is pleased to provide its shareholders and the market with an overview of its operational activities during the past three-month period to 30 June 2018.

UltraCharge CEO Kobi Ben-Shabat said: “The Company has been heavily focused during the past three months on the following opportunities:

1. Attracting additional customers across the two-wheel and three-wheel market to use our LNMO solution;
2. Developing additional Ti02 anode material to meet the requirements of a potential long-term customer that has expressed significant interest in our Ti02 solution;
3. Delivering good progress on the JDA with Chemours announced last year, with a view to making some announcements in the coming months; and -
4. Being invited by the Western Australian State Government to participate in its Lithium & Energy Materials Industry Consortium which is aimed at building a global industry around lithium battery production.

“The June quarter marked rapid growth for UltraCharge, highlighted by two significant revenue-generating agreements - the first with Israeli-headquartered electric scooter company **Blitz Electric Motors (“Blitz”**) and the second with **PT Garda Persada (“PTG”)**, a corporation who specialise in manufacturing and supplying batteries to the Indonesian Armed Forces.

“Both agreements are subject to specific pre-conditions but, respectively, they provide strong third-party validation of UltraCharge’s unique and effective lithium-ion battery technology solution. They also have triggered additional industry interest which UltraCharge is now working hard to commercialise.”

Blitz Electric Motors Ltd ("Blitz")

The Blitz deal involves UltraCharge developing two battery types for its current two electric scooter models, the Blitz 3000 and the Blitz 6000. Both models currently use Chinese lithium-ion batteries that typically operate at 42 volts per cell. UltraCharge's lithium-ion batteries operate at 4.7 volts per cell and provides more power per cell, requiring fewer of them in a single battery pack in order to provide the same electrical output. As such, UltraCharge's battery solution will enhance Blitz's scooters, enabling more torque, higher power and doubling their range to 200 kilometres.

While the deal is dependent on UltraCharge achieving several testing milestones, including laboratory, vehicle and fleet testing, Blitz has agreed to purchase a minimum of 2,500, 5,000, and 10,000 battery units for the Blitz 3000 series and 1,500, 3,000 and 6,000 battery units for the Blitz 6000 series in the first three years of the contract.

Blitz is active in 12 countries at present, predominately in Israel and Europe and currently supplies Israeli quick service restaurants, including Pizza Hut and McDonalds with electric delivery scooters. Currently, Pizza Hut owns more than 1,400 stores in Europe and the UK. Domino's Pizza Group owns around 900 stores in the UK, Ireland, Germany and Switzerland, while other countries are serviced through other franchise organisations.

"The Blitz deal is a strong validation of UltraCharge's battery technology and will serve as a case study for other interested users in the two and three-wheel scooter market around the globe," said UltraCharge CEO Kobi Ben-Shabat.

PT Garda Persada ("PTG")

UltraCharge signed a joint venture agreement with PTG to manufacture, market, distribute and sell high voltage lithium-ion battery pouch cells in Indonesia. PTG specialises in the production and manufacture of various lead-acid battery products, facilities and solar power systems, primarily for the military and defence industry in Indonesia. PTG mostly supplies different types of 12-volt lead-acid batteries to the Indonesian military for use in their radios, vehicles, aircraft, ships, submarines, aircraft and portable solar chargers.

Ultracharge will hold 70% and is required to contribute up to USD$3 million to the JV once PTG has secured at least USD$5million in customer orders for UTR's high-voltage lithium-ion pouch cell batteries from the Indonesian armed forces and throughout the ASEAN region.

UltraCharge is also looking to establish a business relationship with PTG's parent company, Trinitan Group, which owns multiple companies in various industries, including energy storage and renewable energy.

"UltraCharge is working with PTG to finalise the JV within the next few quarters and, once completed, we will be in an excellent position to commercialise our technology with the Indonesian armed forces and more broadly, customers in the ASEAN region," said UltraCharge CEO Kobi Ben-Shabat.

