ULTRACHARGE LIMITED

(FORMERLY LITHEX RESOURCES LTD)

APPENDIX 4E
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period	**12 months ended 30 June 2018**
Prior Period	**12 months ended 30 June 2017**

2. Results for announcement to the market

Consolidated Group	Item		USD $	% Change		USD $
Revenue – excluding interest received	**2.1**	**up**	**905**	**-**	**to**	**905**
Profit (loss) after tax attributable to members	**2.2**	**down**	**682,157**	**17**	**to**	**(3,217,470)**
Net profit (loss) attributable to members	**2.3**	**down**	**217,956**	**6**	**to**	**(3,440,401)**
Dividend	**2.4**	**N/A**				

<u>Overview</u>

The principal activities of the Company are conducting research and development dedicated to creating leading edge Lithium-Ion battery (**LIB**) technology.

UltraCharge's LIB technology is based on the following IP:

1. Titanium dioxide nanotube gel to significantly increase battery performance. Several characteristics of current LIB technology are limiting their utilisation in wider applications. The Company is aiming to develop and commercialise its technology into manufacturing processes for lithium ion batteries in the fast expanding market towards new applications in electric mobility and energy storage.
2. LiMnNiO cathode material that has significant advantages with the 4.7V capabilities and cobalt free material structure that provides significant cost saving and additional power and energy.
3. LiFSI – Salt that is important part of the electrolyte used inside the LIB that can extend the number of cycles of the LIB.

<u>Overview of results</u>

A summary of the salient operating results for the year ended 30 June 2018 is as follows:

- Operating loss after tax was ($3,217,470) representing a 17% decrease on FY2017 ($3,899,627).
- Net cash outflow from operating activities was ($2,628,504) representing an 5% decrease on FY2017 ($2,766,427).

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Refer to attached financial statements.

4. Consolidated Statement of Financial Position

Refer to attached financial statements.

5. Consolidated Statement of Cashflow

Refer to attached financial statements.

6. Dividends Paid or Recommended

The Directors have not recommended or paid a dividend**.**

7. Details of any Dividend or distribution reinvestment plans

The Company does not have any distribution reinvestment plans.

8. Statement of movements in Retained Earnings

Refer to attached financial statements.

9. Net tangible assets per security

	30 June 2018	**30 June 2017**
Number of securities	912,422,286	634,893,121
Net tangible assets per security in cents	0.25	0.29

10. Changes in controlled entities

There have been no changes in other controlled entities during the current year.

11. Details of associates and joint venture entities

The Company does not have any associates or joint venture entities.

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer to attached financial statements.

13. Foreign entities disclosures

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

14. Additional information

Earnings per Share on continuing operations	**30 June 2018**	**30 June 2017**
Basic (losses) earnings per share in cents	(0.45)	(0.81)
Diluted (losses) earnings per share in cents	(0.45)	(0.81)

After Balance Date Events

Refer to attached financial statements.

15. Compliance Statement

This report should be read in conjunction with the audited UltraCharge Limited financial report for the year ended 30 June 2018, and is lodged with the ASX under listing rule 4.3A.

Signed in accordance with a resolution of the Board of Directors of UltraCharge Limited:

Kobi Ben-Shabat
Managing Director
Dated this 31st day of August 2018

ULTRACHARGE LIMITED

ABN 97 140 316 463

2018 Financial Report

Corporate Directory

Directors

Mr Doron Nevo (Non-Executive Chairman)

Mr Kobi Ben-Shabat (Managing Director)

Mr David Wheeler (Non-Executive Director)

Mr Yury Nehushtan (Non-Executive Director)

Mr John Paitaridis (Non-Executive Director)

Company Secretary

Justyn Stedwell

Registered Office

Level 26

140 St Georges Terrace

Perth WA 6000

Telephone: (03) 9191 0135

Facsimile: (03) 8676 1747

Email: kobi@ultra-charge.net

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco, WA 6008

Telephone: (08) 6382 4600

Bankers

National Australia Bank

Level 1

1238 Hay Street

West Perth WA 6005

Share Registry

Automic Registry Services Pty Ltd

Level 2

267 St Georges Terrace

West Perth WA 6005

Telephone: 1300 288 664

Website

www.ultra-charge.net

Stock Exchange Listing

The Company is listed on the Australian Stock Exchange (ASX)

Australian Stock Exchange Code:

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CONTENTS

These financial statements are the consolidated financial statements of the consolidated entity consisting of UltraCharge Limited and its subsidiaries. The financial statements are presented in US dollar currency.

UltraCharge Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of activities on pages 6 – 9.

The financial statements were authorised for issue by the Directors on 31 August 2018. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All announcements and financial reports are available on our website: www.ultra-charge.net.

Directors' report

Your Directors present their report together with the financial report of UltraCharge Limited ('the Company' or 'Parent Entity') and its controlled entities ('the Group' or 'consolidated entity') for the year ended 30 June 2018 and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Doron Nevo – Non-Executive Chairman

Mr Nevo was president and chief executive officer of KiloLambda Technologies Ltd., an optical nanotechnology company from 2001 until 2018.

From 1999 to 2001, Mr Nevo was involved in fundraising activities for Israeli-based start-up companies. From 1996 to 1999, Mr. Nevo serve as president and chief executive officer of NKO, Inc., having established NKO in early 1995 as a start-up subsidiary of Clalcom, Ltd. NKO designed and developed a full scale, carrier grade, IP telephony system and established its own IP network. From 1992 to 1996, Mr. Nevo served as president and chief executive officer of Clalcom Ltd having established Clalcom in 1992 as a telecom service provider in Israel.

He served as a director of several publicly traded companies in various markets worldwide.

Mr Nevo holds a B.Sc. in Electrical Engineering from the Technion - Israel Institute of Technology and a M.Sc. in Management from Brooklyn Polytechnic.

Mr Nevo presently serves as a director of NASDAQ-listed AudioCodes, Ltd. and Tel Aviv listed Hadasit Bio-Holdings, Ltd.

Mr Kobi Ben-Shabat – Managing Director

Kobi Ben-Shabat was educated in Israel's Ruppin Academic Centre in Business and Administration and concluded his tertiary studies with an MBA in Marketing and Information Technology from the University of Manchester in 2000.

After working for various US based technology companies, Mr Ben-Shabat was seconded to Australia where he was instrumental in the growth of the region's IP Surveillance and Security industry. After noticing a market opportunity Mr Ben-Shabatestablished Open Platform Systems Limited (OPS). OPS swiftly became recognised as the predominant player in its technology space and became a "pain point" for the region's long established tier one providers. Australia's Business Review Weekly magazine recognised OPS in its annual BRW Fastest Growing Companies index for three consecutive years. OPS was acquired by Hills Ltd (ASX listed) in April 2014. Mr Ben-Shabat has extensive experience with sales and senior management with a particular emphasis on emerging markets and technologies.

Mr Yury Nehushtan – Non-Executive Director

Yuri Nehushtan is a lawyer and Member of the Israeli Bar Association since November 1991. He is the Managing Partner of Nehushtan, Zafran, Scharf,Jaffe & Co. Law offices, a boutique law firm specialising in commercial litigation and labour law.

Mr Nehushtan gained a Law Degree at the Hebrew University in Jerusalem (1985- 1989) and a Master's Degree in the London School of Economics (1990) with a focus on banking, finance and securities law. He has extensive experience in commercial and corporate law, with a focus on large and complex legal disputes, including corporate, securities, contract and commercial disputes, class actions, arbitrations and alternative dispute resolution.

Mr John Paitaridis – Non-Executive Director

As the managing director of Optus Business, Mr Paitaridis leads Optus' enterprise, business and government organisation. With 25 years' industry experience, he is accountable for all aspects of sales, marketing, products, operations and service delivery.

Mr Paitaridis joined Optus Business in 2012, bringing a deep understanding of the telecommunications and ICT needs of enterprise and government customers. Previously, he was an executive at Telstra.

Mr Paitaridis has extensive experience managing businesses in international markets including almost 10 years based in Europe and Asia. A seasoned senior executive, Mr Paitaridis has a strong track record of driving growth in sales, revenue and profitability as well as building high performance teams.

Mr Paitaridis holds a Bachelor of Economics degree and is a graduate member of the Australian Institute of Company Directors. In 2012, he was appointed as a member of the Australian Information Industry Association's (AIIA) board of directors and in 2014 was appointed deputy chair of the AIIA board.

Mr David Wheeler – Non-Executive Director

Mr Wheeler has more than 30 years executive management experience, through general management, CEO and managing director roles across a range of companies and industries. He has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia, and the Middle East (Iran). David has been a Fellow of the Australian Institute of Company Directors (FAICD) since 1990.

Directorships in other listed entities

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the year are as follows:

		Period of Directorship	
Director	Company	From	To
Doron Nevo	Audiocodes, Ltd. - Traded on Nasdaq "AUDC"	5 June 2000	Current
	Hadasit Bio-Holdings, Ltd. - Traded on TASE "HBL"	29 July 2018	Current
Kobi Ben-Shabat	Weebit Nano Limited	1 August 2016	30 November 2017
John Paitaridis	Nil		
Yury Nehushtan	Nil		
David Wheeler	333D Limited	15 April 2011	16 February 2018
	Antilles Oil and Gas NL	12 February 2016	Current
	Auscann Group Holdings Limited	18 November 2014	19 January 2017
	Ausmex Mining Group Limited	1 October 2014	2 August 2017
	Castillo Copper Limited	13 August 2015	12 February 2018
	Drake Resources Limited	4 December 2017	Current
	Eneabba Gas Limited	10 October 2017	Current
	Premiere Eastern Energy Limited	24 August 2014	30 April 2017
	Protean Energy Limited	16 May 2017	Current
	The Carajas Copper Company Limited	17 March 2016	10 May 2016
	Thred Ltd	31 August 2017	Current
	Weststar Industrial Limited	12 August 2015	21 November 2016

Directors' Interests

The relevant interests of each Director in the shares and options of the Company at the date of this report are as follows:

	Ordinary Shares	Options over Ordinary Shares	Performance Rights
Doron Nevo	4,687,500	-	1,250,000
Kobi Ben-Shabat	41,066,481	-	4,375,000
John Paitaridis	6,750,000	-	2,250,000
Yury Nehushtan	12,155,981	-	1,250,000
David Wheeler	2,070,000	2,000,000	Nil

Company Secretary

Mr Justyn Stedwell – Company Secretary

Mr Stedwell was appointed as Company Secretary on 14 May 2018. He has over 11 years' experience as a Company Secretary of ASX listed companies and has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

Mr Peter Webse – resigned 14 May 2018

Mr Peter Webse resigned as Company Secretary on 14 May 2018.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report of this Directors' report, on pages 13 to 18. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

No shares have been issued for compensation purposes during or since the end of the financial year to any employee of the Company.

