Lithex Resources Limited

ACN 140 316 463 to be renamed Ultracharge Limited

PROSPECTUS

For the offer of up to 70,000,000 *shares* at an issue price of \$0.05 each to raise up to \$3,500,000 (before costs) (*public offer*).

The *public offer* is subject to a minimum subscription requirement of \$2,500,000. The *public offer* is not underwritten.

This prospectus also contains the cleansing offer.

This *prospectus* is a re-compliance prospectus for the purposes of satisfying chapters 1 and 2 of the *listing rules* and to satisfy *ASX* requirements for reinstatement of the *company's* securities to trading following a change in the nature and scale of the *company's* activities.

The offers made under this prospectus and the issue of securities pursuant to this prospectus are subject to and conditional upon the minimum subscription being raised under the public offer and completion of the acquisition. If those conditions are not satisfied, no securities will be issued pursuant to this prospectus and the company will repay all money received from applicants without interest.



Lead manager

CPS Capital Group Pty Ltd Level 45, 108 St Georges Terrace Perth WA 6000



Solicitors to the Offers

Blackwall Legal LLP Level 6, 105 St Georges Terrace Perth WA 6000

This document is important and should be read in its entirety. If after reading this prospectus you have any questions about the securities being offered under this prospectus or any other matter, then you should consult your stockbroker, accountant or other professional advisor.

The shares offered by this prospectus should be considered as highly speculative.

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CORPORATE DIRECTORY

current directors	Mr David Wheeler	Non-Executive Chairman	
	Ms Paula Cowan	Non-Executive Director	
	Mr Joe Graziano	Non-Executive Director	
proposed 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	Mr Peter Webse		
registered office	Level 6, 105 St Georges Te	errace, Perth WA 6000	
telephone	+61 8 6377 8043		
email	info@lithex.com.au		
website	www.lithex.com.au		
share registry	Automic Registry Services Suite 310, 50 Holt Street, Surry Hills NSW 2010		
auditor*	Ernst & Young The Ernst & Young Buildi	ng, 11 Mounts Bay Road, Perth WA 6000	
solicitors to the	Blackwall Legal LLP		
company	Level 6, 105 St Georges Te	errace, Perth WA 6000	
solicitors to	Steinepreis Paganin		
Ultracharge	16 Milligan St, Perth WA 6	000	
lead manager and	CPS Capital Group Pty Ltc	1	
corporate advisor	Level 45, 108 St Georges T	Terrace, Perth WA 6000	
corporate advisor to	Armada Capital Limited		
Ultracharge	7/55 Hampden Rd, Nedlar	nds WA 6009	
investigating	BDO Corporate (WA) Pty		
accountant	38 Station Street, Subiaco V	WA 6008	
securities exchange*	Australian Securities Excha	ange (ASX)	
	ASX Code: LTX (current);	UTR (proposed)	

^{*} These entities are included for information purposes only. They have not been involved in the preparation of this *prospectus* and have not consented to being named in it.

2. TIMETABLE

16 September 2016	Despatch of notice of meeting
30 September 2016	Lodgement of prospectus with ASIC
30 September 2016	Lodgement of prospectus and Appendix 3B with ASX
30 September 2016	Public offer opens
10 October 2016	Annual general meeting
28 October 2016	Closing date
11 November 2016	Completion of the acqusition
11 November 2016	Issue date / shares entered into shareholders' security holdings
11 November 2016	Closing date of cleansing offer
25 November 2016	Quotation of shares issued under the offers

The above timetable is indicative only and subject to change. Subject to the *listing rules*, the *directors* reserve the right to vary these dates, including the *closing date*, without prior notice. Any extension of the *closing date* will have a consequential effect on the anticipated date for issue of the *shares*. The *directors* also reserve the right not to proceed with the whole or part of the *public offer* at any time prior to allotment. In that event, the relevant *application monies* will be returned without interest.

3. IMPORTANT NOTES

3.1. Lodgement and timing

- 3.1.1. This *prospectus* is dated 30 September 2016 and was lodged with *ASIC* on that date. *ASIC* and its officers take no responsibility for the contents of this *prospectus* or the merits of the investment to which this *prospectus* relates.
- 3.1.2. No *shares* may be issued on the basis of this *prospectus* later than 13 months after the date of this *prospectus*.
- 3.1.3. Application will be made to *ASX* within seven days after the date of this *prospectus* for *official quotation* of the *shares* the subject of the *public offer*.

3.2. Disclaimer

- 3.2.1. No person is authorised to give information or to make any representation in connection with this *prospectus*, which is not contained in the *prospectus*. Any information or representation not so contained may not be relied on as having been authorised by the *company* in connection with this *prospectus*.
- 3.2.2. It is important that investors read this *prospectus* in its entirety and seek professional advice where necessary. The *shares* the subject of this *prospectus* should be considered highly speculative. No document or information included on the *company's* website is incorporated by reference into this *prospectus*.

3.3. Applications

Persons wishing to apply for *securities* pursuant to the *offers* must do so using an application form as provided with a copy of this *prospectus*. The *Corporations Act* prohibits any person passing onto another person an application form unless it is attached to a hard copy of this *prospectus* or it accompanies the complete and unaltered version of this *prospectus*.

3.4. Offers conditional

The offers are conditional upon the following events occurring:

- (a) the *company* receiving subscriptions for the *minimum subscription* of the *public offer* (being \$2,500,000) (see *section 6.3*);
- (b) shareholders approving the resolutions at the annual general meeting (see section 6.6);
- (c) completion of the acquisition; and

(d) ASX approving the *company's* re-compliance with the admission requirements under Chapters 1 and 2 of the *listing rules* and the *company* receiving conditional approval for re-quotation of its *shares* on ASX (see *section 6.7*),

(together, offer conditions).

If any of the *offer conditions* are not satisfied, then the *company* will not proceed with the *public offer* and will repay all *application monies* received. If the *company* does not proceed with the *public offer*, it will not proceed with the other *offers*.

3.5. Electronic prospectus

This *prospectus* will be issued in paper form and as an electronic prospectus which may be accessed on the internet at www.lithex.com.au. The *offers* pursuant to the electronic *prospectus* are only available to persons receiving an electronic version of this *prospectus* in Australia. The *Corporations Act* prohibits any person passing the application form on to another person unless it is attached to, or accompanied by, the complete and unaltered version of the *prospectus*. During the *offer period*, any person may obtain a hard copy of this *prospectus* by contacting the *company* at the address set out in the corporate directory in *section 1*.

3.6. Forward-looking statements

- 3.6.1. This *prospectus* contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.
- 3.6.2. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this *prospectus*, are expected to take place.
- 3.6.3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the *company*, the *directors* and management.
- 3.6.4. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this *prospectus* will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.
- 3.6.5. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this *prospectus*, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in *section 13*.

3.7. Foreign jurisdictions

3.7.1. No action has been taken to permit the offer of *shares* under this *prospectus* in any jurisdiction other than Australia. The distribution of this *prospectus* outside Australia may be restricted by law and therefore persons into whose possession this *prospectus* comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This *prospectus* does not constitute an offer of any *shares* in any jurisdiction where, or to any person to whom, it would be unlawful to issue this *prospectus*.

3.7.2. Residents of Israel

This *prospectus* has not been registered, and no prospectus will be issued, under the Israel Securities Law 1968. Accordingly, *shares* will only be offered and issued in Israel pursuant to an applicable private placement exemption.

This *prospectus* and any other activities in connection with it shall not be deemed to be the provision of investment advice or investment marketing services.

This prospectus has not been reviewed or approved by the Israel Securities Authority.

3.7.3. Residents of Singapore

This *prospectus* has not been registered with the Monetary Authority of Singapore. This *prospectus* and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of *shares* under the *public offer* may not be circulated or distributed, nor may those *shares* be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore, other than to the following (each an *exempt investor*):

- (a) to an "institutional investor" under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (*SFA*);
- (b) to a "relevant person" pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and, in each case, in accordance with the conditions specified in section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the *SFA*.

Where *shares* are subscribed for or purchased under the *public offer* by an *exempt investor*, you are subject to restrictions on transferability and re-sale. The *shares* may not be transferred or re-sold in Singapore, except as permitted under the *SFA*. By accepting this *prospectus*, you agree to be bound by the disclaimers, limitations and restrictions described herein.

3.7.4. Residents of Hong Kong

The contents of this *prospectus* have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the *public offer*. If you are in any doubt about any of the contents of this *prospectus*, you should obtain independent professional advice.

This *prospectus* has not been registered in Hong Kong and it has not been approved by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571) of Hong Kong (*SFO*). This *prospectus* and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of *shares* under the *public offer* may not be circulated or distributed, nor may such *shares* be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Hong Kong, other than to the following:

- (a) to a "professional investor" under the SFO;
- (b) in circumstances which will not result in the prospectus constituting a "prospectus" under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

By accepting this *prospectus*, you agree to be bound by the disclaimers, limitations and restrictions described herein.

3.8. Speculative investment

- 3.8.1. An investment in the *shares* offered under this *prospectus* should be considered highly speculative. Refer to *section 13* for details of the key risks applicable to an investment in the *company*. Persons wishing to apply for *shares* offered under this *prospectus* should read this *prospectus* in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the *company* and the rights and liabilities attaching to the *shares* offered pursuant to this *prospectus*.
- 3.8.2. This *prospectus* does not take into account the investment objectives, financial or taxation or particular needs of any *applicant*. Before making any investment in the *company*, each *applicant* should consider whether such an investment is appropriate to his or her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for *shares* offered pursuant to this *prospectus* have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisor.
- 3.8.3. There is no guarantee that the *shares* offered under this *prospectus* will make a return on the capital invested, that dividends will be paid on the *shares* or that there will be an increase in the value of the *shares* in the future.

3.9. Other matters

- 3.9.1. All financial amounts in this *prospectus* are expressed as Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this *prospectus* are due to rounding.
- 3.9.2. Defined terms and abbreviations italicised in this *prospectus* are detailed in the *glossary* in *section 17*.

4. LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the directors of Lithex Resources Limited (to be re-named Ultracharge Limited) (*company*), I am delighted to invite you to participate in an issue of *shares* to raise up to \$3,500,000.

The *company* is seeking to raise a minimum of \$2,500,000 and a maximum of \$3,500,000 through an issue of up to 70,000,000 *shares* at an issue price of \$0.05 per share (*public offer*).

This *public offer* is being made to provide funds to advance the development of the *company's* objectives to commercialise patented technology designed to significantly improve the performance of lithium-ion batteries.

On 13 May 2016, the *company* announced the execution of a binding heads of agreement with Israel-registered Ultracharge Ltd (*Ultracharge*) for the acquisition of 100% of the issued capital in *Ultracharge*. By entering into the *acquisition*, *Ultracharge* will become a wholly-owned subsidiary of the *company*.

The proposed acquisition of *Ultracharge*, described further in this *prospectus*, signifies an important transforming event that will see the *company* focus its business activities on the development and commercialisation of the *Ultracharge technology*.

Using the funds obtained through the *public offer*, the *company* proposes to undertake the activities outlined in *section 9.7* which include the following key development and commercialisation milestones:

- Kg-scale *TiO2-NT* anode production
- integration of the *TiO*₂-*NT* anode with high voltage cathodes
- commercialisation of the *Ultracharge technology*
- automation of the *TiO*₂-*NT* production process

Although an investment in the *company* involves a number of risks and must be considered speculative, I believe the *public offer* represents an excellent opportunity to participate in an important new development in battery technology. I encourage you to read the *prospectus* carefully and seek professional advice if required before making an investment decision.

On behalf of the *board*, I commend the *public offer* to you and look forward to welcoming you as a *shareholder*.

Yours sincerely,

David Wheeler Chairman

5. INVESTMENT SUMMARY

This *section* is not intended to provide full information for investors intending to apply for *securities* offered pursuant to this *prospectus*. This *prospectus* should be read and considered in its entirety. The *securities* offered pursuant to this *prospectus* carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the *securities*.

Topic	Summary	More information			
Introduction	Introduction				
Who is the issuer of the <i>prospectus</i> ?	Lithex Resources Limited ACN 140 316 463 (to be renamed Ultracharge Limited).	Section 9.1			
Who is the company and what does it do?	The <i>company</i> is a public company that was admitted to the official list of <i>ASX</i> on 12 May 2011. The <i>company's</i> principal activities previously involved minerals exploration in Western Australia. In light of difficult market conditions for junior exploration companies, the <i>company</i> has been evaluating high quality and value-adding investment opportunities outside the commodities sector.	Section 9.1			
What is the company's strategy and who is Ultracharge?	The <i>company</i> is proposing to acquire the share capital in <i>Ultracharge</i> , the operating company of the <i>Ultracharge business</i> . Following the <i>acquisition</i> , the <i>Ultracharge business</i> will become the principal business of the <i>company</i> .	Section 9.2			
	Ultracharge is an Israel-registered company which holds a licence over intellectual property relating to a lithium-ion battery utilising a titanium dioxide-based nanotubular anode.				
	The <i>Ultracharge technology</i> has been reported by <i>NTU</i> to outperform graphite-based anodes in all major performance parameters including improved charging rates, longevity and safety.				
	Ultracharge is seeking a listing on ASX in order to raise funds with a view to fast-tracking the development and commercialisation of the Ultracharge technology. Following obtaining a listing on ASX, Ultracharge will initially seek to generate revenues through licensing the Ultracharge technology to one or more of the major players in the rechargeable battery market, while seeking to enhance product development and commercialisation through collaboration with NTU, NEI and other collaboration partners and licensees.				