Aeronautics

UTR continues to work in Partnership with Aeronautics to deliver a battery for the drone market as well as other partners that have shown their interest in the HV Solution, we expect to update the market on our progress later this year.

Technology

UltraCharge successfully completed the acquisition of IP for its evolutionary new lithium-ion cathode technology from ETV Energy (which was first announced to the market on 9 October 2017). The asset sale agreement required UltraCharge to pay ETV USD$200,000 and up to 90 million shares, which are dependent on the achievement of specific milestones.

The company also took delivery of a custom-built, industrial scale 50-litre hydrothermal reactor at its Israel-based facility, capable of producing up to 250 kilograms of Titanium Dioxide (Ti02) anode per annum. The new reactor, which has the capacity to double its production output, allows UltraCharge to pursue larger customer orders for its lithium-ion battery solution.

Corporate

UltraCharge raised AUD$2.5 million during the June quarter via a share placement at 2.3 cents per share to a range of international and Australian sophisticated professional investors. The funds raised were allocated for working capital to further accelerate the Company's growth plans and deliver on key customer contracts, including the Blitz deal.

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About UltraCharge Limited (www.ultra-charge.net)

UltraCharge is an Israel-based company that is a global leader in identifying, acquiring and developing battery technologies that offer superior qualities and new solutions for the lithium ion and flow battery markets.

UltraCharge has established a battery facility to develop its platform technologies and customising solutions to meet end user requirements, and subsequently meet global market demand.

The Company offers a full lithium ion battery solution with the following suite of intellectual property:

- **Anode for Lithium Ion Batteries**: The technology will replace graphite in anodes (negative pole) with nanotube fibers made from titanium dioxide. This has the potential to revolutionise the market for lithium batteries by producing a battery that is safe, has a longer lifetime and is fast charging.

- **Cathode for Lithium Ion Batteries**: The technology contains a high voltage LiMnNio cathode that is half the cost of commercial cathodes and can offer a battery solution that has advantages in terms of the voltage, energy capacity and power capacity.

- **Electrolyte for Lithium Ion Batteries**: Low cost, high performing electrolyte solution. The intellectual property is around producing a more superior electrolyte salt – LiFSI - which can increase battery lifespan and performance at high and low temperatures.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity	
UltraCharge Limited	
ABN	**Quarter ended ("current quarter")**
97 140 316 463	30 June 2018

Consolidated statement of cash flows			**Current quarter $US'000**	**Year to date (12 months) $US'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	research and development	(243)	(534)
	(b)	product manufacturing and operating costs	-	-
	(c)	advertising and marketing	(72)	(258)
	(d)	leased assets	-	-
	(e)	staff costs – research and development	(164)	(747)
	(f)	administration and corporate costs	(309)	(1,271)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		1	5
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	92
1.8	Other (provide details if material)		38	38
1.9	**Net cash from / (used in) operating activities**		**(749)**	**(2,675)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	(22)	(196)
	(b)	businesses (see item 10)	-	-
	(c)	investments	-	-

	Consolidated statement of cash flows	**Current quarter $US'000**	**Year to date (12 months) $US'000**
	(d) intellectual property	(159)	(300)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(181)**	**(496)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	1,865	3,862
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(187)	(318)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,678**	**3,544**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,500	1,845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(749)	(2,675)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(181)	(496)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,678	3,544

Consolidated statement of cash flows		Current quarter $US'000	Year to date (12 months) $US'000
4.5	Effect of movement in exchange rates on cash held	(34)	(4)
4.6	**Cash and cash equivalents at end of quarter**	**2,214**	**2,214**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $US'000	Previous quarter $US'000
5.1	Bank balances	2,214	1,500
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,214**	**1,500**

6.	**Payments to directors of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	144
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Included in 6.1 is a CEO cash bonus component of $US 30,000.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $US'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$US'000**
9.1	Research and development	145
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	46
9.4	Leased assets	45
9.5	Staff costs – research and development	233
9.6	Administration and corporate costs	379
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**847**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Justyn Stedwell

Secretary

31/7/18

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.