Operating and financial review

Principal activities

The principal activities of the Company are conducting research and development dedicated to creating leading edge Lithium-Ion battery (LIB) technology.

UltraCharge's LIB technology is based on the following IP:

1. Titanium dioxide nanotube gel to significantly increase battery performance. Several characteristics of current LIB technology are limiting their utilisation in wider applications. The Company is aiming to develop and commercialise its technology into manufacturing processes for lithium ion batteries in the fast expanding market towards new applications in electric mobility and energy storage.
2. LiMnNiO cathode material that has significant advantages with the 4.7V capabilities and cobalt free material structure that provides significant cost saving and additional power and energy.
3. LiFSI – Salt that is important part of the electrolyte used inside the LIB that can extend the number of cycles of the LIB.

Corporate structure

The Company is a listed public company, incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Details regarding the Parent Entity are contained in note 19 to the financial statements.

Operating results for the year

A summary of the salient operating results for the year ended 30 June 2018 is as follows:

- Operating loss after tax was ($3,217,470) representing a 17% decrease on FY2017 ($3,899,627).
- Net cash outflow from operating activities was ($2,628,504) representing an 5% decrease on FY2017 ($2,766,427).

The table below sets out summary information about the consolidated entity's earnings and movement in shareholder wealth for the two years to 30 June 2018.

		30 June 2018	30 June 2017	30 June 2016
EBITDA[1]	$	(3,201,929)	(3,892,659)	(1,051,969)
Net profit/(loss) before tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Net profit/(loss) after tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Share price at start of year (AUD)	cps	0.027	0.059	0.014
Share price at end of year (AUD)	cps	0.022	0.027	0.059
Basic earnings per share (cents per share)	cps	(0.45)	(0.8)	(1.29)
Diluted earnings per share (cents per share)	cps	(0.45)	(0.8)	(1.29)
Dividends	cps	-	-	-
Return on Capital	cps	(0.26)	(0.47)	(0.26)

Note 1: EBITDA is a non IFRS measure which represents earnings before interest, tax, depreciation and amortisation. This is unaudited.

		30 June 2018	30 June 2017	30 June 2016
Net profit/(loss) after tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Interest	$	-	-	-
Depreciation	$	15,541	6,967	-
EBITDA[1]	$	(3,201,929)	(3,892,660)	(1,051,969)

Review of operations

Business performance

The market for battery storage technologies is growing rapidly as the importance of energy sustainability and renewable resources becomes more apparent, coupled with consumer need for faster charging and longer lasting batteries. Lithium-Ion Batteries are the leading solution that is now starting to dominate the energy storage market segment, with exciting near-term commercial prospects. For example, the global market for lithium-ion batteries is expected to grow from US$29.68 billion in 2015 to US$77.42 billion by 2024, according to a report recently published by Transparence Market Research.

UltraCharge is an energy storage technology company, with a focus on enhancing the lithium-ion battery through its world class patented titanium dioxide anode material, as well as its LiMnNio and LiFSI IP solutions. The Company has acquired exclusive rights to patented technology from Nanyang Technology University in Singapore (NTU), which can potentially replace graphite anodes in lithium ion batteries, producing a safer, longer lifetime and faster charging lithium ion battery, as well the LiMnNiO cathode intellectual property from ETV Energy in Israel and LiFSI intellectual property from US based company, Coorstek Specialty Chemicals.

The Company is continuously developing additional intellectual property in its research and development laboratory in Israel. This year, the Company has increased its intellectual property portfolio and research and development investment with a view to commercializing its products and has achieved substantial progress on these two fronts.

The progress made in the scale-up process with the 50L reactor will enhance the Company's ability to supply samples for potential customers and enhance the capabilities for future mass production.

A strategic partnership was entered into with Chemours, the world's 2nd largest TiO_2 manufacturer, to develop and scale-up the production of Ti02 as anode material for future customers. The joint venture partnership will allow Ultra Charge and Chemours to work together towards a first-rate development and supply of titanium dioxide anode material

The acquisition of the LiMnNiO intellectual property from ETV Energy has fast tracked the capabilities of Ultra Charge to deliver a solution to new customers in a number of segments that have been targeted by the Company which include:- electric vehicles (two & three wheels), drone and unmanned aerial vehicles (UAV's), and power tools.

UltraCharge has taken major steps this year towards commercializing its lithium-ion battery technologies,which have been outlined in the following announced activities:

1. Aeronautics Ltd, a leading UAV manufacturer, that has signed a letter of intent to test our LNMO solution;
2. Blitz Motors, an established electric scooter manufacturer, that has signed a conditional sales contract for the supply of a significant number of batteries for their scooters and will be doing pilot testing towards the end of 2018.
3. P.T Garda, a leading battery supplier to the Indonesian Army, that has signed a joint venture agreement to establish a local production facility and secure orders of batteries in Indonesia and throughout the ASEAN region..

The company has made major progress during the past 12 months and with strong technological assets, leading partners, a top research team and strong potential sales, we are heavily focused on continuing our efforts to scale-up our production capabilities to deliver a significant supply of lithium-ion batteries into the global market.

Corporate

During the year, the Company raised a total of AUD$5,100,000, before costs, by issue of 238,695,652 total ordinary shares. This was achieved vie two separate capital raises, being:

- 3 November 2017, the Company raised AUD$2,600,000, before costs, by issue of 130,000,000 fully paid ordinary shares at an issue AUD$0.02 per share; and
- 28 May 2018, the Company raised AUD$2,500,000, before costs, by issue of 108,695,652 fully paid ordinary shares at an issue AUD$0.023 per share.

The Company issued 10,000,000 Shares for services provided under the Armada Capital Mandate relating to the May 2018 Capital Raising.

30,000,000 shares were issued on 31 May 2018 as part of the initial consideration under the October 2017 agreement between UltraCharge Israel, UltraCharge and ETV Energy Ltd for the purchase of an intangible asset related to a high voltage lithium ion battery. The intangible asset acquired is unique in nature, and therefore the fair value of the asset cannot be reliably estimated and as such, the fair value of the assets acquired have been measured by reference to the value of the equity instruments granted plus the cash consideration (refer to note 10). The value of the shares have been recognised at a fair value of AUD$0.023 per share or $623,000, being the date the shares were issued.

The Company issued 50,000,000 unlisted options for services provided under the CPS Mandate relating to the November 2017 Capital Raising.

<u>Selective reduction of capital</u>

On 18 December 2017, the Company completed a selective reduction of capital to reduce the number of shares on issue by the Company by 28,603,987 shares, as approved by shareholders on 28 November 2017.

<u>Options to be issue</u>

On 17 August 2018, the Company received Shareholder approval to issue 50,000,000 unlisted options for services provided under the Armada Capital Mandate relating to the May 2018 Capital Raising.

<u>Shares to be issued</u>

Mr Ben-Shabat received a CEO Bonus that included the issue of 7,000,000 fully paid ordinary shares, of which were approved by at an Extraordinary General Meeting of Shareholders on 17 August 2018 following the satisfaction of Key Performance Indicators during the year, being:

- Sign a commercialisation or partnership or joint venture or development agreement that leads to production capabilities with a strategic partner;
- Acquisition of intellectual property that leads into potential commercialisation or joint development with a strategic partner;
- Commercialisation contract to sell batteries to a customer with sales of more than $1,000,000.

Following the execution of the joint venture agreement with PT Garda Persada, the Company has agreed to issue consultant Yehuda Cohen 5,000,000 fully paid ordinary shares in lieu of cash for services provided. Mr Cohen transferred shares in the full and final settlement of an invoice relating to the Company. On 18 May 2018, the Company agreed to issue Mr Cohen 2,500,000 fully paid ordinary shares as reimbursement for costs incurred.

Risk management

The Directors identify and manage risk and consider the business of research and development, by its nature, contains elements of risk, with no guarantee of success. The success of these activities is, amongst other things, dependent upon:

- Access to adequate capital;
- Development and commercialisation of the UltraCharge technology;
- Competition and new technologies;
- Licenced intellectual property;
- Protection of intellectual property rights; and
- Access to appropriately qualified and experienced management, researchers, contractors and other personnel.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year are detailed under Review of Operations.

The Company announced on 30 August 2017, following a review of its operations it had closed out its agreement with NTU, maintaining exclusive rights to the patented anode technology. This will result in significant savings to the Company of around AUD$1M, without any impact on current research outputs and the development of UltraCharge's world class anode technology. Leading developer of the patented anode technology, Prof. Chen Xiaodong from NTU, will remain as a member of the Company's Advisory Board. The Company's potential collaboration with NTU for a conditional grant offer by the Singapore Israel Industrial R&D Foundation (SIIRD) (announced in June 2017) will not proceed. This better positions UltraCharge to submit application for funding opportunities through the Israeli government. The Company has an extensive development capacity in Israel and continues to fast track the development of its world class technology.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

Events subsequent to reporting date

On 17 August 2018, at an Extraordinary General Meeting of Shareholders, the Company sort and received shareholder approval for the Company to allot and issue 50,000,000 Lead Manager Options for $0.00001 per Lead Manager Option to the Lead Manager (or its nominee) and issue of 7,000,000 Shares to Mr Kobi Ben-Shabat on the terms and conditions set out in the Notice of General Meeting, dated 16 July 2018.