Topic	Summary	More information
Key investment highlights	The <i>directors</i> consider that key highlights of an investment in the <i>company</i> include:	Section 9.1.2
	the right to commercialise patented technology designed to significantly improve the performance of lithium-ion batteries;	
	 access to the research and development skills and experience of NTU; the funds available to exploit the Ultracharge technology and join with commercial partners to maximise the opportunities available in the rechargeable battery industry; and 	
	 a management team, at both board and executive level, with the skills and experience to manage the technical development, commercialisation and sales and marketing of the <i>Ultracharge technology</i>. 	
What are the company's key assets?	The <i>company's</i> principal assets are its cash holdings of approximately \$1.65 million (as at 30 June 2016) and its exploration licences in the East Pilbara and Albany regions. Following completion of the <i>offers</i> , the <i>company</i> will seek either a strategic partner for, or divestment of, its interests in these licences.	Section 9.1
	Via the <i>acquisition</i> , the <i>company</i> intends to acquire the <i>Ultracharge</i> business and its assets.	
What is the public offer?	The <i>company</i> is offering up to 70,000,000 <i>shares</i> , each at an issue price of \$0.05, to raise up to \$3,500,000 (before costs of the <i>offers</i>). The <i>minimum subscription</i> for the <i>public offer</i> is 50,000,000 <i>shares</i> to raise \$2,500,000.	Section 6.1
	The public offer is not underwritten.	
What is the cleansing offer?	The purpose of the <i>cleansing offer</i> is to remove the need for an additional disclosure document to be issued on the sale of any <i>shares</i> issued:	Section 6.4
	 (a) under the CPS offer, (b) on exercise of options issued under the Armada offer, and (c) on vesting of performance rights. 	
What are the conditions of the	The <i>public offer</i> is conditional upon the following events occurring:	Section 3.4
offers	 the company raising a minimum amount of \$2,500,000 pursuant to the public offer; shareholders approving the transaction resolutions at the annual general meeting; 	
	 completion of the <i>acquisition</i>; and ASX approving the <i>company's</i> re-compliance with the admission requirements under Chapters 1 and 2 of the <i>listing rules</i>. 	
	If any of the <i>offer conditions</i> are not satisfied, then the <i>company</i> will not proceed with the <i>public offer</i> and the <i>company</i> will repay	

Topic	Summary	More information
	all application monies received. If the company does not proceed with the public offer it will not proceed with the other offers.	
Why are the <i>offers</i> being conducted	 The purposes of the offers are to: acquire Ultracharge and the Ultracharge business; meet the requirement that the company re-comply with ASX's admission requirements in accordance with Chapters 1 and 2 of the listing rules; meet the requirements of the acquisition agreement to enable completion of the acquisition; provide funding for the continued development of the Ultracharge business; satisfy the company's obligations under the broker mandate meet the expenses of the offers; and provide working capital for the company. 	Section 7
The acquisition of Ula	tracharge	
What is the acquisition	The acquisition involves the company's proposed acquisition of 100% of the issued capital of <i>Ultracharge</i> pursuant to the acquisition agreement.	Section 14.4
What are the key terms of the acquisition	 The key terms of the acquisition are as follows: as consideration for the acquisition of 100% of the issued capital of Ultracharge, the company will issue the consideration shares; and completion of the acquisition is conditional on, and subject to, a number of conditions. The following material conditions remain outstanding as at the date of this prospectus: the company raising a minimum subscription of \$2,500,000 pursuant to the public offer; the company receiving conditional approval from ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of the company and Ultracharge; the parties obtaining all necessary regulatory approvals (including ASX approvals and waivers and ASIC relief) to complete the acquisition, the expiration of any necessary statutory waiting periods and the filing of all notices and proposals required under applicable law; the company obtaining all requisite shareholder approvals pursuant to the listing rules (including but not limited to listing rule 11.1), the Corporations Act and the constitution to give effect to: the transactions contemplated by the acquisition agreement; and the change of the company's name to "Ultracharge Limited". 	Section 14.4

Topic	Summary	More information
What approvals will be sought at the annual general meeting?	At the annual general meeting to be held on 10 October 2016, the company will seek shareholder approval to: • approve the remuneration report and elect directors; • the change in nature and scale of the activities of the company; • issue the consideration shares to the Ultracharge vendors; • issue up to 70,000,000 shares under the public offer; • issue 24,295,000 shares to CPS in accordance with the broker mandate; • issue up to 60,000,000 performance rights to the incoming service providers; • issue the offer options and transaction options to Armada in accordance with the acquisition agreement; • appoint Messrs Kobi Ben-Shabat, Yury Nehushtan, John Paitaridis and Doron Nevo as directors; • change the company's name to "Ultracharge Limited"; • approve the company's proposed employee incentive scheme; and • approve the proposed increase in aggregate non-executive directors' remuneration from \$250,000 to \$350,000.	Section 6.6
Why is the company required to recomply with Chapters 1 and 2 of the listing rules?	At the annual general meeting, the company will seek shareholder approval for, amongst other things, a change in the nature and scale of the company's activities as a result of the acquisition. To give effect to these changes, ASX requires the company to recomply with Chapters 1 and 2 of the listing rules. This prospectus is issued to assist the company to re-comply with these requirements. The company's securities have been suspended from trading since the proposed acquisition was announced and will not be reinstated until the company has satisfied the offer conditions, including re-compliance with Chapters 1 and 2 of the listing rules. There is a risk that the company may not be able to meet the requirements for requotation on ASX. In the event the offer conditions are not satisfied or the company does not receive conditional approval for re-quotation on ASX then the company will not proceed with the public offer and will repay all application monies received (without interest).	Section 6.7
What is Ultracharge's business model?	Details of <i>Ultracharge's</i> business model are included in <i>section</i> 9.	Section 9.7

Key risks

Prospective investors should be aware that subscribing for *shares* involves a number of risks and uncertainties. The risk factors set out in *section 13*, and the general risks applicable to all investments in listed securities, may affect the value of *shares* in the future. Accordingly, an investment in the *company* should be considered highly speculative.

Topic	Summary	More information		
	This section summarises only some of the risks which apply to an investment in the <i>company</i> and investors should refer to <i>section</i> 13 for a more detailed summary of the risks.			
Conditional acquisition and offers	As part of the <i>company's</i> change in nature and scale of activities, ASX will require the <i>company</i> to re-comply with Chapters 1 and 2 of the <i>listing rules</i> . This <i>prospectus</i> is issued to assist the <i>company</i> to re-comply with these requirements. The <i>company's</i> securities have been suspended since the announcement of the proposed acquisition and it is anticipated that the shares will remain suspended until completion of the acquisition and the offers, re-compliance by the company with Chapters 1 and 2 of the <i>listing rules</i> and compliance with any further conditions ASX imposes for reinstatement to quotation. There is a risk that the company will not be able to satisfy one or more of those requirements and that the shares will consequently remain suspended from quotation. There is also a contractual risk that other conditions precedent to the acquisition will not be achieved and that completion of the acquisition does not occur.	Sections 13.2.1 and 13.2.2		
	In the event that the <i>offer conditions</i> are not satisfied (including completion of the <i>acquisition</i>) or the <i>company</i> does not receive conditional approval for re-quotation on <i>ASX</i> , the <i>company</i> will not proceed with the <i>public offer</i> and will repay all <i>application monies</i> received (as applicable). In the event that the <i>public offer</i> does not proceed the other <i>offers</i> will not proceed.			
Sufficiency of funding	Ultracharge's business strategy will require substantial expenditure and there can be no guarantees that the company's and Ultracharge's existing cash reserves, funds raised by the public offer and funds generated over time by the Ultracharge business will be sufficient to successfully achieve any or all of the objectives of the company's business strategy. Further funding of the company's development projects may be required by the company to support ongoing activities and operations, including the need to develop new products or enhance its existing products, enhance its operating infrastructure and to acquire complementary businesses.	Section 13.3.1		
Limited operating history	Ultracharge is a start-up business, does not have an operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease. Ultracharge will be subject to all of the business risks and uncertainties associated with any new business enterprise. There can be no assurance that demand for Ultracharge's products will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the company's future performance following completion of the acquisition.	Section 13,3,2		

Topic	Summary	More information
Development and commercialisation of the Ultracharge technology	The success of the <i>company</i> post-completion of the <i>acquisition</i> will depend upon <i>Ultracharge's</i> ability to develop and commercialise the <i>Ultracharge technology</i> . A failure to successfully develop and commercialise the <i>Ultracharge technology</i> could lead to a loss of opportunities and adversely impact on the <i>company's</i> operating results and financial position.	Section 13.3.3
Competition and new technologies	The industry in which <i>Ultracharge</i> is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the <i>company</i> will undertake all reasonable due diligence in its business decisions and operations, the <i>company</i> will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the <i>company's</i> projects and business. For instance, new technologies could result in the <i>Ultracharge technology</i> not being differentiated to other similar offerings. The size and financial strength of some of <i>Ultracharge's</i> competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, <i>Ultracharge's</i> ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the <i>company</i> . The key competition risk is in achieving appreciable market share and differentiation from its key competitors.	Section 13.3.4
Intellectual property risks	Pursuant to the <i>licence agreement</i> , <i>Ultracharge</i> is licenced certain intellectual property for a fixed period of time. There is no guarantee that the <i>licence agreement</i> will not be terminated and as a result, other competitors may gain access to the intellectual property used by <i>Ultracharge</i> in developing the <i>Ultracharge technology</i> . Breach of any licence agreements, or infringement of the licenced intellectual property by third parties, may have an adverse impact on <i>Ultracharge's</i> ability to develop its technology. <i>Ultracharge</i> intends to pursue intellectual property protection in the form of patents for newly developed technologies. However, if the <i>company</i> fails to protect the intellectual property rights of <i>Ultracharge</i> adequately, competitors may gain access to its technology which may harm its business.	Sections 13.3.5 and 13.3.6
Reliance on key management personnel	Ultracharge has a number of key management personnel, and its future depends on retaining and attracting these and other suitable qualified personnel. There is no guarantee that the company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.	Section 13.3.7

Topic	Summary	More information
The offers		
What is the proposed use of funds raised under the <i>public offer</i> ?	The funds raised under the <i>public offer</i> are proposed to be used to fund the following key business activities: • research and development of the <i>Ultracharge technology</i> ; • business development, sales and marketing expenses; • costs of the <i>offers</i> ; and • administration expenditure and working capital.	Section 7.1.2
Will the <i>company</i> be adequately funded after completion of the <i>public offer?</i>	The <i>directors</i> are satisfied that, on completion of the <i>public offer</i> , the <i>company</i> will have sufficient working capital to carry out its business objectives as set out in this <i>prospectus</i> .	Section 7.1.3
What rights and liabilities attach to the <i>shares</i> and <i>options</i> being offered?	All <i>shares</i> issued under the <i>offers</i> (and <i>shares</i> issued on exercise of <i>options</i> offered under the <i>offers</i>) will rank equally in all respects with <i>existing shares</i> . The rights and liabilities attaching to the <i>shares</i> are described in <i>section 15.1</i> .	Section 15.1
Is the <i>public offer</i> underwritten?	The public offer is not underwritten.	
Who is the lead manager to the public offer?	The company has appointed <i>CPS</i> as lead manager to the <i>public offer</i> . <i>CPS</i> has agreed to raise a minimum of \$2,500,000 on a "best endeavours" basis and will receive a lead manager fee of 6% of the funds raised under the <i>public offer</i> .	Section 14.3
Will the shares issued under the offers be listed?	The <i>company</i> will apply for listing of the <i>shares</i> on <i>ASX</i> under the ASX code "UTR" within seven days of the date of this <i>prospectus</i> . Completion of the <i>offers</i> is conditional on <i>ASX</i> approving this application.	Section 6.9
What are the tax implications of investing in shares issued under the public offer?	The tax consequences of any investment in <i>securities</i> will depend on individual circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 6.19
What is the company's dividend policy?	The <i>company</i> does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the <i>Ultracharge</i> business.	Section 6.11
	Any future determination as to the payment of dividends by the <i>company</i> will be at the discretion of the <i>directors</i> and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the <i>company</i> , future capital requirements and general business and other factors considered relevant by the <i>directors</i> . No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.	

Topic	Summary	More information
How do I apply for shares under the public offer?	Applications for <i>shares</i> under the <i>public offer</i> must be made by completing a <i>public offer application form</i> and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the company) for the full amount of the <i>application</i> .	Section 6.12.1
	Cheques must be made payable to "Lithex Resources Limited – Trust Account" and should be crossed "Not Negotiable".	
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be sent to successful <i>applicants</i> by post on or about 11 November 2016.	Section 6.14
How can I find out more about the prospectus or the offers?	Questions relating to the <i>offers</i> can be directed to the <i>lead</i> manager on +61 8 9223 2252.	Section 6.20
Board and manageme	ent	
Who are the directors?	 The existing <i>directors</i> are: David Wheeler – Non-Executive Chairman Paula Cowan – Non-Executive Director Joe Graziano – Non-Executive Director On completion of the <i>acquisition</i> and the <i>offers</i>, changes will be made to the <i>board</i>, with the resignations of Ms Cowan and Mr Graziano and the appointment of the proposed <i>directors</i>, such that the <i>board</i> will then comprise: Doron Nevo – Non-Executive Chairman Kobi Ben-Shabat – Managing Director David Wheeler – Non-Executive Director Yury Nehushtan – Non-Executive Director John Paitaridis – Non-Executive Director 	Section 8.1
Who are the key management personnel?	From completion of the <i>acquisition</i> , the <i>company's</i> key management personnel will be comprised of: • Kobi Ben-Shabat – Managing Director; • Prof Chen Xiaodong – Chief Scientific Advisor; • Danny Hacohen - VP, Business Development, Marketing & Sales; • Dr. Linoam Eliad - VP, Research and Development; • Sharon Ben-Shabat - VP, Operations; and • Shmuel De-Leon - member of Advisory Board	Section 9.9
What are the significant interests of <i>directors</i> ?	The interests of the existing <i>directors</i> and proposed <i>directors</i> are detailed in <i>section 8.2</i> and <i>8.3</i> .	Sections 8.2 and 8.3

Topic	Summary	More information
Are there any relationships between the company and parties involved in the acquisition or offers that are relevant to investors?	Mr Jason Peterson, a substantial shareholder of the <i>company</i> , is a director and the chief executive officer of <i>CPS</i> and an <i>Ultracharge vendor</i> .	Sections 14.2 and 14.3
Miscellaneous		
What material contracts is the company a party to?	The company is a party to: the broker mandate the lead manager agreement the acquisition agreement	Section 14
What material contracts is Ultracharge a party to?	Ultracharge is a party to: the acquisition agreement the licence agreement the research project agreement the collaboration agreement the executive services agreement	Section 14.5
What will be the financial position of the company following completion of the offers and the acquisition?	The <i>company</i> is currently listed on <i>ASX</i> and its financial history, including its 2016 Annual Report is available on its website (www.lithex.com.au). <i>Ultracharge's</i> historical operations have been limited with no revenue since incorporation in December 2015. Further financial information regarding the <i>company</i> and <i>Ultracharge</i> is considered in <i>section 10</i> and the <i>investigating accountant's</i> report in <i>section 11</i> .	Section 10 and 11
Will any shares be subject to escrow	Subject to the <i>company</i> re-complying with Chapters 1 and 2 of the <i>listing rules</i> and the <i>company's securities</i> being reinstated to trading on ASX, certain <i>securities</i> being issued pursuant to the <i>vendor offer</i> , the CPS offer and the Armada offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. The Ultracharge vendors have acknowledged that some or all of the <i>consideration shares</i> may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX or the <i>company</i> . The company will make submissions to ASX for "cash formula relief" in respect of the <i>consideration shares</i> to be issued to the Ultracharge vendors. In the absence of this relief, all consideration shares will be escrowed for a period of either 12 or 24 months (depending on the relevant Ultracharge vendor's relationship with the company).	Section 6.10

Topic	Summary	More information
	The options to be issued to Armada, and shares issued on the vesting of performance rights to be issued to the incoming service providers, will also be required to be held in escrow in accordance with ASX requirements.	
	No <i>shares</i> issued under the <i>public offer</i> will be subject to escrow.	

6. DETAILS OF THE OFFERS

6.1. The public offer

- 6.1.1. By this *prospectus* the *company* offers up to 70,000,000 *shares* at an issue price of \$0.05 each to raise up to \$3,500,000 (before the costs of the *offers*) (*public offer*).
- 6.1.2. All *shares* issued pursuant to the *public offer* will rank equally with existing *shares*. Please refer to *section 15.1* for further information regarding the rights and liabilities attaching to *shares*.
- 6.1.3. Please refer to section 6.12.1 for details on how to apply for shares under the public offer.

6.2. ASX waivers

- 6.2.1. The acquisition of *Ultracharge* represents a significant change in the *company's* activities and, as a consequence, the *company* will need to meet the requirements of Chapters 1 and 2 of the *listing rules* as if the *company* were applying for admission to the official list of *ASX*. Those *listing rules* include requirements that:
 - (a) the main class of a company's securities for which quotation is sought must have an issue price of at least \$0.20 in cash (listing rule 2.1, Condition 2); and
 - (b) the exercise price for any options on issue must be at least \$0.20 in cash (listing rule 1.1, Condition 11).
- 6.2.2. Successful closing of the *offer* will result in *shares* and *options* being issued which are not in compliance with the *listing rules* referred to in *section 6.2.1* above. The terms of the *offer* involve the issue of *shares* at a price which will be below \$0.20, and further, the *offer options* and the *transaction options* will be exercisable at a price less than \$0.20.
- 6.2.3. The *company* has sought and received a waiver from *ASX* of *listing rule 2.1* Condition 2 and *listing rule 1.1* Condition 11 to allow the *company* to issue the *offer shares*, the *offer options* and the *transaction options* as proposed in this *prospectus* (in each case for an issue price or exercise price less than \$0.20).
- 6.2.4. The *company* will also seek a waiver from *ASX* of *listing rule 9.1.3* to obtain "look through relief" in respect of escrow conditions to be imposed on the *Ultracharge vendors*. Look through relief (by which ASX treats vendors as seed capitalists for escrow purposes) may be granted by ASX where there is a scrip-for-scrip acquisition of an unlisted entity that holds classified assets. A waiver may be granted to permit vendor seed capitalists to be treated as seed capitalists of the *company* whereby:
 - (a) cash formula relief is applied using the conversion ratio calculation in the listing rules; and

(b) the escrow period is 'backdated' so that the beginning of the escrow period for the entity's shares will begin on the date shares were originally issued to unrelated seed capitalists by the vendor.