Other than disclosed above, there has not been in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results of operations

Further information about likely developments in the operations of the Group in future years, the expected results of those operations, the strategies of the Group and its prospects for future financial years has not been included in this report.

Environmental regulation

The Directors are not aware of any environmental law that is not being complied with.

Dividends

No dividends were paid or declared since the end of the previous financial year. The Directors do not recommend a payment of a dividend in respect of the current financial year.

Share options

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Unlisted options

Expiry date	Exercise price (AUD)	Number of shares
5/4/2019	0.059	4,000,000
2/12/2019	0.05	20,000,000
2/12/2019	0.0625	50,000,000
30/06/2020	0.05	50,000,000
		124,000,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

No Ordinary shares have been issued as a result of the exercise of options by the Company, during or since the end of the financial year.

Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the following current Directors of the Company, Mr Doron Nevo, Mr Kobi Ben-Shabat, Mr Yury Nehushtan, Mr John Paitaridis, Mr David Wheeler and the Company Secretary, Mr Justyn Stedwell against all liabilities to any other person (other than the Company) that may arise from their position as Directors and Officers of the Company, except where the liability arises out of conduct involving a lack of good faith. This agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Parent Entity has paid premiums during the financial year in respect of a contract insuring the Directors and officers of the Group in respect of liability resulting from these indemnities. The terms of the insurance arrangements and premiums payable are subject to a confidentiality clause.

To the extent permitted by law, the Parent Entity has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since the financial year.

Directors' meetings

The number of meetings of Directors held during the year (including meetings of committees of Directors) and the number of meetings attended by each Director were as follows:

	Board meetings	
	Held	Attended
Doron Nevo	10	10
Kobi Ben-Shabat	9	9
Yury Nehushtan	10	9
John Paitaridis	10	10
David Wheeler	10	9

A total of seven meetings were held during the year.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-audit services

The Company's auditor, BDO Audit (WA) Pty Ltd was appointed auditor of the Company in May 2017.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The Board has considered the position, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Remuneration of the auditor of the entity for:

The audit and review of the financial report of the Group:	2018 $	2017 $
BDO Audit (WA)		
Amounts paid	20,109	2,265
Amounts payable	39,628	41,142
Ernst & Young		
Amounts paid	-	27,347
Amounts payable	-	-
	59,737	70,754
Non audit services provided during the year	-	5,355

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor’s independence declaration is set out on page 26 and forms part of the directors’ report for the year ended 30 June 2018.

On behalf of the board of directors, I would like to take this opportunity to thank all of our staff and consultants for their time and effort over the past 12 months. In addition, I also take this opportunity to thank our shareholders for their continued support and encouragement.

Signed in accordance with a resolution of the Board of Directors:

Kobi Ben-Shabat
Managing Director

Audited Remuneration Report

The Remuneration Report sets out information relating to the remuneration of the Company's key management personnel.

Other than the short-term and long-term performance incentives, remuneration is not linked to the performance of the Company.

The Remuneration Report is set out under the following main headings:

A. Remuneration policies

B. Details of Directors and Company Executives (Key Management Personnel)

C. Options and rights over equity instruments granted as compensation

All remuneration is presented in Australian dollars (unless otherwise stated).

A. Remuneration policies

The Board has adopted a framework for corporate governance, including policies dealing with Board and Executive remuneration. These corporate governance policies are described more fully on pages 19 to 25 of the Directors' Report. Policies adopted by the Board reflect the relative stage of development of the Company, having regard for the size and structure of the organisation.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The remuneration packages of Executive Directors provide for a fixed level of remuneration. Other than as noted below Executive remuneration packages do not have guaranteed equity based components or performance based components.

Fixed remuneration

Fixed remuneration consists of base remuneration (salary or consulting fees) including any FBT charges as well as employer contributions to superannuation funds, where applicable.

Remuneration levels are reviewed annually by the Board of Directors.

Performance linked remuneration

Long-term incentives can be provided as ordinary shares and options over ordinary shares of the Company. As determined, shareholders in general meeting will be asked to approve specific grants of shares and options to Non-Executive and Executive Directors as a form of remuneration.

Assessing performance and claw-back of remuneration

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiably data such as financial measures, market share and data from independently run surveys.

In the event of serious misconduct or a material misstatement in the Group's financial statements, the remuneration committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Consequences of performance on shareholders wealth

In view of the relatively early stage of development of the Company's business, current remuneration policies are not directly linked to company performance.

The table below shows the performance of the Group as measured by loss per share:

B.		30 June 2018	30 June 2017	30 June 2016
EBITDA[1]	$	(3,181,929)	(3,892,659)	(1,051,969)
Net profit/(loss) before tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Net profit/(loss) after tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Share price at start of year (AUD)	cps	0.027	0.059	0.014
Share price at end of year (AUD)	cps	0.022	0.027	0.059
Basic earnings per share (cents per share)	cps	(0.45)	(0.8)	(1.29)
Diluted earnings per share (cents per share)	cps	(0.45)	(0.8)	(1.29)
Dividends	cps	-	-	-
Return on Capital	cps	(0.26)	(0.47)	(0.26)

Note 1: EBITDA is a non IFRS measure which represents earnings before interest, tax, depreciation and amortisation. This is unaudited.

		30 June 2018	30 June 2017	30 June 2016
Net profit/(loss) after tax	$	(3,217,470)	(3,899,627)	(1,051,969)
Interest	$	-	-	-
Depreciation	$	15,541	6,967	-
EBITDA[1]	$	(3,181,929)	(3,892,660)	(1,051,969)

C. Details of Directors and Company Executives (Key Management Personnel)

Non-Executive Directors

The Non-Executive Chairman is paid up to AUD$57,600 and Non-Executive directors are paid up to AUD$48,000 per annum directors' fees.

Director and Executive disclosures

Other than the Directors, no other person is concerned in, or takes part in, the management of the Company or has authority and responsibility for planning, directing and controlling the activities of the entity. As such, during the financial year, the Company did not have any person, other than Directors, that would meet the definition of "Key Management Personnel" for the purposes of AASB124 or "Company Executive or Relevant Company Executive" for the purposes of section 300A of the Corporations Act 2001 ("Act"). Directors and Key Management Personnel during the reporting year:

Doron Nevo	Non-Executive Chairman
Kobi Ben-Shabat	Managing Director
Yury Nehushtan	Non-Executive Director
John Paitaridis	Non-Executive Director
David Wheeler	Non-Executive Director

Details of Contractual provisions for Key Management Personnel

Executive Directors Remuneration

Executive Name	*Remuneration*
Mr Kobi Ben-Shabat	• Executive salary of USD$240,000 per annum; • Transportation reimbursements of USD$30,000 per annum; • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and • Services may be terminated by the Company giving 12 months written notice or by Mr Ben-Shabat giving 90 days written notice at any time.

Non-executive Director remuneration

The Non-Executive Directors, Mr. David Wheeler, Mr Yury Nehushtan, Mr Doron Nevo and Mr John Paitaridis are paid a consulting fee on a monthly basis. Their services may be terminated by either party at any time.

The aggregate remuneration for non-executive directors has been set at an amount not to exceed AUD$350,000 per annum at the 2016 Annual General Meeting. This amount may only be increased with the approval of Shareholders at a general meeting.

Loans to Directors and Executives

There were no loans to directors and executives during the financial year ending 30 June 2018.

Dividends to Directors and Executives

There were no dividends to directors and executives during the financial year ending 30 June 2018.

Return of Capital to Directors and Executives

There was no return of capital to directors and executives during the financial year ending 30 June 2018.

Other transactions with Key Management Personnel

Reblaze Singapore Pte Ltd, a related party of Mr Kobi Ben-Shabat, Managing Director, charged the Group director fees and CEO bonus and provided re-compliance and associated services to the Group during the prior period on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the agreement was $286,000 (30 June 2017: $45,000), $53,000 of which was outstanding at 30 June 2018 (30 June 2017: $nil).

Pathways Corporate Pty Ltd, a company of which Mr David Wheeler is a Director, charged the Group director fees of $37,271 (2017: $51,348). $Nil (2017: $Nil) was outstanding at year end.

JPINTL Services Pty Ltd, a company of which Mr John Paitaridis is a Directors, charged the Group director fees of $37,271 (2017: $21,052). $8,884 (2017: $21,052) was outstanding at year end.

There were no other transactions with Key Management Personnel during the financial year ending 30 June 2018 other than those disclosed above.

Key Management Personnel	Short term				Post-employment		Share based Payments			Proportion of remuneration equity settled
	Salary & fees USD	Cash bonus USD	Other monetary benefits USD	Non-monetary benefits USD	Super-annuation USD	Other USD	Shares USD	Performance Rights USD	Total USD	%
Kobi Ben-Shabat (Managing Director)										
2018	240,000	70,000[2]	30,000	-	-	-	126,160[2]	120,218	586,378	42.0
2017	140,000	-		-	-	-	-	169,188	309,188	54.7
Doron Nevo[1] (Non-Executive Chairman)										
2018	44,725	-		-	-	-	-	34,348	79,073	43.4
2017	25,262	-		-	-	-	-	48,340	73,602	65.7
Yury Nehushtan[1] (Non-Executive Director)										
2018	37,271	-		-	-	-	-	34,348	71,619	48.0
2017	21,052	-		-	-	-	-	48,340	69,392	69.7
John Paitaridis[1] (Non-Executive Director)										
2018	37,271	-		-	-	-	-	61,827	99,098	62.4
2017	21,052	-		-	-	-	-	87,011	108,063	80.5
David Wheeler[1]										
2018	37,271							-	37,271	-
2017	36,200	-		-	-	-	-	-	36,200	-
Joe Graziano (Non-Executive Director)										
2018	-	-		-	-	-	-	-	-	-
2017	15,148	-		-	-	-	-	-	15,148	-
Paula Cowan (Non-Executive Director)										
2018	-	-		-	-	-	-	-	-	-
2017	15,148	-		-	-	-	-	-	15,148	-
Total Compensation										
2018	396,538	70,000	30,000	-	-	-	126,160	250,741	873,439	43.2
2017	273,862	-		-	-	-		352,879	626,741	56.3

Note:

1) The Non-Executive Directors were paid their monthly consulting fee in AUD. The table above has been translated using the average monthly AUD:USD exchange rate.
2) Kobi Benshabat received a CEO Bonus of USD$70,000 and 7,000,000 Shares, of which were approved by at an Extraordinary General Meeting of Shareholders on 17 August 2018 following the satisfaction of Key Performance Indicators, being:
   - Sign a commercialisation or partnership or joint venture or development agreement that leads to production capabilities with a strategic partner;
   - Acquisition of intellectual property that leads into potential commercialisation or joint development with a strategic partner;
   - Commercialisation contract to sell batteries to a customer with sales of more than $1,000,000.

   The Shares were deemed to be issued on 18 May 2018.

D. Options and rights over equity instruments granted as compensation

No performance rights were issued to key management personnel as incentive awards during the year.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period.

Exercise of options granted as compensation

During the period there were no shares issued as a consequence of the exercise of options previously granted as remuneration.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in UltraCharge Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2018

	Held at 1 July 2017	Granted	Lapsed	Other Changes	Held at 30 June 2018	Vested during the year	Vested and exercisable at 30 June 2018
Directors							
Kobi Ben-Shabat	-	-	-	-	-	-	-
Yury Nehushtan	-	-	-	-	-	-	-
Doron Nevo	-	-	-	-	-	-	-
John Paitiaridis	-	-	-	-	-	-	-
David Wheeler	2,000,000	-	-	-	2,000,000		2,000,000[2]

(1) Pathways Corp Investments Pty Ltd, a company of which Mr David Wheeler are Directors and substantial shareholder, holds 2,000,000 Options over Ordinary Shares.

Movements in performance rights

The movement during the reporting period in the number of performance right in UltraCharge Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2018

	Held at 1 July 2017	Granted	Other Changes	Vested during the year	Held at 30 June 2018	Vested and exercisable at 30 June 2018
Directors						
Kobi Ben-Shabat	13,125,000		-	(8,750,000)	4,375,000	-
Yury Nehushtan	3,750,000		-	(2,500,000)	1,250,000	-
Doron Nevo	3,750,000		-	(2,500,000)	1,250,000	-
John Paitiaridis	6,750,000		-	(4,500,000)	2,250,000	-
David Wheeler	-	-	-	-	-	-

Movements in shares

The movement during the reporting period in the number of ordinary shares in UltraCharge Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2018

	Held at 1 July 2017	Acquired	Disposed	Selective Capital Reduction	Other Changes	Held at 30 June 2018	Nominally held at 30 June 2018
Directors							
Kobi Ben-Shabat	32,316,481				8,750,000[1]	41,066,481	48,066,487
Yury Nehushtan	9,655,981				2,500,000[1]	12,155,981	12,155,981
Doron Nevo	2,187,500				2,500,000[1]	4,687,500	4,687,500
John Paitiaridis	2,250,000				4,500,000[1]	6,750,000	6,750,000
David Wheeler	2,070,000	-	-		-	2,070,000	2,070,000

(1) Performance rights vested during the period.

Voting of shareholders at last year's annual general meeting

UltraCharge Limited received 99.4% of "yes" votes on its remuneration report for the 2017 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices

End of audited Remuneration Report.

Corporate governance statement

This Corporate Governance Statement is current as at 31 August 2018 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are available on the Company's website at www.ultra-charge.net

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Appointment, evaluation and, if necessary, removal of the Managing Director, any other executive directors, the Company Secretary and the Chief Financial Officer and approval of their remuneration;
- Determining, in conjunction with management, corporate strategy, objectives, operations, plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- Establishing appropriate levels of delegation to the Managing Director to allow the business to be managed efficiently;
- Approval of remuneration methodologies and systems;
- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level to understand at all times the financial and operating conditions of the Company;
- Monitoring the performance of senior management, including the implementation of strategy and ensuring appropriate resources are available;
- Identifying areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- Overseeing the management of safety, occupational health and environmental issues;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- Ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- Authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
  - Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;

- Performance Evaluation Policy;
- Procedures for Selection and Appointment of Directors;
- Remuneration Policy;
- Risk Management and Internal Compliance and Control Policy.
- Securities Trading Policy; and
- Shareholder Communications Policy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of UltraCharge. The Managing Director is responsible for the day-to-day operations, financial performance and administration of UltraCharge within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the UltraCharge website.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 54%
- Women in senior management positions 50%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Given, the size of the Board, the substantial changes to the composition of the Board in December 2017 and the current level of operations of the Company, no formal appraisal of the Board was conducted during the financial year.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at UltraCharge's expense.

Principle 2: Structure the board to add value

Board Composition

During the financial year and to the date of this report the Board was comprised of the following members:

Mr Doron Nevo	Non-Executive Chairman (appointed 2 December 2016)
Mr Kobi Ben-Shabat	Managing Director (appointed 2 December 2016)
Mr Yury Nehushtan	Non-Executive Director (appointed 2 December 2016)
Mr John Paitaridis	Non- Executive Director (appointed 2 December 2016)
Mr David Wheeler	Non-Executive Director (appointed 1 December 2015)

With exception to the Managing Director the Board currently consists entirely of Non-Executive Directors.

UltraCharge has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Mr Kobi Ben-Shabat is not considered to be independent as he is an executive of the Company.

All other Board members are considered to be independent as they are not members of management and are free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern UltraCharge. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board has established a Board Skills Matrix. The Board Skills Matrix includes the following areas of knowledge and expertise:

- Strategic expertise;
- Specific industry knowledge;
- Accounting and finance;
- Risk management;
- Experience with financial markets; and
- Investor relations.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend UltraCharge's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, Managing Director and the Company Secretary are responsible for ensuring that:

a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the “contact us” page of the Company’s website.

Shareholders may elect to, and are encouraged to, receive communications from UltraCharge and UltraCharge's securities registry electronically.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company’s website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout UltraCharge's business activities.

The Board is responsible for the oversight of the Company’s risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. UltraCharge has established policies for the oversight and management of material business risks.

UltraCharge's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

UltraCharge believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, UltraCharge is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

UltraCharge accepts that risk is a part of doing business. Therefore, the Company’s Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather UltraCharge's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

UltraCharge assesses its risks on a residual basis; that it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, UltraCharge applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage UltraCharge’s material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company’s ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company’s Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company’s process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company’s goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks.
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate

risk management policies and internal controls.
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of UltraCharge's management of its material business risks on at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

UltraCharge has implemented a Remuneration Policy which was designed to recognise the competitive environment within which UltraCharge operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in UltraCharge's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of UltraCharge.

The key principles are to:

- link executive reward with strategic goals and sustainable performance of UltraCharge;
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes;
- motivate and recognise superior performers with fair, consistent and competitive rewards;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- through employee ownership of UltraCharge shares, foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

UltraCharge's executive remuneration policies and structures and details of remuneration paid to directors and senior managers (where appointed) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options. They do not receive any termination or retirement benefits, other than statutory superannuation.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is AUD $350,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

The total fees paid to Non-Executive Directors during the reporting period were AUD $160,800.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's Securities Trading Policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ULTRACHARGE LIMITED

As lead auditor of UltraCharge Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of UltraCharge Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2018

Financial statements

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Interest received	2	5,027	7,133
Other income		905	-
General and administrative expenses		(866,641)	(906,569)
Corporate expenses	3	(414,392)	(335,214)
Sales and marketing expenses		(210,731)	(194,173)
Research and development expenses		(1,105,304)	(818,028)
Other expenses		(21,621)	(17,860)
Net foreign exchange gain		-	2,067
Share based payments	15	(604,713)	(577,711)
Listing expense		-	(1,059,272)
Loss before income tax		(3,217,470)	(3,899,627)
Income tax benefit	4	-	-
Loss after income tax		(3,217,470)	(3,899,627)
Other comprehensive income, net of tax			
Foreign currency		(222,931)	241,270
Total comprehensive loss		(3,440,401)	(3,658,357)
Loss attributable to members of UltraCharge Limited		-	-
Total comprehensive loss attributable to members of UltraCharge Limited		(3,440,401)	(3,658,357)
Basic and diluted loss per share (cents per share)	6	(0.45)	(0.81)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2018

	Note	Consolidated 2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,159,687	1,845,017
Trade and other receivables	8	239,282	151,158
TOTAL CURRENT ASSETS		2,398,969	1,996,175
NON-CURRENT ASSETS			
Property, plant and equipment	9	212,490	101,510
Intangible assets	10	4,628,387	3,686,230
TOTAL NON-CURRENT ASSETS		4,840,877	3,787,740
TOTAL ASSETS		7,239,846	5,783,915
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	204,379	164,262
Other creditors	11	90,743	96,234
TOTAL CURRENT LIABILITIES		295,122	260,496
TOTAL LIABILITIES		295,122	260,496
NET ASSETS		6,944,724	5,523,419
EQUITY			
Issued capital	12	12,548,100	8,235,517
Reserves	13	2,565,690	2,239,498
Accumulated losses	14	(8,169,066)	(4,951,596)
TOTAL EQUITY		6,944,724	5,523,419