6.3. Minimum subscription

The minimum level of subscription for the *public offer* is 50,000,000 *shares* to raise \$2,500,000 (*minimum subscription*). No *securities* will be issued until the *minimum subscription* has been received. If the *minimum subscription* is not received within four months after the date of this *prospectus* (or such period as varied by *ASIC*), the *company* will not issue any *securities* under this *prospectus* and will repay all *application monies* received (without interest) in accordance with the *Corporations Act*.

6.4. The cleansing offer

- 6.4.1. Pursuant to this *prospectus*, the *company* is also offering up to 1,000 *shares* at an issue price of \$0.05 per *share* to raise up to \$50 (*cleansing offer*).
- 6.4.2. The purpose of the *cleansing offer* is to enable the *company* to satisfy the requirements of section 708A(11) of the *Corporations Act* and enable the sale of *securities* issued under the further *offers* set out in *section 6.5*, without further disclosure being required under Chapter 6D of the *Corporations Act* prior to the sale of those *shares*. The *company* does not currently intend to issue *shares* under the *cleansing offer*.

6.5. Further offers

- 6.5.1. In addition to the *public offer* and the *cleansing offer*, and subject to and conditional on:
 - (a) the *offer conditions* being satisfied, and
 - (b) shareholder approvals being obtained at the annual general meeting for the transaction resolutions,

the company will issue:

- (a) 485,900,000 *shares* to the *Ultracharge vendors* to satisfy various offers required for completion of the *acquisition* (*vendor offer*);
- (b) 24,295,000 *shares* to *CPS* as consideration for services provided under the *CPS* mandate (*CPS offer*);
- (c) 50,000,000 offer options and 20,000,000 transaction options to Armada (Armada offer); and
- (d) 60,000,000 performance rights to the incoming service providers.

6.5.2. The *shares* to be issued:

(a) pursuant to the *vendor offer* and the *CPS offer*,

- (b) on exercise of options issed under the Armada offer, and
- (c) on vesting of performance rights,

will rank equally with existing *shares* other than in respect of *shares* issued that are subject to escrow.

- 6.5.3. A summary of the rights and liabilities attaching to the *shares* is set out in *section 15.1* of the *prospectus*.
- 6.5.4. A summary of the terms and conditions of issue of the *options* is set out in *section* 15.3.
- 6.5.5. A summary of the terms and conditions of issue of the *performance rights* is set out in *section 15.4*.

6.6. Annual general meeting

At the *annual general meeting* to be held on 10 October 2016, the *company* will seek *shareholder* approval to:

- (a) adopt the remuneration report;
- (b) elect Mr David Wheeler as a director,
- (c) re-elect Ms Paula Cowan as a *director*,
- (d) the change in nature and scale of the activities of the *company*;
- (e) issue the consideration shares to the *Ultracharge vendors*;
- (f) issue *shares* to *CPS* in accordance with the *CPS mandate*;
- (g) issue shares under the public offer,
- (h) issue performance rights to the incoming service providers;
- (i) issue the transaction options and offer options to Armada;
- (j) appoint Messrs Kobi Ben-Shabat, Yury Nehushtan, John Paitaridis and Doron Nevo as *directors*;
- (k) change the *company's* name to "Ultracharge Limited";
- (l) adopt the company's proposed employee incentive scheme; and
- (m) increase the aggregate non-executive *directors*' remuneration from \$250,000 to \$350,000.

6.7. Re-compliance with Chapters 1 and 2 of the listing rules

- 6.7.1. At the *annual general meeting*, the *company* will seek *shareholder* approval for, amongst other things, a change in the nature and scale of the *company's* activities as a result of the *acquisition*. To give effect to these changes, *ASX* requires the *company* to recomply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements.
- 6.7.2. The *company* has been suspended from trading on *ASX* since the announcement of the proposed *acquisition* and will not be reinstated until the *company* has satisfied the *offer conditions*, including re-compliance with Chapters 1 and 2 of the *listing rules*.
- 6.7.3. There is a risk that the *company* may not be able to meet the requirements for requotation on *ASX*. In the event the *offer conditions* are not satisfied or the *company* does not receive conditional approval for re-quotation on *ASX* then the *company* will not proceed with the *offers* and will repay all *application monies* received (without interest).

6.8. Issue of securities

- 6.8.1. Securities issued pursuant to the offers will be issued in accordance with the listing rules and the timetable set out at in Section 2.
- 6.8.2. Pending the issue of the *shares* under the *public offer* or payment of refunds pursuant to this *prospectus*, all *application monies* will be held by the *company* in trust for the *applicants* in a separate bank account as required by the *Corporations Act*. The *company*, however, will be entitled to retain all interest that accrues on the bank account and each *applicant* waives the right to claim interest.
- 6.8.3. Holding statements for *securities* issued under the *offers* will be mailed in accordance with the *listing rules* and timetable set out at in *section 2*.

6.9. Quotation of shares

- 6.9.1. Application for official quotation of the shares issued pursuant to this prospectus will be made in accordance with the timetable set out in section 2. If ASX does not grant official quotation of the shares offered pursuant to this prospectus before the expiration of 3 months after the date of issue of the prospectus (or such period as varied by ASIC) the company will not issue any shares and will repay all application monies for the shares within the time prescribed under the Corporations Act, without interest.
- 6.9.2. The fact that ASX may grant *official quotation* to the *shares* is not to be taken in any way as an indication of the merits of the *company* or the *shares* now offered for subscription.

6.10. Restricted securities

- 6.10.1. Subject to the *company* re-complying with Chapters 1 and 2 of the *listing rules* and the *company's* securities being reinstated to trading on ASX, certain *securities* in the *company* will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement of trading of the *company's securities* on ASX. During the period in which these *securities* are prohibited from being transferred, trading in *shares* may be less liquid which may impact on the ability of a *shareholder* to dispose of his or her *shares* in a timely manner.
- 6.10.2. The *securities* likely to be subject to escrow are:
 - (a) consideration shares to be issued to the Ultracharge vendors;
 - (b) *shares* to be issued to *CPS* in accordance with the *CPS mandate* (see *section 14.2*);
 - (c) *options* (and *shares* issued on exercise of *options*) to be issued to *Armada* in accordance with the *acquisition agreement*; and
 - (d) shares to be issued to incoming service providers on vesting of performance rights.
- 6.10.3. The *company* will make submissions to *ASX* for "cash formula relief" in respect of the *consideration shares* to be issued to the *Ultracharge vendors*. In the absence of this relief, all *consideration shares* will be escrowed for a period of either 12 or 24 months (depending on the relevant *Ultracharge vendor's* relationship with the *company*).

6.11. Dividend policy

- 6.11.1. The *company* does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the *Ultracharge business*.
- 6.11.2. Any future determination as to the payment of dividends by the *company* will be at the discretion of the *directors* and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the *company*, future capital requirements and general business and other factors considered relevant by the *directors*. No assurances can be given by the *company* in relation to the payment of dividends or that franking credits may attach to any dividends.

6.12. How to apply

6.12.1. Public offer

(a) Applications for *shares* under the *public offer* will only be accepted on the general application form accompanying this *prospectus* (*public offer application form*). The *public offer application form* must be completed in accordance with the instructions set out on the back of the form.

- (b) The *public offer application form* must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the *company*, for an amount equal to the number of *shares* for which the *applicant* wishes to apply multiplied by the issue price of \$0.05 per *share*. Cheques must be made payable to "Lithex Resources Limited Share Application Account" and should be crossed "Not negotiable". Applications for *shares* must be for a minimum of 40,000 *shares* (\$2,000) and thereafter in multiples of 10,000 *shares* (\$500).
- (c) Completed *public offer application forms* and accompanying cheques must be received by the *company* before 5.00pm (WST) on the *closing date* at either of the following addresses:

CPS Capital Group Pty Ltd PO Box Z5467 Perth WA 6831

- (d) Applicants under the *public offer* are encouraged to lodge their *public offer* application forms as soon as possible as the *public offer* may close early without notice. An original, completed and lodged *public offer application form* together with a cheque for the *application monies* or a payment to the bank account advised by the *company*, constitutes a binding and irrevocable offer to subscribe for the number of *shares* specified in the *public offer application form*.
- (e) The public offer application form does not need to be signed to be valid. If the public offer application form is not completed correctly or if the accompanying payment is for the wrong amount, the application may still be treated by the company as valid. The directors' decision as to whether to treat such an application as valid, and how to construe, amend or complete the public offer application form, is final. However, an applicant will not be treated as having applied for more shares than is indicated by the amount of the cheque or direct transfer for the application monies.

6.12.2. Vendor offer

- (a) The *vendor offer* is an offer to the *Ultracharge vendors* only. Only the *Ultracharge vendors* (or their nominees) may apply for *shares* under the *vendor offer*.
- (b) A personalised application form will be issued to each *Ultracharge vendor* together with a copy of this *prospectus* (*vendor offer application form*). The number of *shares* to be offered to each *Ultracharge vendor* will be outlined in the *vendor offer application form* provided by the *company*. The *company* will only provide the *vendor offer application forms* to the persons entitled to participate in the *vendor offer*.

(c) In order to apply for the issue of *shares* under the *vendor offer* you must complete and return the personalised *vendor offer application form* to:

Lithex Resources Limited PO Box 5457 Perth WA 6831

by no later than 5.00pm on the closing date.

6.13. Application monies to be held on trust

6.13.1. Until the *shares* are issued under this *prospectus*, the *application monies* for *shares* will be held by the *company* on trust on behalf of *applicants* in a separate bank account maintained solely for the purpose of depositing *application monies* received pursuant to this *prospectus*. If the *shares* to be issued under this *prospectus* are not admitted to quotation within three months after the date of this *prospectus*, no *shares* will be issued and *application monies* will be refunded in full without interest in accordance with the *Corporations Act*.

6.14. Allocation of shares

- 6.14.1. The *directors* will determine the recipients of the *shares* under the *public offer* in consultation with the *lead manager*. The *directors* (in conjunction with the *lead manager*) reserve the right to reject any application or to issue a lesser number of *shares* than that applied for. If the number of *shares* allocated is less than that applied for, or no issue is made, the surplus *application monies* will be promptly refunded by cheque to the *applicant* (without interest).
- 6.14.2. Subject to the *offer conditions* being satisfied, the issue of *securities* under the *offers* will occur as soon as practicable after the *offers* close. Holding statements will be dispatched as required by ASX. It is the responsibility of *applicants* to determine their allocation prior to trading in the *shares*. Applicants who sell the *shares* before they receive their holding statement will do so at their own risk.

6.15. Lead manager and commissions

- 6.15.1. *CPS* has been appointed as lead manager to the *public offer*. *CPS* will receive 6% of the amount raised from the *shares* placed to its clients under the *public offer*. Refer to *section 14.3* for a summary of the terms of the *lead manager agreement* between the *company* and *CPS*.
- 6.15.2. The *company* reserves the right to pay, via the *lead manager*, a commission of up to 6% (exclusive of *GST*) of amounts subscribed through *AFSL* holders in respect of valid *applications* lodged and accepted by the *company* and bearing the stamp of the *AFSL* holder.

6.16. Financial forecasts

6.16.1. The *directors* have considered the matters set out in *ASIC* Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the *company* are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

6.17. CHESS and issuer sponsorship

- 6.17.1. The *company* is a participant in *CHESS*, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through *CHESS* will be *issuer sponsored* by the *company*. Because the sub-registers are electronic, ownership of *securities* can be transferred without having to rely upon paper documentation.
- 6.17.2. Electronic registers mean that the *company* will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of *securities* issued to them under this *prospectus* (as well as any other *securities* registered in their name at the time). The notice will also advise holders of their "Holder Identification Number" (if broker sponsored) or "Securityholder Reference Number" (if issuer sponsored) and explain, for future reference, the sale and purchase procedures under *CHESS* and *issuer sponsorship*.
- 6.17.3. Further monthly statements will be provided to holders if there have been any changes in their security holding in the *company* during the preceding month.

6.18. Privacy

- 6.18.1. If you complete an *application* for *shares*, you will be providing personal information to the *company* (directly or through the *company's* share registry). The *company* collects, holds and will use that information to assess your application, service your needs as a holder of *securities* in the *company*, facilitate distribution payments and corporate communications to you as a *shareholder*, and carry out administration.
- 6.18.2. The information may also be used from time to time and disclosed to persons inspecting the *company's seccurities* registers, bidders for your *securities* in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the *company's* share registry.
- 6.18.3. You can access, correct and update the personal information that we hold about you. Please contact the *company* or its share registry if you wish to do so at the relevant contact numbers set out in this *prospectus*.

6.18.4. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the *settlement operating rules*. You should note that if you do not provide the information required on the application for *shares*, the *company* may not be able to process or accept your application.

6.19. Taxation

6.19.1. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the *offers*, by consulting their own professional tax advisers. Neither the *company* nor any of its *directors* or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.20. Enquiries

6.20.1. Any questions concerning the *offers* should be directed to the lead manager on +61 8 9223 2252.

PURPOSE AND EFFECT OF THE OFFERS

7.1. Purpose of the public offer and funds allocation

- 7.1.1. The purpose of the *public offer* is to raise up to \$3,500,000 (before the costs of the *offers*) to provide the *company* with additional working capital to assist in the funding of the *company's* future business activities.
- 7.1.2. The table below sets out the intended use of funds raised under the *prospectus* together with existing cash reserves over the two years following reinstatement to *official* quotation of *shares* as follows:

	minimum subscription \$2,500,000	%	maximum subscription \$3,500,000	%
Cash on hand of the Company and Ultracharge	3,115,223	56%	3,115,223	47%
Funds raised under the public offer	2,500,000	44%	3,500,000	53%
Total funds available	5,615,223	100%	6,615,223	100%
Use of funds				
Research	1,548,000	28%	1,708,000	26%
Development & manufacturing	1,216,192	22%	1,757,692	26%
Sales and marketing expenses	271,500	5%	316,500	5%
Business development	646,500	11%	681,500	10%
Working capital	1,457,054	26%	1,624,554	25%
Expenses of the offers	475,977	8%	526,977	8%
Total use of funds	5,615,223	100%	6,615,223	100%

Refer to section 15.9.1 for further details relating to the estimated expenses of the offer.

- 7.1.3. On completion of the *offers*, the *board* believes the *company* will have sufficient working capital to achieve the objectives detailed in the table above.
- 7.1.4. The above table is a statement of current intentions as of the date of this *prospectus*. As with any budget, intervening events (including technology development success or failure) and new circumstances have the potential to affect the manner in which funds are ultimately applied. The *board* reserves the right to alter the way funds are applied on this basis.

7.2. Effect of the offers

The principal effect of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised and converted into *shares* between the date of this of *prospectus* and the *closing date*, will be to:

- (a) increase the *company's* cash reserves by approximately \$3.97 million (after adding *Ultracharge's* cash holdings and deducting the estimated expenses of the *offers*) immediately after completion of the *offers*; and
- (b) increase the number of *shares* on issue from 169,540,545 as at the date of this *prospectus* to 749,735,545 *shares* immediately after completion of the *offers*.