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2018

	Note	Issued Capital $	Accumulated Losses $	Foreign Exchange Reserve	Share Based Payments Reserve $	Total $
Balance at 30 June 2016		4,117,623	(1,051,969)	-	686,640	3,752,294
Loss attributable to members of the entity		-	(3,899,627)	-	-	(3,899,627)
		-		241,270	-	241,270
Total comprehensive loss for the period		-	(3,899,627)	241,270	-	(3,658,357)
Transactions with owners in their capacity as owners						
Issue of share capital	12a	3,230,790	-	-	-	3,230,790
Deemed fair value of consideration transferred in reverse acquisition		1,221,003	-	-	63,067	1,284,070
Shares issued by UltraCharge as consideration for consultancy services		405,354	-	-	-	405,354
Fair value of replacement options under reverse acquisition		-	-	-	42,487	42,487
Share based payments – options issued	15	-	-	-	628,323	628,323
Share based payments – performance rights issued	15	-	-	-	577,711	577,711
Cost of capital	12a	(739,253)	-	-		(739,253)
Balance at 30 June 2017		8,235,517	(4,951,596)	241,270	1,998,228	5,523,419
Loss attributable to members of the entity	14	-	(3,217,470)	-	-	(3,217,470)
Other comprehensive income		-	-	(222,931)	-	(222,931)
Total comprehensive loss for the period		-	(3,217,470)	(222,931)	-	(3,440,401)
Transactions with owners in their capacity as owners						
Issue of share capital	12a	3,905,901	-	-	-	3,905,901
Shares issued by UltraCharge as consideration for capital raisings		175,607	-	-	-	175,607
Shares issued by UltraCharge as consideration for ETV acquisition		623,000	-	-	-	623,000
Shares to be issued to CEO as part of bonus		129,034	-	-	-	129,034
Shares to be issued to consultants		92,167	-	-	-	92,167
Shares to be issued as reimbursement		42,360	-	-	-	42,360
Share based payments - options issued	15	-	-	-	104,515	104,515
Share based payments - performance rights issued	15	-	-	-	341,152	341,152
Share based payments - options to issued		-	-	-	103,456	103,456
Cost of capital	12a	(655,486)	-	-	-	(655,486)
Balance at 30 June 2018		12,548,100	(8,169,066)	18,339	2,547,351	6,944,724

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,551,439)	(2,392,732)
Research and development		(1,082,998)	(380,828)
Interest received	2	5,027	7,133
Other income		905	
Net cash utilised in operating activities	17	(2,628,504)	(2,766,427)
CASH FLOWS FROM INVESTING ACTIVITIES			
Technology Acquisition		(319,156)	-
Purchase of plant and equipment		(126,522)	(109,030)
Cash acquired on completion of reverse acquisition		-	1,163,226
Net cash (used in)/ from investing activities		(445,678)	1,054,196
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,883,693	3,232,257
Payment of share issue costs		(271,909)	(323,400)
Net cash from financing activities		3,611,784	2,908,857
Net increase in cash and cash equivalents held		537,602	1,196,626
Cash and cash equivalents at beginning of financial year		1,845,016	278,079
Net foreign exchange differences		222,931	370,310
Cash and cash equivalents at end of financial year	7	2,159,687	1,845,016

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements for the year ended 30 June 2018

Note 1: Statement of significant accounting policies

The following is a summary of the significant accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report covers the consolidated entity of UltraCharge Limited (“the legal Parent”) and its subsidiary (“the Group”). UltraCharge Limited (UTR) is a listed public company, incorporated and domiciled in Australia.

Reporting basis and conventions

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The financial report has been prepared on an accruals basis and is based on historical costs.

All amounts presented are in US dollars which is the functional currency of the parent.

The financial report was authorised for issue by the Directors on 31 August 2018.

Basis of Preparation

Going concern basis of accounting

For the year ended 30 June 2018 the Group recorded a loss of $3,217,470 (2017: $3,899,627) and had net cash outflows from operating activities of $2,628,504 (2017: $2,766,427).

The ability of the entity to continue as a going concern is dependent on securing additional funding through raising of debt or equity to continue to fund its development activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have reviewed the Group’s financial position and are of the opinion that there are sufficient funds to meet the entity’s working capital requirements and as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group currently has sufficient cash resources to fund its requirements;
- The directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.

Note 1: Statement of significant accounting policies (continued)

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Accounting policies

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

<u>Changes in the Group's ownership interest in existing subsidiaries</u>

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Note 1: Statement of significant accounting policies (continued)

a. Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

b. Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and that revenue can be measured reliably. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

<u>Sale of goods</u>

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

Note 1: Statement of significant accounting policies (continued)

c. Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of UltraCharge Limited is United States dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

d. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Note 1: Statement of significant accounting policies (continued)

d. Income tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognized where the timing of the reversal of temporary differences can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

f. Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks with original maturities of three months or less.

Note 1: Statement of significant accounting policies (continued)

g. Financial Instruments

Classification

The Group has only receivables and trade payables.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Receivables are included in trade and other receivables (note 8) in the statement of financial position.

(ii) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise

when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

Subsequent measurement

Receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 20.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

h. Fair value

The Group does not have any financial instruments that are subject to recurring fair value measurements.

i. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Note 1: Statement of significant accounting policies (continued)

j. Intangible Assets

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured on initial recognition at fair value at the acquisition date.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. As of 30 June 2018, the Group has recorded intangible asset amounted to $4,509,205. The intangible asset considered to be with indefinite useful life.

k. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a reducing balance basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets for 2018 and 2017 are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-10%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

l. Contributed equity

Ordinary shares are classified as equity. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

Note 1: Statement of significant accounting policies (continued)

m. Share based payments

Share-based payments

Employees (including senior executives) of the Group received remuneration in the form of share-based payments, whereby employees receive equity instruments as consideration for services rendered (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in

other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

n. Critical accounting estimates and judgments

The Directors make estimates and judgments in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates:

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on the fair value less cost of disposal. The company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is lower than the carrying value of the cash generating unit.

The Directors make estimates and judgments in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 1: Statement of significant accounting policies (continued)

n. Critical accounting estimates and judgments (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The Going Concern basis of preparation

Management has made a significant judgement with regards to the application of the going concern basis of preparation (refer to note 1).

Capitalisation of Development Cost

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Intangible assets with indefinite useful life

The Group has recognised intangible assets in its financial statements including development assets and patents. The directors have made a judgement that the development assets have an indefinite useful life and accordingly these assets are carried at cost and are not amortised. The directors consider the assets to have an indefinite useful life as it is currently not in the location and condition necessary for it to be capable of operating in the manner intended by management . They are tested for impairment on an annual basis or whenever there are indicators of impairment. The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. Accordingly, this judgement may change in the future if facts or circumstances exist to indicate that the useful life is no longer indefinite.

o. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of Lithex Resources Limited.

p. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Lithex Resources Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Note 2: Interest Income

	Consolidated	
	2018 $	2017 $
Interest received		
Bank interest	5,027	7,133
	5,027	7,133

Note 3: Corporate and Legal Expenses

	Consolidated	
	2018 $	2017 $
Stock exchange fees	66,556	14,359
Company secretarial cost	37,996	21,536
Legal fees	89,607	24,798
Consultants	83,450	145,221
Corporate advisory fees	95,673	48,431
Other corporate expenses	41,110	80,869
	414,392	335,214

Note 4: Income tax

	Consolidated 2018 $	2017 $
a. Income tax benefit		
Accounting loss	(1,547,274)	(2,025,911)
Prima facie tax benefit on the loss from ordinary activities before income tax at ***27.5***% (2017: ***27.5***%) differs from the income tax provided in the financial statements as follows:		
Tax benefit at 27.5%	(425,500)	(762,021)
Add tax effect of:		
Other non-deductible expenses		
Tax losses and temporary differences not recognised	425,500	762,021
Income tax benefit attributable to operating loss	-	-
b. Unrecognised deferred tax assets		
Deferred tax assets have not been recognised In respect of the following item:		
Deferred tax assets		
Unused tax losses	404,818	757,794
Deductible temporary differences	20,682	4,227
Net unrecognised tax balances	425,500	762,021

The deductible tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Note 5: Auditor's remuneration

	Entity 2018 $	2017 $
Remuneration of the auditor (BDO) of the entity for:		
The audit and review of the financial report of the Group		
- Current year	59,737	43,407
Remuneration of the auditor (Ernst & Young) of the entity for:		
The audit and review of the financial report of the Group		
- Half year review and prior year	-	27,347
	59,737	70,754

Note 6: Earnings per share

	Entity	
	2018 $	2017 $
Basic Loss per Share		
a. Basic loss per		
Loss attributable to ordinary shareholders	(3,217,470)	(3,899,627)
Earnings used to calculate basic EPS	(0.45)	(0.81)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	717,726,103	481,442,785
Diluted Loss per Share		
a. Basic loss per share		
Loss attributable to ordinary shareholders	(3,217,470)	(3,899,627)
Earnings used to calculate diluted EPS	(0.45)	(0.81)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	717,726,103	481,442,785

Performance Rights on issue

Performance rights were issued to key management personnel as incentive awards. Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

As at the date of this report, there are 14,250,000 performance rights on issue and will vest (following which the performance rights automatically convert into shares) on the dates set out below, the first instalment vested on 2 June 2018. Based on progress towards meeting the vesting conditions, the share based payment expense relating to performance rights recognised in the period is $341,152.