7.3. Effect on capital structure

- 7.3.1. As at the date of this *prospectus* the *company* has on issue:
 - (a) 169,540,545 *shares*;
 - (b) 22,000,000 unlisted options comprised of:
 - (i) 10,000,000 *options* exercisable at \$0.16 each on or before 31 December 2016;
 - (ii) 8,000,000 options exercisable at \$0.05 each on or before 5 April 2018; and
 - (iii) 4,000,000 options exercisable at \$0.059 each on or before 5 April 2019.
- 7.3.2. The combined effect on the capital structure of the *company* of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised between the date of this *prospectus* and the *closing date*, and the issue of the *performance rights*, is set out below.

	ordinary shares	performance rights	options
cutrently on issue	169,540,545	-	22,000,000
public offer	70,000,000	-	-
vendor offer	485,900,000	-	
CPS offer	24,295,000	-	
Armada offers			70,000,000
performance rights offer		60,000,000	
total after offers	749,735,545	60,000,000	92,000,000

On Directors, Key Management & Corporate Governance

8.1. Director profiles

8.1.1. Subject to the completion of the *acquisition* it is intended that the *board* will be comprised of Messrs Doron Nevo, Kobi Ben-Shabat, David Wheeler, Yury Nehushtan and John Paitaridis.

Ms Paula Cowan and Mr Joe Graziano intend to resign as *directors* immediately following completion of the *acquisition*.

8.1.2. Brief profiles of the *directors* following *completion* are set out below.

Doron Nevo

Mr Nevo is president and chief executive officer of KiloLambda Technologies Ltd., an optical nanotechnology company, which he co-founded in 2001. From 1999 to 2001, Mr Nevo was involved in fundraising activities for Israeli-based start-up companies. From 1996 to 1999, Mr. Nevo served 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 also previously served as a director of Unity Wireless, Bank Adanim, BioCancel Ltd, Etgar - Portfolio Management Trust Co. and of a number of private companies.

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

Mr Nevo has served as a director of NASDAQ-listed AudioCodes Ltd since 2000.

It is proposed that Mr Nevo be appointed as non-executive director and chairman.

Kobi Ben-Shabat

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 Kobi established 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 three years consecutively. OPS was acquired by ASX-listed Hills Limited in April 2014. Mr Ben-Shabat has extensive experience with sales and senior management with a particular emphasis on emerging markets and technologies.

Mr Ben-Shabat is the current chief executive officer of Ultracharge. Details of his executive services agreement with Ultracharge are set out in *section 14.5*.

Mr David Wheeler

Mr. Wheeler has more than 30 years of senior executive management, director and corporate advisory experience. He is a foundation director of Pathways Corporate, a boutique corporate advisory firm that undertakes assignments on behalf of family offices, private clients and ASX-listed companies.

Mr Wheeler has engaged in business projects in the USA, UK, Europe, New Zealand, China, Malaysia, Singapore and the Middle East. David is a Fellow of the AICD. He is a director of ASX listed companies Oz Brewing Ltd, TW Holdings Ltd, Castillo Copper Ltd, Premiere Eastern Energy Ltd, Antares Mining Ltd and Eumeralla Resources Ltd.

Mr Wheeler is a non-executive director.

Yury Nehushtan

Yury 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 at 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.

It is proposed that Mr Nehushtan be appointed as non-executive director.

John Paitaridis

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, John 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.

It is proposed that Mr Paitaridis be appointed as non-executive director.

8.2. Directors' interests

Other than as set out in this *prospectus*, no *director* or proposed *director* holds, or has held within the 2 years preceding lodgement of this *prospectus* with *ASIC*, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with:
 - (i) its formation or promotion; or
 - (ii) the offers; or
- (c) the offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a *director* or proposed *director*:

- (d) as an inducement to become, or to qualify as, a *director*, or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the *company*; or
 - (ii) the *offers*.

8.3. Directors' security holdings

8.3.1. The relevant interest in *securities* of each of the *directors* as at the date of this *prospectus*, is set out in the table below.

	David Wheeler	Paula Cowan	Joe Graziano
shares held	2,070,000	-	1,500,000
options held	2,000,000*	1,000,000	2,000,000*

^{*} These *options* are held by Pathways Corporate Pty Ltd, an entity controlled by Messrs Wheeler and Graziano.

8.3.2. The relevant interest in *securities* of each of the *directors* with effect from *completion* is set out in the table below.

	David Wheeler	Kobi Ben-Shabat	Yury Nehushtan	John Paitaridis	Doron Nevo
shares held	2,070,000	46,569,134	14,009,968	-	937,500
options held	2,000,000	-	-	-	-
performance rights held	-	17,500,000	5,000,000	9,000,000	5,000,000

8.4. Remuneration of directors

- 8.4.1. The *constitution* provides that the non-executive *directors* may be paid, in aggregate for their services as *directors*, a sum not exceeding such fixed sum per annum as may be determined by the *company* in general meeting. The determination of non-executive *directors*' remuneration within that maximum will be made by the *board* having regard to the inputs and value to the *company* of the respective contributions by each non-executive *director*. The current aggregate sum has been set at an amount not to exceed \$250,000 per annum¹.
- 8.4.2. The remuneration of executive *directors* is decided by the *board*, without the affected executive *director* participating in that decision-making process and may be paid by way of fixed salary or commission.
- 8.4.3. *Directors* may also be reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the *company* and other miscellaneous expenses.
- 8.4.4. The non-executive *directors* have each executed an agreement with the *company* entitling them to remuneration in their capacities as *directors*. The remuneration (including superannuation) of non-executive *directors* for the year ended 30 June 2017 will be as follows:

¹ Shareholders will consider a resolution at the annual general meeting that seeks approval to increase the maximum aggregate non-executive directors' remuneration to \$350,000.

	David Wheeler (\$)	Yury Nehushtan (\$)	John Paitaridis (\$)	Doron Nevo (\$)
remuneration	48,000	48,000	48,000	57,600

8.5. Key terms of agreements with directors

8.5.1. Agreements with directors and proposed directors

Each of the *directors* have been appointed (in the case of the proposed *directors*, conditional on *completion* occurring) in accordance with letters of appointment including standard terms and conditions for appointment of directors of ASX-listed entities

8.5.2. Deeds of indemnity and access

The *company* is party to a deed of indemnity, insurance and access with each of the existing *directors* and is proposing to enter into similar deeds with each of the proposed *directors*. Under these deeds, the *company* has agreed to indemnify each *director* to the extent permitted by the *Corporations Act* against any liability arising as a result of the *director* acting as a director of the *company*. The *company* is also required to maintain insurance policies for the benefit of the *directors* and must also allow the *directors* to inspect board papers in certain circumstances.

8.6. Corporate governance

The summary below identifies the key corporate governance policies and practices adopted by the *board*. The *board* is committed to ensuring continued investor confidence in the operations of the *company* and in maintaining high standards of corporate governance in the performance of their duties.

8.6.1. 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.

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 the *company*. The managing director is responsible for the day-to-day operations, financial performance and administration of the *company* 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 *company's* website.

8.6.2. *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 *board*. 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.

8.6.3. Diversity

The *company* has adopted a formal Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the *company* and on the *board*.

The *company* is at a stage of its development such that the application of measurable objectives in relation to gender diversity, at various levels of the *company's* business, is not considered to be appropriate or practical.

The *board* will review this position on an annual basis and will implement measurable objectives as and when it deems the *company* requires them.

8.6.4. Code of conduct

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

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.

8.6.5. Audit

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 the *company'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.

8.6.6. Disclosure

The *company* has a Continuous Disclosure Policy which outlines the disclosure obligations of the *company* as required under the *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*.

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 ASX. The chairman, managing director (where one is appointed) and company secretary are responsible for ensuring that:

- (a) *company* announcements are made in a timely manner, are factual and do not omit any material information required to be disclosed under the *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.

8.6.7. Shareholder communication

The *company* recognizes 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:

(a) communicating effectively with *shareholders* through releases to the market via *ASX*, the *company* website, information mailed to *shareholders* and general meetings of the *company*;

- (b) giving *shareholders* ready access to clear and understandable information about the *company*; and
- (c) 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 the *company* and its 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.

8.6.8. Risk management

The *board* is committed to the identification, assessment and management of risk throughout the *company'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. The *company* has established policies for the oversight and management of material business risks.

The *company'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.

The *company's* process of risk management and internal compliance and control includes:

- (a) 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;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) 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* reviews the *company's* risk management framework at least annually to ensure that it continues to effectively manage risk.

8.6.9. Independence of directors

The independence of each proposed *director* has been determined by taking into account the relevant factors suggested in the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (*recommendations*) (*independence factors*). The following table offers a brief explanation of how the *independence factors* have been applied to the proposed *directors* in anticipation of their respective appointments.

Doron Nevo	Mr Nevo is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Nevo's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .
Kobi Ben-Shabat	Applying the <i>independence factors</i> , Mr Ben-Shabat will not be independent because he will be an executive of the <i>company</i> . He will also be a substantial shareholder of the <i>company</i> following <i>completion</i> of the <i>acquisition</i> .
David Wheeler	Mr Wheeler is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Wheeler's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .
Yury Nehushtan	Mr Nehushtan is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Nehushtan's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .
John Paitaridis	Mr Paitaridis is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Paitaridis' capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .

8.6.10. Departures from recommendations

In accordance with the *listing rules*, the *company* is required to report any departures from the *recommendations* in its annual financial report. The *company's* compliance and departures from the *recommendations* as at the date of this *prospectus* are set out on the following pages.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement discloses the extent to which the *company* will follow the *recommendations* set by the ASX Corporate Governance Council. The *recommendations* are not mandatory, however the *recommendations* that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the *company* intends to adopt in lieu of the *recommendation*.

Due to the size and nature of the incoming *board* and the magnitude of the *company's* operations upon completion of the *acquisition*, the *board* does not consider that the *company* will gain any benefit from individual *board* committees and that its resources would be better utilised in other areas, as the incoming *board* is of the strong view that at this stage the experience and skill set of the incoming *board* is sufficient to perform these roles. Under the *company's* Board Charter, the duties that would ordinarily be assigned to individual committees will be carried out by the full *board* under the written terms of reference for those committees.

Recommendation	Complies?	Comments
Principle 1: Lay solid foundations for management and oversight		
A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The Board Charter is disclosed in the <i>company's</i> website.
 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Yes	The company's Corporate Governance Statement (CGS) provides that the company undertakes comprehensive reference checks prior to appointing a director or putting that person forward for appointment.

Recommendation		Complies?	Comments
	1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		The <i>CGS</i> provides that the terms of appointment of <i>directors</i> and senior executives are set out in writing at the time of appointment.
bo	the company secretary of a listed entity should be accountable directly to the pard, through the chair, on all matters to do with the proper functioning of the pard.	Yes	The Board Charter provides that the company secretary is accountable directly to the <i>board</i> , through the chairman, on all matters to do with the proper functioning of the <i>board</i> .
	 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and 		The company has a diversity policy and discloses it on the company's website. However, the CGS states that the company is at such a stage in its development that the application of measurable objectives in respect of gender diversity is not appropriate or practical.
1.6 A li	isted entity should: have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	The CGS discloses the process for periodic evaluation of the board and the directors.

Recommendation		Complies?	Comments	
(b)	disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.			
 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 		Yes	The <i>CGS</i> discloses the process for periodic evaluation of executives.	
Princip	ole 2: Structure the board to add value			
2.1 Th	e board of a listed entity should: have a nomination committee which:	Yes	The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.	
	(i) has at least three members, a majority of whom are independent directors; and		The Nomination Committee Charter, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs to address <i>board</i>	
	(ii) is chaired by an independent director, and disclose:		succession issues and to ensure that the <i>board</i> has the appropriate balance of skills, knowledge,	
	(iii) the charter of the committee;		experience, independence and diversity to enable it to discharge its duties and responsibilities	
	(iv) the members of the committee; and		effectively.	
	(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or			
(b)	if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.			

Recommendation	Complies?	Comments
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	The <i>CGS</i> discloses that the <i>board</i> does not consider it appropriate at this time to formally establish a matrix on the mix and skills and diversity for <i>board</i> membership.
 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	Yes	The CGS addresses the independence, interests and length of service of each director.
2.4 A majority of the board of a listed entity should be independent directors	Yes	With the exception of Mr Ben-Shabat, all proposed directors are considered to be independent.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The proposed chairman will be a non-executive director.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The <i>CGS</i> sets out the processes employed to ensure that the <i>company</i> complies with this <i>recommendation</i> .
Principle 3: Act ethically and responsibly		
3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and	Yes	The company discloses its code of conduct on its website.

Recommendation	Complies?	Comments
(b) disclose that code or a summary of it.		
Principle 4: Safeguard integrity in corporate reporting		
 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the 	Yes	The board considers that the company is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees. The Audit Committee Charter, which is disclosed on the company's website, sets out the processes the board employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.
external auditor and the rotation of the audit engagement partner. 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration 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.	Yes	The <i>CGS</i> discloses that the <i>board</i> has received certifications from a <i>director</i> and the CFO in connection with the financial statements for the relevant period.

Recommendation	Complies?	Comments		
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The CGS discloses that the external auditor attends the company's AGM and is available to answer questions from security holders relevant to the audit.		
Principle 5: Make timely and balanced disclosure				
 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Yes	The <i>company</i> discloses its continuous disclosure policy on its website.		
Principle 6: Respect the rights of security holders				
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The <i>company</i> maintains information in relation to its constitution, governance documents, <i>directors</i> , <i>board</i> and committee charters, annual reports and <i>ASX</i> announcements on its website.		
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The <i>company</i> has developed and discloses on the its website a shareholder communication policy.		
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The company's Shareholder Communications Policy sets out processes designed to facilitate and encourage participation at meetings of security holders.		
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	All security holders are given the option to receive communications from, and send communications to, the <i>company</i> and its share registry electronically.		

Recommendation	Complies?	Comments
Principle 7: Recognise and manage risk		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:	Yes	The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.
(i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director,		The Risk Management and Internal Compliance and Control policy, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i>
(ii) is chaired by an independent director, and discloses:		employs for overseeing the <i>company's</i> risk management framework.
(iii) the charter of the committee; (iv) the members of the committee; and		
(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
7.2 The board or a committee of the board should:(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and(b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	The CSG sets out the process whereby the board reviews the company's risk management framework at least annually to ensure that it continues to effectively manage risk.
7.3 A listed entity should disclose:(a) if it has an internal audit function, how the function is structured and what role it performs; or	Yes	The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the creation of an internal audit function. The Risk Management and Internal Compliance and Control policy, which is disclosed on the

Recommendation	Complies?	Comments
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		company's website, sets out the processes the board employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The <i>CSG</i> discloses that the <i>board</i> does not consider that the <i>company</i> has any material exposure to environmental or social sustainability risks.
Principle 8: Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; and discloses: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees. The Remuneration Committee Charter, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Remuneration Committee Charter and the annual Remuneration Report disclose the <i>company's</i> policies and practices regarding the remuneration of

Recommendation	Complies?	Comments
		non-executive <i>directors</i> and the remuneration of executive <i>directors</i> and other senior executives.
8.3 A listed entity which has an equity-based remuneration scheme should:(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes	The hedging prohibition in the <i>company's</i> Securities Trading Policy will apply to the proposed employee incentive scheme (in respect of which a resolution is to be considered at the <i>annual general meeting</i>).
(b) disclose that policy or a summary of it.		

O. COMPANY AND ULTRACHARGE OVERVIEW

9.1. Company strategy

9.1.1. Company's existing activities

The *company* is a public company that was admitted to the official list of *ASX* on 12 May 2011. The *company's* principal activities previously involved minerals exploration in Western Australia. In light of difficult market conditions for junior exploration companies, the *company* has been evaluating high quality and value-adding investment opportunities outside the commodities sector.

9.1.2. Company's proposed new activities and key investment highlights

On 13 May 2016, the *company* announced the execution of a binding heads of agreement with *Ultracharge* for the acquisition of 100% of the issued capital in *Ultracharge* (*acquisition agreement*). By entering into the *acquisition*, the *company* will have:

- (a) the right to commercialise patented technology designed to significantly improve the performance of lithium-ion batteries in accordance with the *licence agreement*;
- (b) access to the research and development skills and experience of NTU in accordance with the *research project agreement*
- (c) the funds available to exploit the *Ultracharge technology* and join with commercial partners to maximise the opportunities available in the rechargeable battery industry; and
- (d) a management team, at both board and executive level, with the skills and experience to manage the technical development, commercialisation and sales and marketing of the *Ultracharge technology*.

9.2. Ultracharge – business overview

- 9.2.1. Ultracharge was incorporated in Israel in December 2015 and is party to the *licence* agreement and research project agreement with Nanyang Technological University (**NTU**) (summaries of which are set out in sections 14.5.1 and 14.5.2 respectively).
- 9.2.2. Under the *licence agreement*, *Ultracharge* holds an exclusive licence over intellectual property relating to a lithium-ion battery (*LIB*) utilising an elongated titanium dioxide-based nanotubular (*TiO2-NT*) anode invented by Professor Chen Xiaodong of *NTU* (*Ultracharge technology*). In reliance on the *Ultracharge technology*, Professor Chen demonstrated a working *TiO2-NT* anode, which has been reported by *NTU* to outperform graphite-based anodes (which are the current market

- standard for LIBs) in all major performance parameters including improved charging rates, longevity and safety. Further details with respect to the *Ultracharge technology* are set out in *section 9.5* below.
- 9.2.3. On 13 August 2016, *Ultracharge* entered into the *collaboration agreement* with NEI Corporation (*NEI*) (a summary of which is set out in *section 14.5.3*). *Ultracharge* and *NEI* together made a proposal to the Israel-US Binational Industrial Research and Development Foundation (*BIRD Foundation*) under which the parties have requested a grant of funds from the *BIRD Foundation* for the ongoing development of the *Ultracharge technology* (*BIRD proposal*). Further details with respect to the proposed development of the *Ultracharge technology* is set out in *section 9.7* below.
- 9.2.4. *Ultracharge* is seeking a listing on *ASX* in order to raise funds with a view to fast-tracking the development and commercialisation of the *Ultracharge technology*. Following obtaining a listing on *ASX*, *Ultracharge* will initially seek to generate revenues through licensing the *Ultracharge technology* to one or more of the major players in the rechargeable battery market, while seeking to enhance product development and commercialisation through collaboration with NEI and other collaboration partners and licensees.

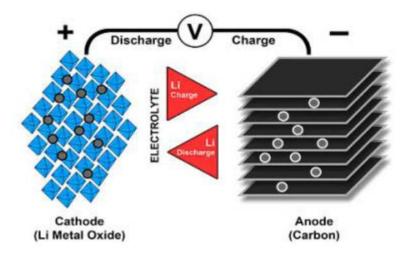
9.3. Rechargeable battery industry overview

- 9.3.1. The worldwide battery market in 2014 was estimated to be valued at approximately US\$60 billion. Of this market, it is estimated that rechargeable batteries made up approximately US\$18 billion.
- 9.3.2. *LIBs* are the current market leader for rechargeable batteries when measured by number of units sold, volume of energy provided and revenue. This is driven primarily through portable computers and other electronic devices such as smartphones and tablets.
- 9.3.3. The popularity of the *LIB* is due to the advantages offered over other rechargeable batteries, including:
 - (a) a lower weight to power capacity ratio;
 - (b) a higher shelf-life; and
 - (c) environmental benefits (such as recharge ability and reduced toxicity landfill).
- 9.3.4. However, *LIBs* in the market today also have a number of disadvantages, including:
 - (a) slow charging rates (1-2 hours);
 - (b) poor cycle life (fewer than 1000 charging/discharging cycles), particularly in high current applications; and
 - (c) safety concerns if overheated or overcharged.

- 9.3.5. The *proposed directors* are of the view that regulatory factors, such as increased use of green energy sources and increasing emphasis on boosting fuel efficiency and improved emissions standards, may also stimulate increased demand for use of *LIBs*.
- 9.3.6. The leading players currently involved in the *LIB* market include:
 - (a) Japan Panasonic, Sony, TDK, Hitachi, NEC, Toshiba, GS Yuasa, and Mitsubishi Electric;
 - (b) South Korea Samsung SDI and LG Chem; and
 - (c) China BYD, Tianjin Lishen Battery, and Shenzhen BAK Battery.
- 9.3.7. In consumer electronics, Panasonic, Samsung SDI, and LG Chem are the top manufactures. This trio ships a variety of batteries for a wide range of applications.
- 9.3.8. Many of the other firms are more specialised, with TDK and Hitachi focusing on laminate and prismatic batteries respectively, as they bid to differentiate themselves as niche players. In recent years, South Korean firms have been aggressively winning market share in the consumer electronics market.

9.4. Lithium-ion batteries

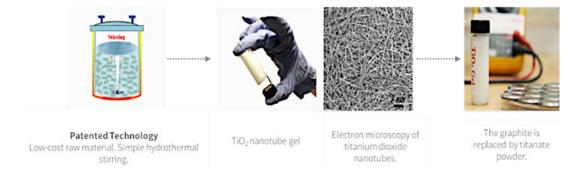
- 9.4.1. *LIBs* use a cathode (positive electrode), an anode (negative electrode) and electrolyte as conductor. A typical anode in existing *LIBs* consists of porous carbon or graphite. The cathode is a metal oxide different lithiated metal oxides are used by battery manufacturers, each with unique performance characteristics. The electrolyte is composed of fluorine-based lithium salts dissolved in organic carbonate liquid mixtures.
- 9.4.2. While the battery is being charged, the lithium atoms from the positive electrode migrate as ions through the electrolyte toward the negative electrode, where they are deposited between carbon layers. This process is reversed during discharge. The image below illustrates this process.



- 9.4.3. When the cell charges and discharges, ions shuttle between the cathode and anode. On discharge, the anode undergoes oxidation, or loss of electrons, and the cathode sees a reduction, or a gain of electrons. Applying a charge reverses this movement to recharge the *LIB*.
- 9.4.4. A lithium-titanium oxide (*LTO*) anode has been used in commercially available *LIBs* to minimise some of the disadvantages of existing *LIB* technology. Such *LIBs* use *LTO* nanocrystals instead of the carbon/graphite anode. This results in a significant increase in the surface area of the anode, resulting in electrons being able to enter and leave the anode more rapidly, leading to faster recharging and enhanced battery life. However, *LIBs* using an *LTO* anode have lower energy density than those incorporating a graphite anode.

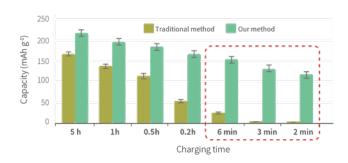
9.5. Explanation of Ultracharge technology

- 9.5.1. In reliance on the *Ultracharge technology*, Professor Chen demonstrated a working *TiO*₂- *NT* anode to replace the graphite/*LTO* anodes in commercially available *LIBs*. Initial testing undertaken by *NTU* on a proof-of-concept basis indicates that the *Ultracharge technology* will provide a number of benefits over existing *LIB* technologies.
- 9.5.2. The key to the *Ultracharge technology* is that the standard active material in the anode (graphite/*LTO*) is replaced with an elongated *TiO*₂-*NT* gel. *Ultracharge* is able to produce *TiO*₂-*NT* which are up to 30 micrometers in size (two orders of magnitude longer than previously achieved) by a simple process of mixing titanium dioxide with sodium hydroxide and stirring. Titanium dioxide is an abundant, cheap and safe material commonly used as a food additive and in sunscreen lotions to absorb harmful ultraviolet rays. Crucially, *Ultracharge's* patented production method makes the nanostructures long enough to be useful for building a battery anode.
- 9.5.3. Shaping the material into intercalating nanotubes inside the anode greatly reduces the distance that lithium ions need to travel in order to transfer their charge. Moreover, the nanotube structures also have a very large surface area of 130 square meters per gram, which significantly speeds up the chemical reactions that drive charging and discharging.

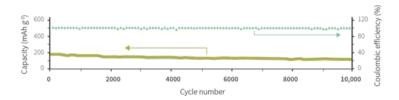


9.5.4. Based on the performance of commercially available *LIBs* and *Ultracharge's* proof-of-concept *TiO*₂-*NT* based *LIBs* (50mA pouch cells), utilising the *Ultracharge technology* offers the following key benefits over *LIB* technologies using graphite as the anode material:

Rapid Charging: Batteries that can be recharged to 70% capacity in just two minutes:



Lifetime: ability to endure between 10,000 charging cycles (around 10 times more than existing *LIBs* using graphite-based anodes), increasing longevity of *LIBs*.



Enhanced safety: As *LIBs* using the *Ultracharge technology* are free of carbon, they can avoid thermal runaway or overheating, which is a main cause of fire in traditional energy storage systems.

- 9.5.5. The key benefit of utilising the *Ultracharge technology* in proof of concept *LIBs* over commercially available *LIBs* using *LTO* as the anode material is that the *Ultracharge technology* produces *LIBs* with a higher energy density. *LIBs* using the *Ultracharge technology* have a high specific capacity (335mAh/g) compared with commercialized *LIBs* using *LTO* as the anode material (175 mAh/g). The specific capacity of *LIBs* utilising the *Ultracharge technology* is comparable to *LIBs* that utilise graphite anodes (372 mAh/g).
- 9.5.6. The cost of raw materials and the equipment expected to be required to produce the *TiO*₂-*NT* anode material, indicate that that the cost of producing *LIBs* utilising the *Ultracharge technology* will be consistent with *LIBs* utilising *LTO* as the anode material. Further, the *Ultracharge technology* replaces only the active material in the anode (*TiO*₂-*NT* gel instead of graphite/*LTO* powder used in current commercialised *LIBs*), while leaving all other components intact. With further development, *Ultracharge* expects that this will enable an ability for rapid integration into current *LIB* production lines.
- 9.5.7. Assuming the *Ultracharge technology* is successfully commercialised (refer to *section 9.7* for further details of the proposed commercialisation plan), *Ultracharge* expects that *LIBs* utilising the *Ultracharge technology* will be suitable in most of the industries and products as are applicable to existing *LIBs*.
- 9.5.8. As at the date of this *prospectus*, the *Ultracharge technology* has been developed to a "proof of concept" stage through the production of a 100mA capacity prototype

LIB. In addition to the commercialisation activities set out in section 9.7 below, Ultracharge and NTU will continue work to enhance the Ultracharge technology to fit a larger battery, with an estimated size of 2000mA based on the Ultracharge technology and otherwise using industry-standard cathode and electrolyte materials.

9.5.9. Further development plans include an increase in the energy density of TiO_2 -NT LIB (pouch cells) to >200 Wh/kg solution (compared to only <80 Wh/kg for similar LTO technologies).

The table below sets out comparisons of the energy density of existing rechargeable battery technologies:

Battery Type	Lead acid	Nickel Cadmium	Nickel Metal Hydride	Graphite / NMC (Lithium ion)	Titanate Oxide (Lithium ion)
Energy	40 Wh/kg	45–60	80	120-200	70–80
Density		Wh/kg	Wh/kg	Wh/kg	Wh/kg

9.6. Intellectual property

9.6.1. *Ultracharge* is a party to the *licence agreement* under which *Ultracharge* has been granted a licence to use, develop, manufacture, market, sublicense and exploit the inventions disclosed and claimed in the patent applications set out below and to commercialise the *Ultracharge technology* by developing licenced products based on the *TiO2-NT* gel anode technology.

App No.	Country	Title	Filing Date
PCT/SG2014/ 000435	National Phase	Elongated titanate nanotube, its synthesis method and its use	16 September 2014
61/878,456	US PRV	Synthesis of high aspect ratio titanate nanotubes and its environmental applications as free-standing multifunctional membrane	16 September 2013
61/951,194	US PRV	Correlating aspect ratio of nanotubular structures with electrochemical performance for high-rate and long-life lithium-ion battery	11 March 2014

10201601358R	SG PRV	Extraordinary capacity of TiO2	23 February 2016
		nanotubes towards high power and high energy lithium-ion batteries	

- 9.6.2. As at the date of this prospectus, *Ultracharge* is reliant on the *licence agreement* in order to conduct its business. However, *NTU* may only terminate the *licence agreement* in the event that *Ultracharge* is in breach and has not, after notice to cure the breach, done so prior to termination.
- 9.6.3. Under the terms of the *research project agreement* and *licence agreement*, *Ultracharge* is entitled to sole ownership of any intellectual property developed solely by *Ultracharge* as well as all research results and deliverables produced under the *research project agreement*. Likewise, under the *collaboration agreement* with *NEI*, *Ultracharge* will have the ownership rights in relation to any intellectual property developed in its own right, or joint ownership of any intellectual property developed jointly with *NEI*.
- 9.6.4. Following completion of the *acquisition*, *Ultracharge* expects that future patents will be applied for in its name (either solely or jointly with *NTU*, *NEI* or other development partners). If this occurs, *Ultracharge's* reliance on the *licence agreement* will be reduced, as it will acquire rights as sole or joint owner of the intellectual property so developed.
- 9.6.5. If the *licence agreement* were terminated in the short term, *Ultracharge* will seek other opportunities, using the experience and expertise available to it, to acquire rights to develop technology in the rechargeable battery sector.
- 9.6.6. If the *licence agreement* were terminated in the medium to long term, *Ultracharge* will seek other opportunities, using any intellectual property registered in its name together with the experience and expertise available to it, to continue to develop technology in the rechargeable battery sector.

9.7. Business model and strategy

- 9.7.1. *Ultracharge* has identified key industry sectors and applications for commercialisation of the *Ultracharge technology*. These include electric vehicles (plug-in hybrid electric vehicles and buses).
- 9.7.2. In addition to the existing *LIB* markets, *Ultracharge* has identified a number of markets that it considers could result in increased demand for *LIBs*. These include energy storage (for the grid and renewable energy sources), automobile manufacturers (particularly in the event that there is an increase in the use of hybrid and electric vehicles), consumer device vendors (such as tablets and laptop computer) and industrial goods manufacturers, wind and solar energy storage, charging stations, yachts, forklifts, traffic signals and solar hybrid street lighting. By way of example, Tesla and Panasonic have recently formed a joint venture in relation to battery production for the Tesla model 3 electric vehicle and its energy storage system.

- 9.7.3. *Ultracharge* considers that benefits associated with the *Ultracharge technology* such as improved charging rates, battery lifetime and cost efficiency may provide significant benefits in consumer electronics applications (such as tablets and laptop computers). Critically, as the *Ultracharge technology* modifies only one component of existing *LIB* technology, *Ultracharge* understand that the *Ultracharge technology* can be integrated into existing manufacturing processes with relative ease and without substantial cost. This is a key milestone that *Ultracharge* will be seeking to meet following completion of the *acquisition*.
- 9.7.4. *Ultracharge* has been involved in initial discussions with a number of market participants with respect to development of the *Ultracharge technology*. These initial discussions have been positive with various market participants indicating that they may be willing to collaborate with *Ultracharge* or license the *Ultracharge technology* upon it being further developed. However, other than the *collaboration agreement*, no formal agreements have been negotiated.
- 9.7.5. The key development and commercialisation milestones that *Ultracharge* is aiming to achieve following completion of the *acquisition* are set out below:

Kg-scale *TiO2-NT* **production:** *Ultracharge's* primary development milestone will be to demonstrate cost-efficient kg-scale TiO_2 -NT production. It is important that *Ultracharge* is able to attain high quality TiO_2 -NT at a relatively high processing yield to ensure that *LIBs* utilising the *Ultracharge technology* are inexpensive and suitable for a variety of applications.