The vesting dates of the Performance Rights on issue are:

13,125,000 vesting on 2 December 2018
562,500 vesting on 5 July 2018
562,500 vesting on 5 January 2019

No options have been granted since the end of the financial year.

Note 7: Cash and cash equivalents

	Consolidated	
	2018 $	2017 $
CURRENT		
Cash at bank	2,159,687	1,845,017

Note 8: Trade and other receivables

	Consolidated	
	2018 $	2017 $
CURRENT		
Accounts receivable	206,343	137,823
Other assets (GST receivable)	32,939	13,335
	239,282	151,158

Note 9: Property, plant and equipment

	Consolidated	
	2018 $	2017 $
NON-CURRENT		
Plant and equipment		
At cost	235,551	109,030
Accumulated depreciation	(22,508)	(6,967)
Foreign exchange	(553)	(553)
Total written down amount	212,490	101,510

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2018	Plant & Equipment $	Total $
Consolidated:		
Carrying amount 1 July 2017	101,510	-
Additions	126,521	109,030
Depreciation expense	(15,541)	(6,967)
Foreign exchange	(2)	(553)
Carrying amount year ended 30 June 2018	212,490	101,510

Note 10: Intangible Asset

	Consolidated	
	2018 $	2017 $
Development assets	4,509,205	3,686,230
Patents	119,182	
Total intangible assets	4,628,387	3,686,230

	2018 $	2017 $
Consolidated:		
Carrying amount 1 July 2017	3,686,230	3,686,230
Additions – development assets[1]	823,000	-
Additions – patents	130,000	-
Disposals	-	-
Amortisation – patents	(10,843)	-
Impairment loss	-	-
Carrying amount year ended 30 June 2018	4,628,387	3,686,230

Note

1) A combination of cash of $200,00 plus a further 30,000,000 shares were issued on 31 May 2018 as the initial consideration under the October 2017 agreement between UltraCharge Israel, UltraCharge and ETV Energy Ltd for the purchase of an intangible asset related to a high voltage lithium ion battery. It is considered that the acquisition of the ETV Energy Ltd intangible asset is not a business combination, but rather an acquisition of assets. The intangible asset acquired is unique in nature, and therefore the fair value of the asset cannot be reliably estimated and as such, the fair value of the assets acquired have been measured by reference to the value of the equity instruments granted plus the cash consideration. The value of the shares have been recognised at a fair value of AUD$0.023 per share or $623,000, being the date the shares were issued resulting in a total consideration value of $823,000

The development asset has been allocated to the company's only cash generating unit ('CGU') for impairment testing. The Board has determined the recoverable amount of the CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on the Australian Securities Exchange (ASX). The recoverable value is therefore a Level 1 measurement based on observable inputs of publicly traded shares in an active market. The Board has not identified any reasonable possible changes in key assumptions that could cause the carrying amount of the CGU to exceed its recoverable amount. Any reasonable change to the volatility of the company's share price would not create an impairment.

Note 11: Trade and other payables

	Consolidated	
	2018 $	2017 $
CURRENT		
Trade payables	204,379	164,262
Accrued expenses	90,743	96,234
	295,122	260,496

Note 12: Issued capital

	Consolidated	
	2018 $	2017 $
912,422,286 (2017: 634,893,121) fully paid ordinary shares	12,548,100	8,235,517

Note 12: Issued capital (continued)

Movement in Issued Capital

	2018 No.	2018 $.	2017 No.	2017 $
a. Ordinary shares				
At the beginning of reporting period	634,893,121	8,235,517	1,416,567	4,117,623
Shares issued during the year				
- Issuance of shares prior to Acquisition Transaction	-	-	300,833	676,000
- Elimination of issued shares of UltraCharge Israel following the reverse acquisition	-	-	(1,717,400)	-
- UltraCharge shares on issue at the date of the reverse acquisition	-	-	169,540,545	-
- Shares issued by UltraCharge pursuant to a prospectus	-	-	70,000,000	2,554,790
- Deemed reverse acquisition of UltraCharge by UltraCharge Israel (refer to Note 16)	-	-	485,900,000	1,221,003
- Shares issued by UltraCharge as consideration for consultancy services provided	-	-	24,295,000	405,354
- Cancelation of shares	(28,603,987)	-	(129,217,424)	-
- Shares issued to sophisticated investors	238,695,652	3,905,901		
- Shares issued to brokers	10,000,000	175,607		
- Shares issued for ETV acquisition	30,000,000	623,000		
- Shares to be issued to CEO as part of bonus[1]		129,034		
- Shares to be issued to consultants[2]		92,167		
- Shares to be issued as reimbursement[3]		42,360		
- Conversion of performance rights	27,437,500	-	14,375,000	-
- Less Share issue costs	-	(655,486)	-	(739,253)
At reporting date	912,422,286	12,548,100	634,893,121	8,235,517

1) Kobi Benshabat received a CEO Bonus of USD$70,000 and 7,000,000 fully paid ordinary shares, of which were approved by at an Extraordinary General Meeting of Shareholders on 17 August 2018 following the satisfaction of Key Performance Indicators during the year, being:
   - Sign a commercialisation or partnership or joint venture or development agreement that leads to production capabilities with a strategic partner;
   - Acquisition of intellectual property that leads into potential commercialisation or joint development with a strategic partner;
   - Commercialisation contract to sell batteries to a customer with sales of more than $1,000,000.
2) Following the execution of the joint venture agreement with PT Garda Persada, the Company has agreed to issue consultant Yehuda Cohen 5,000,000 fully paid ordinary shares in lieu of cash for services provided; and
3) Consultant Yehuda Cohen transferred shares in the full and final settlement of an invoice relating to the Company. On 18 May 2018, the Company agreed to issue Yehuda Cohen 2,500,000 fully paid ordinary shares as reimbursement for costs incurred.

The Shares to be issued outlined above were deemed to be issued on 18 May 2018 and are yet to be issued.

Terms and Conditions of Issued Capital

Ordinary Shares

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

Note 13: Reserves

a) Share based payment reserve

The share based payments reserve records items recognised as expenses on share based payments.

	Consolidated 2018 $	Consolidated 2017 $
Balance at beginning of period	1,998,228	686,640
Fair value of options issued to employees	-	
Fair value of options issued to employees prior to the Acquisition Transaction	-	42,487
Fair value of replacement options under reverse acquisition accounting	-	63,067
Shares to be issued to CEO as part of bonus	129,034	-
Shares to be issued to CEO as part of bonus recognised directly in share capital	(129,034)	-
Fair value of options issued as consultancy fee	207,971	628,322
Performance Rights granted 2 December 2016	341,152	577,711
Balance as at end of period	2,547,351	1,998,228

b) Foreign currency translation reserve

	Consolidated 2018 $	Consolidated 2017 $
Foreign currency translation reserve		
Balance 1 July	241,270	-
Currency translation differences arising during the year	(222,931)	241,270
Balance 30 June	18,339	241,270

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Note 14: Accumulated losses

	Consolidated 2018 $	Consolidated 2017 $
Balance at 1 July 2017	(4,951,596)	(1,051,969)
Loss for the year	(3,217,470)	(3,899,627)
Balance at 30 June 2018	(8,169,066)	(4,951,596)

Note 15: Share based payment

Performance Rights on issue

Performance rights were issued to key management personnel as incentive awards. Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

As at the date of this report, there are 14,250,000 performance rights on issue and will vest (following which the performance rights automatically convert into shares) on the dates set out below, the first instalment vested on 2 June 2018. Based on progress towards meeting the vesting conditions, the share-based payment expense relating to performance rights recognised in the period is $341,152.

The vesting dates of the Performance Rights on issue are:

13,250,000 vesting on 2 December 2018
562,500 vesting on 5 July 2018
562,500 vesting on 5 January 2019

No options have been granted since the end of the financial year.

Options on issue

The following reconciles the outstanding share options at the beginning and year end of the financial year:

	2018 No.	2017 No.
Description		
At the beginning of reporting period	82,000,000	153,142
Granted during the period	50,000,000	8,858
Granted but not issued during the period[1]	50,000,000	-
Exercised during the period	-	(162,000)
Replacement options under reverse acquisition accounting[2]		22,000,000
Granted during the period[3]		70,000,000
Expired during the period	(8,000,000)	(10,000,000)
Balance at the end of the period	174,000,000	82,000,000
Exercisable at the end of the period	124,000,000	82,000,000

1. On 17 August 2018, the Company received Shareholder approval to issue 50,000,000 unlisted options for services provided under the Armada Capital Mandate relating to the May 2018 Capital Raising.
2. The replacement options relate to the unlisted options on issue from the listed entity prior to the reverse acquisition transaction.
3. On 2 December 2016, unlisted options were issued to consultants for services provided in respect of the acquisition transaction. The fair value per option at grant date was calculated at AUD$0.011 and AUD$0.012.

Note 15: Share based payment (continued)

Options

Each of the options entitles the holder to one fully paid ordinary share in the Group. The terms of the options on issue are:

2018 Grant Date	Expiry date	Exercise price	Balance at start of the period	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested/ Exercisable at end of the year
		AUD $	Number	Number	Number	Number	Number	Number
19 Dec 16[1]	5 Apr 18	0.05	8,000,000		-	8,000,000	-	
19 Dec 16[2]	5 Apr 19	0.059	4,000,000		-	-	4,000,000	4,000,000
2 Dec 16[3]	2 Dec 19	0.0625	20,000,000		-	-	20,000,000	20,000,000
2 Dec 16[3]	2 Dec 19	0.05	50,000,000		-	-	50,000,000	50,000,000
22 Dec 17[4]	30 Jun 20	0.05	-	50,000,000	-	-	50,000,000	50,000,000
18 May 18[5]	30 Jun 20	0.05	-	50,000,000	-	-	50,000,000	50,000,000

[1 – 3] The options have been valued using the Binomial option pricing model with inputs noted in the above table and further inputs as follows:

- Grant date share price: AUD$0.0229
- Expected life of option (years): [1]) 1.29, [2]) 2.29, [3]) 3
- Risk-free interest rate: [1]) 1.57%, [2]) 1.83%, [3]) 1.97%,
- Volatility: 109%

[4-5] – The options issued (and to be issued) have been valued at the fair value of services rendered. The total expense arising for the share-based payment granted to consultants on 22 December 2017 and 18 May 2018 was $104,515 and $103,456 respectively. The expense is recognised in equity as a share issue cost.