In order to meet this milestone, *Ultracharge* will seek to scale-up the production of TiO_2 -NT on a staged basis from 0.025L reactor (as was illustrated by NTU) to 1L, 2L, 20L, 100L and up to 2500L reactors. Assuming *Ultracharge* is successful in scaling up the reactor capacity, it will then seek to scale up the efficiency of TiO_2 -NT production at each stage of the reactor scale-up process.

Ultracharge will need to engage a chemical research centre in order to complete this scale-up process, and has been involved in initial discussions for this purpose. However, formal engagement is not expected to occur until completion of the acquisition and receipt of a response to the BIRD proposal.

Integration of *TiO*₂-*NT* anode with high voltage cathodes: This milestone will be managed primarily by *NEI*.

NEI's core competency is the production of advanced materials, particularly at the nanoscale. NEI produces and supplies specialty cathode, anode and electrolyte materials for LIBs. NEI's primary goal will be to test the Ultracharge technology with a number of different cathode and electrolyte materials to achieve maximum energy density while retaining the other benefits associated with the Ultracharge technology.

Commercialisation of *Ultracharge technology*: Following the scale-up of the *Ultracharge technology* and completing the process of integrating the *Ultracharge technology* with optimal cathode and electrolyte materials, *Ultracharge* will consider the existing

LIB market with a view to determining the best initial applications for LIBs utilising the Ultracharge technology.

It is initially anticipated that *Ultracharge* will focus on 1 or 2 applications to ensure that its resources are applied in an efficient manner. *Ultracharge* will then seek to produce commercial samples of the TiO_2 -NT anode in accordance with the specifications from identified clients for use as trial products.

Automation of *TiO*₂-*NT* **production process:** During the final stages of its initial commercialisation and development processes, *Ultracharge* intends to scale-up from a 50mAh manually assembled *LIB* to a semi/fully automated production environment that produces *LIBs* with a 1Ah capacity.

In order to meet this milestone, *Ultracharge* will need to engage institutions that have automated or semi-automated in-house manufacturing capabilities. *Ultracharge* is hopeful that the other development activities (in particular, the integration activities undertaken with *NEI*) will assist in this automation process as testing will have been undertaken with respect to different applications of the *TiO2-NT* anode technology.

- 9.7.6. *Ultracharge* considers that the funds raised under the *public offer* will be sufficient to complete the development milestones set out above. However, the successful development of the *Ultracharge technology* in accordance with the timetable set out above will be contingent on various factors, including:
 - (a) engaging with NEI and other suitable development partners such as chemical research centres and manufacturers;
 - (b) availability of staff and equipment at NTU, NEI and other development partners; and
 - (c) the Ultracharge technology performing as anticipated.
- 9.7.7. In the event that funding is not approved by the *BIRD Foundation*, *Ultracharge* may need to reconsider its development and commercialisation activities. This may mean that *Ultracharge* is required to raise additional funds and may delay development and commercialisation of the *Ultracharge technology*. If additional funds are required, such funds may be raised through:
 - (a) additional equity offering to the public or private investors; or
 - (b) strategic partners who have an interest in the Ultracharge technology, by joint venture or similar arrangement.
- 9.7.8. In the event that *Ultracharge* is able to develop the *Ultracharge technology* on a commercial scale, *Ultracharge* aims to generate revenue through a variety of sources, including:
 - (a) licensing or sub-licensing its intellectual property interests in the *Ultracharge technology* for a fixed fee;

- (b) charging fees for annual support and maintenance contracts for sub-licensees of the *Ultracharge technology*;
- (c) entering into royalty arrangements with manufacturers who utilise the *Ultracharge technology*;
- (d) design services (such as customised/upgrade solutions per request based on enhancement and special development requests);
- (e) direct sales of *LIBs* utilising the *Ultracharge technology* to customers or through third-party distributors; and
- (f) through designing, developing and marketing its own brand.

9.8. Consideration matters

The board considers that the quantum of the consideration shares to be issued to the Ultracharge vendors in relation to the acquisition reflects reasonable fair value for Ultracharge in view of the key investment highlights set out in section 9.1.2 and the company having conducted arm's length negotiations with representatives of Ultracharge to arrive at the commercial terms of the acquisition.

In determining the consideration for the acquisition, the board took into account;

- (a) recent backdoor listings involving mineral resources exploration companies transitioning into the technology sector;
- (b) the link between the *Ultracharge technology* and the market's enthusiasm for lithium exploration assets, based on expected growth in demand and consumption of lithium by the energy sector;
- (c) the fact that approximately US\$3.7 million has been invested to date on the development of the *Ultracharge technology*, and the acquisition cost (of \$24,295,000, based on a deemed issue price of \$0.05 for each *consideration share*) therefore representing a reasonable investment multiple; and
- (d) the opportunity to participate in the commercialisation of a significant technical enhancement to the efficiency of *LIBs*, and the potential economic consequences flowing to the *company* pursuant to that participation.

The Investigating Accountant's Report set out in *section 11* contains a discussion with respect to the fair value of the 485,900,000 *consideration shares* to be issued to the *Ultracharge vendors* as consideration for their *Ultracharge shares*.

As the *Ultracharge vendors* will together acquire a controlling interest in the *company* following *completion* (notwithstanding that they are not "associates" for the purposes of the *Corporations Act*), the *investigating accountant* has deemed that *Ultracharge* is the acquirer for accounting purposes and has therefore determined that the most appropriate accounting treatment for the *acquisition* is under AASB 2 – share-based

payments. Under this treatment, *Ultracharge* is deemed to have issued *Ultracharge* shares to the *company's* shareholders in exchange for assets held by the *company*.

Using this method, the *investigating accountant* has determined that the fair value of the *consideration shares* is \$4,068,973.

It should be noted that the fair value referred to above was based on the pro forma adjustments as at 30 June 2016, and will require re-determination based on the identifiable assets and liabilities as at *completion*, which may result in changes to the fair value determined by the *investigating accountant*.

9.9. Management of Ultracharge

Kobi Ben-Shabat - Chief Executive Officer

Mr Ben-Shabat was the founder and managing director of Open Platform Systems Pty Ltd (*OPS*) that was acquired by ASX-listed Hills Limited in April 2014. He founded OPS in 2007 and grew the company in 7 years to employ 30 people across Australia and NZ with annual sales of \$14 million.

With a B.A and MBA in Marketing and Information Technology, Mr Ben-Shabat has significant experience in fundraising, sales, senior management and building new companies from the ground up.

Prof Chen Xiaodong - Chief Scientific Advisor

Dr. Xiaodong Chen is an Associate Professor at the School of Materials Science and Engineering, Nanyang Technological University (Singapore). His research interests include integrated nano-bio interface and programmable materials for energy conversion. He has done significant research work in the area of self-assembly, nanoelectronics, and plasmonics, and published over 40 papers in prestigious refereed journals.

He received his B.Sc degree in chemistry (honours) from Fuzhou University in China in 1999, a M.Sc degree in physical chemistry (honours) from the Institute of Chemistry, Chinese Academy of Sciences and a Ph.D. degree (summa cum laude) in biochemistry from the University of Muenster (Germany) in 2006.

He has published over 170 scientific articles and has given more than 100 invited talks/seminars.

Danny Hacohen – Vice-President, Business Development, Marketing & Sales.

Mr Hacohen has worked in the hi-tech industry for over 25 years. His many years of experience bring solid foundation to *Ultracharge*. Danny has held various senior positions in business and operations management of several technology companies.

These includes Paradox Security Systems where he held the position of Executive Vice-President - Business Development, DSP Group where he served as Vice-President-Business Operation, Emblaze Group where he conducted the role of chief operating officer, as well as TowerJazz where he served as Vice_president - Sales for 8 years while establishing the required infrastructure to pursue that company's business activities in Europe and the Asia-Pacific. Mr Hacohen holds a BA in Social Science and Mathematics from Haifa University, Israel and MBA studies from the University of Bradford.

Dr. Linoam Eliad - Vice-President, Research and Development

Dr. Eliad brings to *Ultracharge* 15 years of experience as a materials engineer and an expert in electrochemistry. She is an expert in R&D projects of nano materials for batteries and super capacitors for industrial companies and high-tech start-ups.

Dr. Eliad holds a Ph.D. in Physical Chemistry and Electrochemistry from Bar Ilan University under the supervision of Prof. Doron Aurbach on activated carbon electrodes for electrochemical double layer capacitors.

Previously Dr. Eliad led a research group that developed a unique nano-ion anode for flow battery in electric fuel energy from 2014-2016. For ICL (Israel Chemicals), Dr. Eliad managed the development of materials for bromine-based flow cells. For Photocell, an incubator-based company funded by the Hebrew University, Dr. Eliad developed solar cells. For the Nanotechnology Department of the University of Tel Aviv with Prof. Ehud Gazit, Dr. Eliad developed peptide nanotube capacitors in cooperation with Elbit Ltd. In addition, she has worked in cooperative frameworks on nano-material-related projects for the U.S. Air Force.

Sharon Ben-Shabat, Vice-President - Operations.

Mr Ben-Shabat has over 17 years of experience in senior management in operations and manufacturing.

In the past 13 years he was employed by GE Healthcare, where he was part of the company senior management team in Israel.

Among his responsibilities in GE, he was the global NUC NPI department manager which led major scale products launches such as SPECT/CT systems in multiple manufacturing sites (Israel, China, US).

Mr. Ben-Shabat has accumulated experience in most advanced manufacturing technologies that embeds LEAN & SIX-SIGMA methods and established various global production lines to meet mass corporate production needs, and simultaneously interfaced R&D teams to support production optimization and cost reduction goals.

Mr Ben-Shabat holds a BA degree in political science from the University of Haifa.

Shmuel De-Leon - member of Advisory Board

Mr De-Leon is a leading international expert in the business of energy storage and the founder of Shmuel De-Leon Energy Ltd, company that is providing unique services of knowledge tools while supporting the industry to design optimal energy solutions. Prior to founding his company, Mr De-Leon held for over 21 years various positions as an energy storage, electronic engineering and quality control team manager. Shmuel holds a B.Sc in mechanical engineering from Tel-Aviv University and an MBA in quality control and reliability engineering from the Technion Institute in Haifa as well as an Electronic Technician's diploma.

Prof. Gideon Grader - member of Advisory Board

Mr Grader received his BSc degree at UC Berkeley (1982) and his PhD degree at Caltech (1986), both in the departments of Chemical Engineering.

Over the past 30 years Prof. Grader has been working on the processing of ceramics in general and on Sol-Gel materials in particular. Prof. Grader founded the Technion Energy Program and served as its director from 2007-2015.

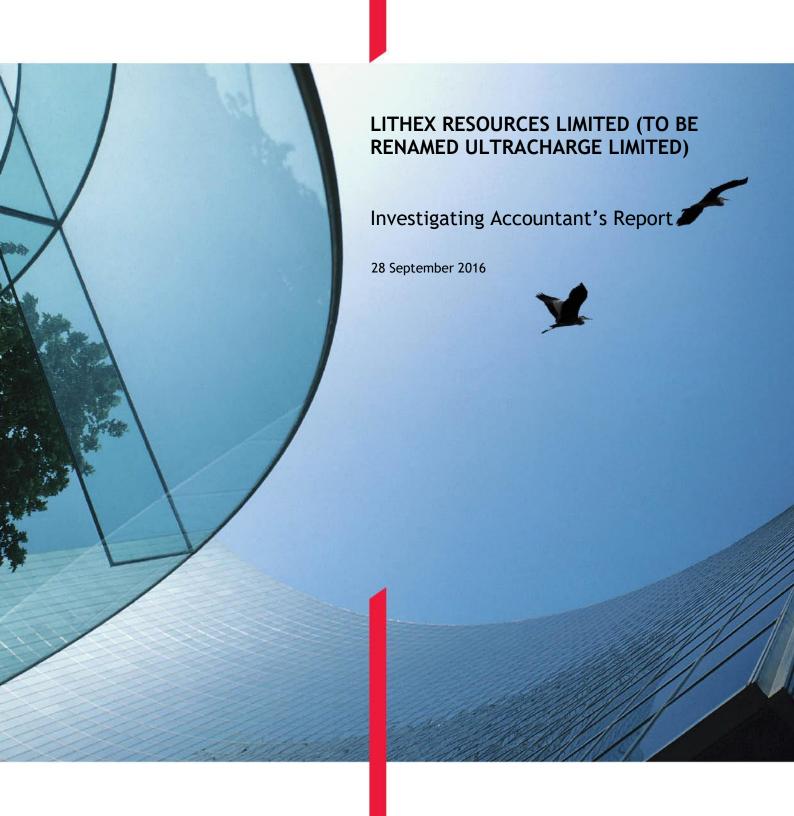
Since January 2016 Prof. Grader has been serving as the Dean of the Chemical Engineering department at Technion – Israel Institute of Technology.

1 (). FINANCIAL INFORMATION

- 10.1. Following the change in the nature of activities, the *company* will be focused on developing the *Ultracharge business*. Therefore, the *company's* past operations and financial historical performance will not be of significant relevance to future activities.
- 10.2. The *directors* consider that it is not possible to accurately predict the future revenues or profitability of the *company* or the *Ultracharge business* or whether any material revenues or profitability will eventuate.
- 10.3. Prior to the date of this *prospectus*, the *company* has been operating its mining exploration business. As stated above, the *directors* do not consider that exploration results to date provide sufficient evidence to predict any future material revenues or profitability.
- 10.4. *Ultracharge* is essentially a start-up company with limited trading history. Since incorporating in December 2015, *Ultracharge's* activities have principally involved attracting and engaging its management team and other employees, development of its proposed business model, comprehensive market analysis and strategic business planning.
- 10.5. Given *Ultracharge's* limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of *Ultracharge's* business or its financial prospects. Accordingly, no assurance can be given that the *company* will achieve commercial viability through the acquisition of *Ultracharge* and the implementation of its business plan.
- 10.6. The initial funding for the *company's* future activities will be generated from the *public offer* and existing cash reserves. The *company* may need to raise further capital in the future to continue to develop the *Ultracharge business*, and such amounts may be raised by further equity raisings, or the *company* may consider other forms of debt or quasidebt funding if required.

As a result of the above, the *company* is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in *section 11*.

11. INVESTIGATING ACCOUNTANT'S REPORT











28 September 2016

The Directors
Lithex Resources Limited
Level 6, 105 St Georges Terrace
PERTH WA 6000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Lithex Resources Limited ('LTX' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to the historical financial information and pro forma historical financial information of LTX for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange ('ASX') requirements for LTX to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of LTX entering into a binding Heads of Agreement to acquire 100% of the issued capital of Ultra-charge Ltd (formerly Voltape Ltd) ('Ultracharge') (referred to as 'the Acquisition'). In consideration for the Acquisition, the Company will issue the shareholders of Ultracharge ('Vendors') a total of 485,900,000 Shares.

Broadly, the Prospectus will offer up to 70 million Shares at an issue price of \$0.05 each to raise up to \$3.5 million before costs ('the Offer'). The Offer is subject to a minimum subscription level of 50 million shares to raise \$2.5 million before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') included in the Prospectus:

- the audited Statements of Financial Position, Performance and Cash Flows for Lithex for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- the audited Statements of Financial Position, Performance and Cash Flows for Ultracharge for the period 9 December 2015 (incorporation) to 31 December 2015 and the six months ended 30 June 2016.

The Historical Financial Information for LTX has been extracted from the financial reports for the years ended 30 June 2016, 30 June 2015 and 30 June 2014, which was audited by Rothsay Chartered Accountants for the year ended 30 June 2014 and Ernst & Young for the years ended 30 June 2015 and 30 June 2016, in accordance with the Australian Auditing Standards and International Financial Reporting Standards. Rothsay Chartered Accountants and Ernst & Young issued unmodified audit opinions on each of the financial reports stated above.

The Historical Financial Information for Ultracharge has been extracted from the financial reports of Ultracharge for the six months ended 30 June 2016 and the period 9 December 2015 (incorporation) to 31 December 2015, which was audited by BDO Israel in accordance with International Financial Reporting Standards. BDO Israel issued unmodified audit opinions on each of the financial reports stated above.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of the Company included in the Prospectus:

• the pro forma historical Statement of Financial Position as at 30 June 2016.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on the Company's financial position as at 30 June 2016. As part of this process, information about the Company's financial position has been extracted by the Company from its financial statements for the year ended 30 June 2016.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited Statements of Financial Position, Performance and Cash Flows for Lithex for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- the audited Statements of Financial Position, Performance and Cash Flows for Ultracharge for the period 9 December 2015 (incorporation) to 31 December 2015 and the six months ended 30 June 2016,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

• the pro forma historical Statement of Financial Position as at 30 June 2016,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects that no significant events have occurred subsequent to the period ended 30 June 2016.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of LTX or Ultracharge not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2016, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of securities under this Prospectus:

- LTX will change its name from Lithex Resources Limited to Ultracharge Ltd;
- The issue of 70 million Shares at an issue price of \$0.05 each to raise \$3.5 million before
 costs based on the maximum subscription or the issue of 50 million Shares at an issue
 price of \$0.05 each to raise \$2.5 million before costs based on the minimum subscription,
 pursuant to the Prospectus;
- Capital raising costs ('Costs of the Offer') are estimated to be \$304,427 based on the
 maximum subscription or \$252,174 based on the minimum subscription, which are to be
 offset against the contributed equity;
- Costs of the Acquisition are estimated to be \$222,550 based on the maximum subscription or \$223,803 based on the minimum subscription, which are to be expensed through accumulated losses;
- The issue of 485,900,000 Shares in the Company to the Vendors of Ultracharge in consideration for the Acquisition;
- The issue of 60 million Performance Rights to incoming service providers to incentivise
 those parties to continue to provide services to the Company following completion of the
 Acquisition. The Performance Rights will vest on an annual basis in 4 equal instalments
 commencing on the date that is six months from the grant date. As the Performance
 Rights do not vest immediately the expense is to be apportioned over the vesting period.
 Therefore no expense has been recorded in the pro forma historical statement of
 financial position;
- The issue of 50 million Options to persons nominated by LTX in consideration for those
 persons assisting with the Offer ('Offer Options'). These Options have an exercise price
 of \$0.0625 and can be exercised at any time prior to the expiry date, which will be three
 years after issue. These Options have been valued using the Black Scholes option pricing
 model;
- The issue of 20 million Options to persons nominated by LTX in consideration for those persons assisting with the Acquisition ('Acquisition Options'). These Options have an exercise price of \$0.05 and can be exercised at any time prior to the expiry date, which

- will be three years after issue. These Options have been valued using the Black Scholes option pricing model; and
- The issue of 24,295,000 Shares to CPS Capital Group Pty Ltd ('CPS'), or its nominees, in consideration for services provided in relation to the Transaction. These Shares have been valued at \$0.05 each.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Sherif Andrawes

Director

APPENDIX 1

LITHEX RESOURCES LIMITED (TO BE RENAMED ULTRACHARGE LIMITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-16	Audited for the year ended 30-Jun-15	Audited for the year ended 30-Jun-14
Interest received	A\$ 4,151	A\$ 50,175	A\$ 31,284
Other income	1,003	28,963	52,105
General and administrative expenses	(62,556)	(72,888)	(44,945)
Corporate and legal expenses	(346,640)	(288,808)	(193,688)
Director fees	(120,000)	(120,000)	(128,871)
Insurance expenses	(14,095)	(14,605)	(18,869)
Employment expenses	-	(4,126)	(152,559)
Occupancy expenses	-	-	(3,697)
Exploration expenses	(40,648)	(31,618)	(117,095)
Impairment of tenement assets	-	-	(1,284,220)
Travelling expenses	-	(1,337)	(9,407)
Loss on sale of assets	-	-	(1,783)
Share based payments expense	(146,897)	-	-
Loss before income tax	(725,682)	(454,244)	(1,871,745)
Income tax benefit	-	-	-
Total comprehensive loss	(725,682)	(454,244)	(1,871,745)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of LTX and is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2

LITHEX RESOURCES LIMITED (TO BE RENAMED ULTRACHARGE LIMITED)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		LTX	Ultracharge				
		Audited as at	Audited as at	Pro forma a	djustments	Pro forma	after Offer
		30-Jun-16	30-Jun-16	A\$2.5 million	A\$3.5 million	A\$2.5 million	A\$3.5 million
	Notes	A\$	A\$	A\$	A\$	A\$	A\$
CURRENT ASSETS							
Cash and cash equivalents	2	1,739,365	374,815	2,024,023	2,973,023	4,138,203	5,087,203
Trade and other receivables		27,974	26,965	-	-	54,939	54,939
TOTAL CURRENT ASSETS		1,767,339	401,780	2,024,023	2,973,023	4,193,142	5,142,142
NON CURRENT ASSETS							
Property plant & equipment		1,046	-	-	-	1,046	1,046
Intangible assets		-	4,969,664	-	-	4,969,664	4,969,664
Other non current assets		-	17,527	-	-	17,527	17,527
TOTAL NON CURRENT ASSETS		1,046	4,987,191	-	-	4,988,237	4,988,237
TOTAL ASSETS		1,768,385	5,388,971	2,024,023	2,973,023	9,181,379	10,130,379
CURRENT LIABILITIES							
Trade and other payables		17,268	-	-	-	17,268	17,268
Other creditors		70,000	330,322	-	-	400,322	400,322
TOTAL CURRENT LIABILITES		87,268	330,322	-	-	417,590	417,590
TOTAL LIABILITIES		87,268	330,322	-	-	417,590	417,590
NET ASSETS		1,681,117	5,058,649	2,024,023	2,973,023	8,763,789	9,712,789
EQUITY							
Issued capital	3	9,850,645	4,102,737	(3,619,096)	(2,671,349)	10,334,286	11,282,033
Reserves	4	498,023	2,374,275	1,381,977	1,381,977	4,254,275	4,254,275
Accumulated losses	5	(8,667,551)	(1,418,363)	4,261,142	4,262,395	(5,824,772)	(5,823,519)
TOTAL EQUITY		1,681,117	5,058,649	2,024,023	2,973,023	8,763,789	9,712,789

Ultracharge 30 June 2016 balances have been converted at an exchange rate of A\$1:US\$0.7417.

The pro-forma consolidated statement of financial position after the Offer is as per the consolidated statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The pro forma consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 3

LITHEX RESOURCES LIMITED (TO BE RENAMED ULTRACHARGE LIMITED)

HISTORICAL STATEMENTS OF CASH FLOWS

Consolidated Statement of Cash Flows	Audited for the year ended ended 30-Jun-16 A\$'000	Audited for the year ended ended 30-Jun-15 A\$'000	Audited for the year ended ended 30-Jun-14 A\$'000
Cash flows from operating activities:			
Payments to suppliers and employees	(506,656)	(506,029)	(547,071)
Interest recieved	4,151	50,175	31,284
Other income	1,003	28,963	40,000
Expenditure on mining assets	(40,648)	(31,618)	-
Net cash used in operating activities	(542,150)	(458,509)	(475,787)
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	-	-	18,000
Exploration and evaluation assets (sale of tenements)	-	115,000	74,250
Expenditure on mining assets	-	-	(117,095)
Principle of loan made to Livelynk Group Pty Ltd	-	(1,200,000)	-
Repayment principle from Livelynk Group Pty Ltd	-	1,200,000	-
Net cash used in investing activities	-	115,000	(24,845)
Cash flows from financing activities:			
Proceeds from issue of shares	813,795	825,588	-
Proceeds from issue of options	800	-	-
Payment of share issue costs	(83,655)	(95,378)	-
Net cash provided by financing activities	730,940	730,210	-
Increase/(decrease) in cash and cash equivalents	188,790	386,701	(500,632)
Cash and cash equivalents at beginning of period	1,550,575	1,163,874	1,664,506
Cash and cash equivalents at the end of the period	1,739,365	1,550,575	1,163,874

The Historical Statement of Cash Flows shows the historical cash flows of LTX and is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 4

LITHEX RESOURCES LIMITED (TO BE RENAMED ULTRACHARGE LIMITED) NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Historical Financial Information included in this Report have been set out below.

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Going Concern

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting Basis and Conventions

The Report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the Historical Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

a) Cash and cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

c) Classification of financial instruments by fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy that is determined based on the source of input used in measuring fair value:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 Inputs that are not based on observable market data (valuation techniques that uses inputs that are not based on observable market data).

d) Research and development

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

e) Financial assets

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Cash - This asset is carried out based on quoted prices.

Other accounts receivables - receivables are investments with fixed or determinable payments that are not quoted in an active market and they are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, other accounts receivables are measured based on their terms at amortised cost plus directly attributable transaction costs using the effective interest method and less any impairment losses.

f) Financial liabilities

The Company's financial liabilities are mostly trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

g) 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 amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end. Intangible assets with indefinite useful lives are not systematically amortised 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

h) Deferred tax

Deferred taxes are computed in respect of temporary differences between the carrying amounts of assets and liabilities in the financial reports and the amounts attributable for tax purposes. Deferred taxes are recognised in other comprehensive income or directly in equity if the tax relates to those items.

Deferred taxes are measured at the tax rates that are expected to apply in the period when the temporary differences are reversed in profit or loss, other comprehensive income or equity, based on tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognised in other comprehensive income or directly in equity.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilised. In addition, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognised are reassessed and deferred tax assets are recognised to the extent that their recoverability is probable. Any resulting reduction or reversal is recognised on "income tax" within the statement of comprehensive income. Taxes that would apply in the event of the disposal of investments in investees have not been taken into account, as long as the disposal of such investments is not expected in the foreseeable future and the Company has control over such disposal. In addition, deferred taxes that would apply in the event of distribution of dividends have not been taken into account, since the distribution of dividends does not involve an additional tax liability, and if so, the Company's policy is not to initiate distribution of dividends that triggers an additional tax liability. All deferred tax assets and liabilities are presented in the statement of financial position as non-current items, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

i) Share based payments

Where equity settled share options are awarded to employees, the fair value of the options at the grant date is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

j) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Impairment of intangible assets

At each reporting date, the Company will review the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. As at the date of this Report, the Company does not consider there to be any impairment on the carrying value of the intangible assets acquired. However, on subsequent reporting dates, the carrying value of the intangible assets acquired will be assessed for impairment and any assessment may result in changes to the carrying value of the intangible assets.

	Audited	Pro forma a	after Offer
	30-Jun-16	A\$2.5 million	A\$3.5 million
NOTE 2. CASH AND CASH EQUIVALENTS	A\$	A\$	A\$
Cash and cash equivalents	1,739,365	4,138,203	5,087,203
Audited balance of LTX as at 30 June 2016		1,739,365	1,739,365
Audited balance of Ultracharge as at 31 December 2015		374,815	374,815
Pro-forma adjustments:			
Proceeds from shares issued under the Offer		2,500,000	3,500,000
Costs of the Offer		(252,174)	(304,427)
Costs of the Acquisition		(223,803)	(222,550)
	-	2,024,023	2,973,023
Pro-forma Balance		4,138,203	5,087,203

	Audited		Pro forma a	after Offer
	30-Jun-16		A\$2.5 million	A\$3.5 million
NOTE 3. ISSUED CAPITAL	A\$		A\$	A\$
Issued Capital	9,85	9,850,645		11,282,033
	Number of shares (min)	Number of shares (max)	A\$	A \$
Fully paid ordinary share capital of LTX at 30 June 2016	169,540,545	169,540,545	9,850,645	9,850,645
Fully paid ordinary share capital of Ultracharge at 30 June 2016	-	-	4,102,737	4,102,737
Pro-forma adjustments:				
Proceeds from shares issued under this Prospectus	50,000,000	70,000,000	2,500,000	3,500,000
Costs of the Offer	-	-	(252,174)	(304,427)
Issue of Shares to the Vendors under the Acquisition (refer Note 6)	485,900,000	485,900,000	4,068,973	4,068,973
Issue of shares to CPS for services in relation to the Acquisition	24,295,000	24,295,000	1,214,750	1,214,750
Issue of Offer Options to advisors who assisted with the Offer	-	-	(1,300,000)	(1,300,000)
Elimination of LTX's issued capital upon Acquisition (refer Note 6)	-	-	(9,850,645)	(9,850,645)
	560,195,000	580,195,000	(3,619,096)	(2,671,349)
Pro-forma Balance	729,735,545	749,735,545	10,334,286	11,282,033
		Audited	Pro forma af	ter Offer

	Audited	Pro forma a	after Offer
	30-Jun-16	A\$2.5 million	A\$3.5 million
NOTE 4. RESERVES	A\$	A\$	A\$
Reserves	498,023	4,254,275	4,254,275
Audited balance of LTX at 30 June 2016		498,023	498,023
Audited balance of Ultracharge at 30 June 2016		2,374,275	2,374,275
Pro-forma adjustments:			
Elimination of LTX's reserves upon Acquisition (see Note 6)		(498,023)	(498,023)
Issue of Offer Options to advisors who assisted with the Offer		1,300,000	1,300,000
Issue of Acquisition Options to advisors who assisted with the Acquisition		580,000	580,000
	-	1,381,977	1,381,977
Pro-forma Balance	-	4,254,275	4,254,275

Using the Black-Scholes option valuation methodology the fair value of the Offer Options and the Acquisition Options to be issued has been calculated. The following inputs were used:

	Offer	Acquisition
Options to be issued	Options	Options
Number of options	50,000,000	20,000,000
Underlying share price	\$0.0500	\$0.0500
Exercise price	\$0.0625	\$0.0500
Expected volatility	100%	100%
Expiry date (years)	3	3
Expected dividends	Nil	Nil
Risk free rate	1.39%	1.39%
Value per Option	\$0.026	\$0.029

	Audited	Pro forma	after Offer
	30-Jun-16	A\$2.5 million	A\$3.5 million
NOTE 5. ACCUMULATED LOSSES	A\$	A\$	A\$
Accumulated losses	(8,667,551)	(5,824,772)	(5,823,519)
Adjustments to arise at the pro-forma balance:			
Audited balance of LTX as at 30 June 2016		(8,667,551)	(8,667,551)
Audited balance of Ultracharge as at 30 June 2016		(1,418,363)	(1,418,363)
Pro-forma adjustments:			
Elimination of LTX's accumulated losses upon Acquisition (refer Note 6)		8,667,551	8,667,551
Amount recognised as ASX listing expense upon Acquisition (refer Note 6)		(2,387,856)	(2,387,856)
Issue of Acquisition Options to advisors who assisted with the Acquisition		(580,000)	(580,000)
Issue of shares to CPS for services in relation to the Acquisition		(1,214,750)	(1,214,750)
Costs of the Acquisition		(223,803)	(222,550)
	•	4,261,142	4,262,395
Pro-forma Balance	=	(5,824,772)	(5,823,519)

NOTE 6: PROVISIONAL ACCOUNTING FOR THE ACQUISITION

A summary of the details with respect to the Acquisition as included in our Report is set out below. These details have been determined for the purpose of the pro-forma adjustments as at 30 June 2016, and will require re-determination based on the identifiable assets and liabilities as at the successful acquisition date, which may result in changes to the value as disclosed below.