The weighted average exercise price is AUD$0.0516

Options to be issued

On 17 August 2018, the Company received Shareholder approval to issue 50,000,000 unlisted options for services provided under the Armada Capital Mandate relating to the May 2018 Capital Raising. The unlisted options will be issued for AUD$0.0001 per option, the total expense recognised for the options to be issued was $103,456 is recognised in equity as a share issue cost.

Shares issued

10,000,000 Shares were issued for services provided under the Armada Capital Mandate relating to the May 2018 Capital Raising. The Shares were recognised at fair value at AUD$0.023 per share, based on the fair value of services rendered, the total expense arising for the share was $175,607 is recognised in equity as a share issue cost.

30,000,000 shares were issued on 31 May 2018 as part of the initial consideration under the October 2017 agreement between UltraCharge Israel, UltraCharge and ETV Energy Ltd for the purchase of an intangible asset related to a high voltage lithium ion battery. The intangible asset acquired is unique in nature, and therefore the fair value of the asset cannot be reliably estimated and as such, the fair value of the assets acquired have been measured by reference to the value of the equity instruments granted plus the cash consideration (refer to note 10). The value of the shares have been recognised at a fair value of AUD$0.023 per share or $623,000, being the date the shares were issued.

Note 15: Share based payment (continued)

Shares to be issued

Kobi Benshabat received a CEO Bonus that included the issue of 7,000,000 fully paid ordinary shares, deemed grant date 18 May 2018, of which were approved by at an Extraordinary General Meeting of Shareholders on 17 August 2018 following the satisfaction of Key Performance Indicators during the year, being:

- Sign a commercialisation or partnership or joint venture or development agreement that leads to production capabilities with a strategic partner;
- Acquisition of intellectual property that leads into potential commercialisation or joint development with a strategic partner;
- Commercialisation contract to sell batteries to a customer with sales of more than $1,000,000.

Following the execution of the joint venture agreement with PT Garda Persada, the Company has agreed to issue consultant Yehuda Cohen 5,000,000 fully paid ordinary shares in lieu of cash for services provided; and

Consultant Yehuda Cohen transferred shares in the full and final settlement of an invoice relating to the Company. On 18 May 2018, the Company agreed to issue Yehuda Cohen 2,500,000 fully paid ordinary shares as reimbursement for costs incurred.

Equity instrument	2018 $
Shares to be issued to CEO as part of bonus	129,034
Shares to be issued to consultants	92,167
Shares to be issued as reimbursement	42,360
Performance Rights granted 2 December 2016	341,152
Total share based payment expense recognized for the year	604,713

The Shares to be issued outlined above were deemed to be issued on 18 May 2018 and are yet to be issued.

Note 16: Contingent Liabilities & Commitments

Commitments

	Consolidated	
	2018 $	2017 $
Research and development		
- not later than 1 year	200,000	948,000
- later than 1 year but no later than 5 years	200,000	-
Remuneration		
- not later than 1 year	628,324	394,940
	1,028,324	1,342,940

Note 16: Contingent Liabilities & Commitments (continued)

Contingent liabilities

Under the terms of the ETV Energy Pty Ltd IP purchase agreement the group has the following contingent liabilities. The agreement sets two milestones that if the UltraCharge Israel meets, then Ultracharge will issue additional shares:

Milestone 1- Application Milestone:

With a submission of the LNMO cathode patent (according to management the patent is based on the acquired IP) and its evaluation by a third-party appraiser - UltraCharge will issue:

A. 30 million shares

B. The number of shares determined by dividing 1,500,000 by the average value of the shares over the last five days before the milestone date.

But not less than 25 million shares.

Milestone 2 - Commercialization Milestone:

A. Production of a prototype complying with IATA/UN4380 regulations for air freight transportation of lithium-ion batteries; and

B. the execution of a contract providing a guaranteed royalty or other income stream of no less than $ 500,000 over a period of two years and subject to:

    a. The value of the contract to the counter party being based on the utility of UltraCharge's technology derived from the IP, and

    b. The amount invoiced under the first invoice delivered to the counter party having been paid to the parent company, or

C. An equity investment in UltraCharge or a related body corporate of UltraCharge of not less than US$5,000,000 by a strategic partner, subject to the investment being principally for the purpose of commercialization of any of the IP assets, or

D. The sale of any or all of the IP assets for not less than US$7 million.

Ultracharge will issue:

A. 30 million shares

B. The number of shares determined by dividing 1,500,000 by the average value of the shares over the last five days before the milestone date.

But not less than 25 million shares.

If the milestones are not achieved within 24 months from the completion of the agreement, UltraCharge will have no obligation to provide the shares that were set forth in the milestones.

UltraCharge recognizes that the achievement of the commercialization milestone depends on the research and development financing carried out by UltraCharge.

If the Parent Company does not provide the financing needed (as described above - $ 400,000), it will issue to the selling company 50% of the contingent consideration of the Commercialization Milestone.

Other than disclosed above, there has been no change in commitments, contingent liabilities or contingent assets since the last annual reporting date.

Note 17: Cash Flow Information

		Consolidated	
		2018 $	2017 $
a.	Reconciliation of cash flows used in operations with loss after income tax		
	Loss after income tax	(3,217,470)	(3,899,627)
	Non-cash flows in loss		
	Depreciation and impairment of fixed assets	15,541	6,967
	Share based payments	604,713	577,711
	Listing expense	-	1,059,272
	Impact of assets and liabilities from reverse acquisition	-	(408,075)
	Changes in assets and liabilities:		
	(Increase)decrease in receivables	(65,914)	(130,810)
	(Increase)decrease in deposits	-	13,001
	Increase (decrease) in trade and other payables	146,231	141,196
	Increase (decrease) in accrued expenses	(111,605)	(126,062)
	Net cash used in operating activities	(2,628,504)	(2,766,427)

Note 18: Related parties transactions

a) Parent entity

The parent entity within the Group is UltraCharge Limited.

b) Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of shares	Holding 2018 %	Holding 2017 %
Far North Minerals Pty Ltd[1]	Australia	Ordinary	100%	100%
UltraCharge Ltd	Israel	Ordinary	100%	100%

Note 1: The subsidiary is currently dormant. The investment in subsidiary was written down to nil during the 2016 financial year and represents the financial information of the legal parent of the group.

Note 18: Related parties transactions (continued)

c) Key management personnel

	Entity	
Compensation of key management personnel	2018 $	2017 $
Short-term employee benefits	466,538	273,862
Post-employment benefits	-	-
Other benefits	-	-
Share based payments	250,741	352,879
Total compensation	717,279	626,741

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13 to 18.

Other transactions with key management personnel

Reblaze Singapore Pte Ltd, a related party of Mr Kobi Ben-Shabat, Managing Director, charged the Group director fees and CEO bonus and provided re-compliance and associated services to the Group during the prior period on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the agreement was $286,000 (30 June 2017: $45,000), $53,000 of which was outstanding at 30 June 2018 (30 June 2017: $nil).

Pathways Corporate Pty Ltd, a company of which Mr David Wheeler is a Director, charged the Group director fees of $37,271 (2017: $51,348). $Nil (2017: $Nil) was outstanding at year end.

JPINTL Services Pty Ltd, a company of which Mr John Paitaridis is a Directors, charged the Group director fees of $37,271 (2017: $21,052). $8,884 (2017: $21,052) was outstanding at year end.

There were no other transactions with Key Management Personnel during the financial year ending 30 June 2018 other than those disclosed above.

d) Dividends

No dividends were received from the subsidiaries in the 2018 or 2017 financial year.

Note 19: Parent entity information

The individual financial statements for the parent entity show the following aggregate amounts. The information presented has been prepared using accounting policies as disclosed in Note 1.

	2018 $	2017 $
Financial Position		
Current assets	1,582,678	1,550,696
Total assets	6,045,486	2,934,086
Current liabilities	128,039	71,107
Total liabilities	128,039	71,107
Shareholder's equity		
Issued capital	13,587,166	9,263,231
Reserves	2,590,947	2,211,644
Accumulated losses	(10,260,666)	(8,611,896)
	5,917,447	2,862,979
Financial Performance		
Loss for the year	(1,618,806)	(2,025,911)
Total comprehensive loss	(1,618,806)	(2,025,911)

Contingencies of the Parent Entity

There are no contingent liabilities involving the parent entity (2017: Nil).

Guarantees of the Parent Entity

There are no guarantees involving the parent entity (2017: Nil).

Contractual commitments of the Parent Entity

Included in the commitments in Note 16 are commitments incurred by the Parent Entity as follows:

	Consolidated	
	2018 $	2017 $
Research and development		
- not later than 1 year	200,000	-
- later than 1 year but no later than 5 years	200,000	-
Remuneration		
- not later than 1 year	365,244	394,940
	765,244	394,940

Note 20: Financial instruments

Financial risk management

The Group's financial instruments consist mainly of deposits with banks and accounts payable.

The main risks the Group is exposed to through its financial instruments is interest rate risk and credit risk.

a) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating Interest Rate	Non-interest bearing	2018	Floating Interest Rate	Non-interest bearing	2017
Financial assets	US$	US$	Total US$	US$	US$	Total US$
- Within one year						
Cash and cash equivalents	2,159,687	-	2,159,687	1,845,017	-	1,845,017
Other receivables	-	239,282	239,282	-	151,158	151,158
Total financial assets	2,159,687	239,282	2,398,969	1,845,017	151,158	1,996,175
Weighted average interest rate	0.39	-	-	0.39	-	-
Financial Liabilities						
- Within one year						
Trade and other Payables	-	295,122	295,122	-	164,262	164,262
Other liabilities	-	-	-	-	96,234	96,234
Total financial liabilities	-	295,122	295,122	-	260,496	260,496
Weighted average interest rate	n/a	-	-	n/a		
Net financial assets	2,159,687	(55,840)	2,103,847	1,845,017	(109,338)	1,735,679

b) Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's consolidated statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss ($) Increase/(Decrease) 2018	2017
Increase 100 basis points	21,567	18,450
Decrease 100 basis points	(21,567)	(18,450)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

Note 20: Financial instruments (continued)

c) Foreign currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency), the New Israeli Shekel, the Australian Dollar and the Singapore Dollar.

The Company's policy is not to enter into any currency hedging transactions.

	2018		2017	
Cash and cash equivalents	Foreign Currency	USD Equivalent	Foreign Currency	USD Equivalent
New Israeli Shekels	2,384,949	653,411	1,204,330	344,488
Australian Dollar	2,034,684	1,506,277	1,952,415	1,500,529

d) Credit risk

The most significant concentration of credit risk is in relation to cash and cash equivalents, with the maximum exposure being the carrying value per the consolidated statement of financial position.

The group minimises its credit risk by using financial institutions with a credit rating of AAA.

e) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

Trade and other payables are payable within 30 days.

f) Price risk

The Group is not exposed to any material commodity price risk.

g) Capital management

The Group's policy is to maintain a strong and flexible capital base to provide investor, creditor and market confidence to sustain future development of the business. The Group monitors the statement of financial position strength and flexibility using cash flow forecast analysis and detailed budgeting processes.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

h) Fair value

Due to the short term nature of financial assets and liabilities their carrying amounts approximate fair value.

Note 21: Company details

The registered office of the Company and principal place of business is:

UltraCharge Limited
Level 26
140 St Georges Terrace
Perth, WA 6000

Note 22: Segment reporting

The Company consists of one segment operating predominately in Israel being battery technology research and development.

Note 23: Events occurring after the reporting period

On 17 August 2018, at an Extraordinary General Meeting of Shareholders, the Company sort and received shareholder approval for the Company to allot and issue 50,000,000 Lead Manager Options for $0.00001 per Lead Manager Option to the Lead Manager (or its nominee) and issue of 7,000,000 Shares to Mr Kobi Ben-Shabat on the terms and conditions set out in the Notice of General Meeting, dated 16 July 2018.

Other than disclosed above, there has not been in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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INDEPENDENT AUDITOR'S REPORT

To the members of UltraCharge Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of UltraCharge Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for the Acquisition of ETV Energy Limited Intangible Asset

Key audit matter	*How the matter was addressed in our audit*
On 31 May 2018, The Group acquired intellectual property from ETV Energy Ltd. The consideration for the intellectual property acquired included both cash and shares. The Group assessed the transaction as an asset acquisition, rather than a Business Combination. Accounting for the acquisition is complex, and requires management to exercise judgement to determine the appropriate accounting treatment. This includes determining whether the acquisition should be defined as an asset acquisition, or a business combination, estimating the fair value of assets acquired and estimating the fair value of the purchase consideration disclosed in Note 10.	Our procedures included, but were not limited to: • Obtaining an understanding of the transaction, including reviewing management's assessment of whether the transaction constituted an asset acquisition or business combination; • Reviewing the sale and purchase agreements to understand key terms and conditions of the transaction including the assets acquired; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Assessed the adequacy of the related disclosures in Note 1 and Note 10 to the financial statements.

Recoverability of Intangible Asset

Key audit matter	*How the matter was addressed in our audit*
As detailed in Note 10 of the financial report, as at 30 June 2018, the Group's intangible assets have a material carrying value. As these include intangible assets that have an indefinite useful life, the Group is required to test the asset for impairment in accordance with AASB 136 *Impairment of Assets*. The impairment assessment of the intangible asset is a key audit matter due to the estimates and judgements required in undertaking the assessment. As set out in Note 10, the director's assessment of the recoverability is supported by a fair value less cost of disposal valuation methodology.	Our procedures included, but were not limited to: • Holding discussions with management regarding the impairment testing methodology applied; • Assessing the carrying value of UltraCharge Limited's net assets with regards to the Group's market capitalisation as at 30 June 2018; • Assessing the appropriateness of the Capitalised Market Approach valuation method used to determine the fair value in accordance with AASB 13 *Fair Value Measurement*. We also assessed the adequacy of the related disclosures in Note 1(j), Note 1 (n) and Note 10 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of UltraCharge Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 31 August 2018

Directors' declaration

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 27 to 56 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the *Corporations Regulations 2001*; and

    b. give a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the year ended on that date;

2. note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

4. the remuneration disclosures included in pages 13 to 18 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the *Corporations Act 2001*; and

5. the directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

This declaration is made in accordance with a resolution of the Board of Directors.

Kobi Ben-Shabat
Managing Director
Dated this 31st day of August 2018

ADDITIONAL INFORMATION – AS AT 24 AUGUST 2018

(a) Distribution schedule and number of holders of equity securities as at 24 August 2018

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 and over	Total
Fully Paid Ordinary Shares (LTX)	30	6	86	1,147	824	2,093
Performance Rights Escrowed 24 Months	-	-	-	1	11	12
Options – 5c 02/02/19 Escrowed 24 Months	-	-	-	-	3	3
Options – 6.25c 02/02/19 Escrowed 24 Months	-	-	-	-	5	5
Options – 5.9c 05/04/19	-	-	-	-	3	3
Options – 5c 30/06/20	-	-	-	-	5	5

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 24 August 2018 is 533.

(b) 20 largest holders of quoted equity securities as at 14 August 2018

The names of the twenty largest holders of fully paid ordinary shares (ASX code: UTR) as at 24 August 2018 are:

RANK	NAME	NUMBER	PERCENTAGE
1	102 CAPITAL MANAGEMENT <ARIEL MALIK A/C>	32,783,325	3.59%
2	102 CAPITAL MANAGEMENT <DR BORENSTIEN LTD A/C>	31,102,129	3.41%
3	ETV ENERGY LTD	30,000,000	3.29%
4	SILVER HORIZON PTY LTD	22,920,933	2.51%
5	CITICORP NOMINEES PTY LIMITED	22,774,685	2.50%
6	102 CAPITAL MANAGEMENT <KOBI BEN-SHABATH A/C>	20,638,082	2.26%
7	REBLAZE SINGAPORE PTE LTD	20,428,399	2.24%
8	TAMARIND INVESTMENT INC	18,493,158	2.03%
9	YEHUDA YARMUT	16,811,962	1.84%
10	MR DAVID HUGH SINCLAIR	15,050,000	1.65%
11	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	14,000,000	1.53%
12	102 CAPITAL MANAGEMENT <YURY NEHUSHTAN A/C>	12,155,981	1.33%
13	MR GABRIEL HEWITT	9,381,230	1.03%
14	102 CAPITAL MANAGEMENT <MICHAEL SHTEIN A/C>	8,405,981	0.92%
15	NTUITIVE PTE LTD	8,405,981	0.92%
16	MR GARY JIARUI ZHOU	8,100,000	0.89%
17	BARK (NSW) PTY LTD <BARK A/C>	7,550,397	0.83%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	7,500,000	0.82%
19	LIBERTINE INVESTMENTS PTY LTD	7,436,781	0.81%
20	ARMADA CAPITAL & EQUITIES PTY LTD	7,288,500	0.80%
	Totals	328,497,460	35.99%

(c) Substantial shareholders

As at the date of this report the Company has no substantial shareholders.

(d) Voting Rights

Each fully paid ordinary share carries rights of one vote per share.

(e) Unquoted Securities

The number of unquoted securities on issue as at 24 August 2018:

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options [1]	20,000,000	5c	02/12/19
Unquoted Options [2]	50,000,000	6.25c	02/12/19
Performance Rights [3]	13,687,500		
Unquoted Options [4]	4,000,000	5.9c	05/04/19
Unquoted Options [5]	50,000,000	5c	30/06/20

Persons holding more than 20% of a given class of unquoted securities as at 24 August 2018:

[1]. 50% held by Armada Capital & Equities Pty Ltd and 35% held by Celtic Capital Pty Ltd <The Celtic Capital A/C> [2]. 48% held by Armada Capital & Equities Pty Ltd and 33.6% held by Celtic Capital Pty Ltd <The Celtic Capital A/C> [3]. No investor has more than 20% [4]. 50% held by Pathways Corporate Pty Ltd, 25% held by Mr Peter Gordon Webse and 25% held by Apical Partners Pty Ltd [5]. 40% held by Armada Capital & Equities Pty Ltd and 35% held by Celtic Capital Pty Ltd <The Celtic Capital A/C>.

(f) Restricted Securities as at 24 August 2018

84,059,808 fully paid ordinary shares subject to voluntary escrow until 2 December 2018;
30,000,000 fully paid ordinary shares subject to voluntary escrow until 31 May 2019;
103,108,409 fully paid ordinary shares escrowed until 2 December 2018;
13,687,500 performance rights escrowed 24 months from re-quotation;
20,000,000 options expiring 3 years from issue @ $0.05 escrowed 24 months from re-quotation; and
50,000,000 options expiring 3 years from issue @ $0.0625 escrowed 24 months from re-quotation

(g) On-Market Buy-Back

There is no current on-market buyback in place.

(h) ASX Listing Rule 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company’s securities to quotation in a way consistent with its business objectives