Under the acquisition, Lithex acquires all the shares in Ultracharge by issuing a total of 485,900,000 Ordinary Shares to the vendors of Ultracharge. Ultracharge shareholders will obtain a controlling interest in Lithex, equating to a controlling interest in the combined entity following the Acquisition. Ultracharge has thus been deemed the acquirer for accounting purposes as its shareholders will own approximately 74.13% (485,900,000 / 655,440,545) of the consolidated entity (prior to the shares issued in relation to the Offer). The acquisition of Ultracharge by Lithex is not deemed to be a business combination, as Lithex is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two companies is on the basis of the continuation of Ultracharge with no fair value adjustments, whereby Ultracharge is deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction is to account for it under AASB 2 Share Based Payments, whereby Ultracharge is deemed to have issued shares to Lithex shareholders in exchange for the net assets held by Lithex.

In this instance, the value of the Lithex shares provided has been determined as the notional number of equity instruments that the shareholders of Ultracharge would have had to issue to Lithex to give the owners of Lithex the same percentage ownership in the combined entity. We have deemed this to be \$4,068,973.

The pre-acquisition equity balances of Lithex are eliminated against this increase in Issued Capital upon consolidation and the balance is deemed to be the amount paid for the ASX listing status of Lithex, being \$2,387,856, and is treated as a share based payment.

The net assets acquired, and the amount recognised as an ASX listing expense, are as follows:

	Acquiree's carrying amount pre Acquisition
NOTE 6. PROVISIONAL ACCOUNTING FOR THE ACQUISITION	A\$
Net assets acquired:	
Cash and cash equivalents	1,739,365
Trade and other receivables	27,974
Property, plant & equipment	1,046
Trade and other payables	(17,268)
Other creditors	(70,000)
Adjusted net assets of LTX upon Acquisition	1,681,117
Fair value of Consideration	4,068,973
Total net assets acquired on Acquisition	1,681,117
Amount recognised as ASX listing expense upon Acquisition	2,387,856

NOTE 7: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 8: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 5
ULTRA-CHARGE LTD

HISTORICAL FINANCIAL INFORMATION OF ULTRA-CHARGE LTD

Statement of Profit or Loss and Other Comprehensive Income	Audited for the six month period ended ended 30-Jun-16 US\$'000	Audited for the period from 9-Dec-15 (incorporation) to 31-Dec-15 US\$'000
Research and development expenses	(357)	-
General and administrative expenses	(674)	(25)
Finance income	4	-
Loss before income tax expense	(1,027)	(25)
Income tax expense	-	-
Loss after income tax expense	(1,027)	(25)

	Audited as at	Audited as at
Statement of Financial Position	30-Jun-16	31-Dec-15
	US\$'000	US\$'000
CURRENT ASSETS		
Cash and cash equivalents	278	63
Other accounts receivable	20	-
TOTAL CURRENT ASSETS	298	63
NON CURRENT ASSETS		
Intangible assets	3,686	-
Other non current assets	13	-
TOTAL NON CURRENT ASSETS	3,699	-
TOTAL ASSETS	3,997	63
CURRENT LIABILITIES		
Accrued expenses	245	25
TOTAL CURRENT LIABILITES	245	25
TOTAL LIABILITIES	245	25
NET ASSETS	3,752	38
EQUITY		
Share capital	3,043	63
Reserves	1,761	-
Accumulated losses	(1,052)	(25)
TOTAL EQUITY	3,752	38

Statement of Cash Flows	Audited for the six month period ended ended 30-Jun-16 US\$'000	Audited for the period from 9-Dec-15 (incorporation) to 31-Dec-15 US\$'000
Cash flows from operating activities:		
Net loss for the period	(1,027)	(25)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in other account receivables	(20)	-
Share based compensation	687	-
Increase in accrued expenses	198	25
Net cash used in operating activities	(162)	-
Cash flows from investing activities:		
Restricted deposit	(13)	-
Acquisition of intangible asset	(133)	-
Net cash used in investing activities	(146)	-
Cash flows from financing activities:		
Prepayment on account of shares	-	63
Issuance of shares	523	-
Net cash provided by financing activities	523	63
Increase in cash and cash equivalents	215	63
Cash and cash equivalents at beginning of period	63	-
Cash and cash equivalents at the end of the period	278	63

12. PATENT ATTORNEY'S REPORT



29 September 2016

The Directors Lithex Resources Limited Level 1 330 Churchill Avenue Subiaco WA 6008

Intellectual Property Report for Lithex Resources Limited Our Ref: 700252

Dear Directors

FB Rice has been instructed by Lithex Resources Limited (to be renamed Ultracharge Limited) (Lithex), to provide this report (Report) in relation to intellectual property rights owned or controlled by Ultra-Charge LTD (Ultra-Charge), including but not limited to intellectual property rights obtained by Ultra-Charge from Nanyang Technical University-Ntuitive Pte Ltd (collectively, NTU) by virtue of a License Agreement between NTU and Quickcharge PTE LTD (Quickcharge), a Novation Agreement between NTU, Quickcharge, and Ultra-Charge, a Research Project Agreement executed between Ultra-Charge and NTU

The Report is for inclusion in a prospectus (**Prospectus**) proposed to be issued by Lithex as part of its proposed acquisition of Ultra-Charge (formerly known as Voltape Ltd (**Voltape**)). We understand that the Prospectus will be lodged with the Australian Securities & Investments Commission by Lithex.

Based on information provided to us by Lithex, it is our understanding that Ultra-Charge is the parent company, and owner, of Quickcharge (a Singapore-registered company) and we have prepared this Report on the assumption that this information is correct.

This Report sets out the particulars of intellectual property residing in patents, know-how and confidential information licensed in favour of Quickcharge from NTU, and further novated in favour of Ultra-Charge. This Report is based on information provided by Lithex and data provided online by the relevant patent offices, including the World Intellectual Property Office (**WIPO**), and the European Patent Office (**EPO**).

The Report is correct to the best of our knowledge as at the date of the Report, subject to the limits and qualifications set out further below.

The Directors Lithex Resources Limited Our Ref: 700252 29 September 2016

Background

FB Rice

FB Rice is a firm of patent and trade mark attorneys specialising in the law and practices relating to intellectual property and, more particularly, patents, trademarks, industrial designs and plant breeders rights. All patent attorney partners of FB Rice are Fellows of the Institute of Patent and Trade Mark Attorneys of Australia. In addition, all patent attorney partners of FB Rice are registered New Zealand patent attorneys. The patent attorneys of FB Rice are specialists in the technology areas of electrical and mechanical engineering, electronics, chemistry, biotechnology, medical devices, computers, information technology and communication technology. Each of the professional staff members in the patent department of FB Rice hold tertiary qualifications in the technology area in which that person practises. Many professional staff members of FB Rice in the patent department also hold postgraduate qualifications.

Licence Agreement

Summary

An exclusive licence agreement (**Licence**) was prepared and executed, granting an exclusive licence to certain intellectual property including patent rights, know-how and confidential information from NTU to Quickcharge.

A novation agreement (**Novation**) novating the Licence in favour of Ultra-Charge has also been executed, further details are provided below.

We have reviewed the Licence executed between NTU and Quickcharge on 14 March 2016 being the Effective Date of the Licence, to the extent that the Licence relates to intellectual property and, particularly, patent rights, confidential information and know-how owned and licensed by NTU.

We have prepared this Report on the assumption that NTU has the right to grant to Quickcharge an exclusive license to use the Licensed Technology (see definition below).

The terms of the Licence specify that NTU (as licensor) grants to Quickcharge (as licensee) a perpetual, exclusive, sub-licensable (subject to the sub-licence provisions specified in the Licence), assignable (subject to the assignment provisions specified in the Licence), worldwide, royalty-bearing licence under the Licensed Technology to develop, have developed, manufacture, have manufactured, import, export, use, market, offer for sale, sell, have sold and otherwise commercialise and exploit the Licensed Products in the Field of Application in the Territory, and to use the Licensed Technology for such purpose during the term of the Licence.

The 'Licensed Technology' is defined in the Licence as meaning "all Licensed Patents and Licensed Proprietary Materials". The 'Field of Application' that the Licence is applicable to is defined in the Licence as meaning "any and all applications in the field of energy storage including but not limited to batteries and super capacitors". The 'Territory' that the Licence is applicable to is defined in the Licence as being worldwide. The 'Term' is defined in the Licence as meaning the period during which the Licence continues in force which will come into effect on the Effective Date and continue until the last to expire of any patents under the Licensed Patents, or "the end of a period of fifteen (15) years from the date of the First Commercial Sale of Licensed Product".

Finally, the 'Licensed Products' defined in the Licence include Patented Licensed Products and Other Licensed Products. The 'Patented Licensed Products' are defined in the Licence as "any product or

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service for use in the Field of Application the making, using, selling or import of which is covered by any claim of any patent within the Licensed Patents (treating for this purpose, any pending patents as if they had been issued) in the country in which such product is made, used or sold". The 'Other Licensed Products' are defined in the Licence as "any product or service for use in the Field of Application, other than Patented Licensed Products, that incorporates or that is or was developed in whole or in part through the use or application of any of the Licensed Proprietary Materials".

Patent rights

Patents are an important component of an intellectual property portfolio. To obtain protection in any jurisdiction, it is necessary to file an application for registration of the relevant right in that jurisdiction. Patents are a form of intellectual property that cover inventions and provide a monopoly in exchange for an inventor's full disclosure of his or her invention to the public. Patents are granted for inventions that are new or improved useful products or methods. A patent has a finite term and provides the owner with a period in which others may be excluded from commercially exploiting an invention that is covered by the claims of the granted patent. However, the granting of patent rights does not confer a right on the patentee to exploit an invention. The freedom to exploit an invention is subject to the existence of any intervening third party rights, such as an earlier patent in the same field which is in force.

The granting of a patent does not necessarily mean the patent is valid. A granted patent can be revoked through re-examination proceedings before the Patent Office in those jurisdictions that provide for re-examination, or through revocation proceedings before the Courts. Grounds for invalidity include the invention not being proper subject matter, not novel, not inventive (obvious), and the patent specification being deficient.

Maintenance of a patent right is subject to payment of maintenance fees to the national or regional patent office that the patent application was filed at. If the maintenance fees are not paid within the allowed time, this will result in the patent right ceasing.

NTU is officially recorded in the records of the respective patent offices, as the owner of the patent applications (NTU Patent Applications) set out in the following table as of 31 May 2016. For completeness, we note from the records of the respective patent offices that NTU is recorded as the owner of the Licensed Patents referred to in the Licence which are a sub-set of the NTU Patent Applications.

In order to locate related applications worldwide, we queried a database of the EPO. We performed a family search for each of the patent applications and patents listed in the table below in order to ascertain whether any other patent family members exist. We also queried the databases of the corresponding patent offices for the statuses of all of the NTU Patent Applications. In addition, we reviewed a copy of filing receipts issued by the Chinese Patent Office (SIPO) and the United States Patent Office (USPTO) which were provided to us by Lithex.

The NTU Patent Applications can be grouped into two patent families. Members of a patent family typically relate to similar inventions in one specific area of technology, which means that the likely number of significantly different inventions captured by the NTU Patent Applications is two. However, it is possible for a single patent application to permit the granting of multiple patents for multiple inventions described in that single patent application.

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Application No.	Country/Region	Title	Filing Date	Priority Document(s)	Issue Date	Status
PCT/SG2014/000435	International	Elongated titanate nanotube, its synthesis method, and its use	16 September 2014	US 61/878,456 – 16 September 2013 US 61/951,194 – 11 March 2014	-	-
AU2014319025	Australia	Elongated titanate nanotube, its synthesis method and its use	16 September 2014	US 61/878,456 – 16 September 2013 US 61/951,194 – 11 March 2014	-	Pending
CN201480060515.9	China	Elongated titanate nanotube, its synthesis method, and its use	16 September 2014	US 61/878,456 – 16 September 2013 US 61/951,194 – 11 March 2014	-	Pending
SG11201601991T	Singapore	Elongated titanate nanotube, its synthesis method, and its use	16 September 2014	US 61/878,456 – 16 September 2013 US 61/951,194 – 11 March 2014	-	Pending
US15/022,383	United States	Elongated titanate nanotube, its synthesis method, and its use	16 September 2014	US 61/878,456 – 16 September 2013 US 61/951,194 – 11 March 2014	-	Pending
SG10201601358R	Singapore	Extraordinary Capacity Of TiO₂ Nanotubes Towards High Power And High Energy Lithium-Ion Batteries	23 February 2016	-	-	Provisional pending (not published)

With regard to the first patent family, an international patent application (PCT/SG2014/000435) under the Patent Cooperation Treaty (**PCT**) was filed claiming priority from two US provisional applications No. US 61/878,456 and US 61/951,194. National Phase applications, based on the international patent application, were subsequently filed in Australia No. 2014319025, China No. 201480060515.9, Singapore No. 11201601991T and the United States No. 15/022,383.

With regard to the second patent family, a Singaporean provisional patent application No. 10201601358R was filed on 23 February 2016. We note that additional patent applications relating to the second patent family can be filed before expiry of the 12 month deadline of 23 February 2017. For example, an international patent application under the PCT may be filed designating a maximum of 148 contracting states.

The terms of the Licence specify that protection and maintenance of the 'Licensed Patents' must be ensured in at least the following mandatory jurisdictions: Singapore, China and the United States. In relation to the first patent family, based on our review it appears that NTU has fulfilled this obligation under the Licence.

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General Statements about the Status of Patents and Patent Applications

We believe the information provided here to be accurate but caution that the accuracy of such information is, of necessity, subject to the accuracy of the databases accessed.

Patent Validity and Infringement of Third Party Rights

Enforcement of patent rights varies from country-to-country. The remedies for unauthorised use (patent infringement) available to the patent owner often include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs. In some countries, the patent owner can also file criminal complaints against the infringer.

This Report is not a 'Freedom to Operate' opinion and FB Rice makes no assertion that the patent applications are valid or enforceable or that Quickcharge has the freedom in any country to exploit the technology referred to in the relevant patent specifications without infringing intellectual property rights of third parties.

Further, it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention.

FB Rice cannot guarantee that the patents, even if valid, will adequately cover any commercial products commercialised by Quickcharge, or its sub-licensees, or that the inventions achieve the stated results or advantages.

Ownership of related inventions and further improvements or modifications

The terms of the Licence set out that NTU shall promptly provide Quickcharge with written notice of the filing of any patent applications disclosing or claiming a Related Invention (see definition below) that is filed at any time prior to 14 March 2021 being the fifth anniversary of the Effective Date of the Licence.

'Related Invention' is defined in the Licence as "any invention relating to improved anodes conceived or reduced to practice in the laboratory of Associate Professor Chen Xiaodong of NTU, other than inventions developed under a research collaboration agreement between Licensee and NTU. Notwithstanding the foregoing, "Related Invention" does not include any invention that is made under a research collaboration agreement with a third party industry partner or government agency that grants such third party or government agency ownership or a license to the such invention in the Field of Application, which grant of right prohibits the grant of rights to Licensee in the Field of Application."

If Quickcharge wishes that such Related Invention and related patent applications be included in the Licence, the Licence specifies that NTU and Quickcharge will negotiate in good faith the terms of such a licence. In other words, patent applications or patents in respect of Related Inventions are not automatically captured by the Licence.

The terms of the Licence further set out that "[a]ll enhancements, modifications, improvements, and derivatives of and to the Licensed Technology created or developed solely by the Licensee, its employees, staff, servants or agents, without any intellectual input or contribution from NTU, shall be the sole and exclusive property of the Licensee."

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Confidential Information / Know-How

'Confidential Information' is defined in the Licence as "(i) the Licensed Proprietary Materials; and (ii) any device, materials, processes, methods, chemical processes, equations, laboratory setup, samples, software programmes, documents, data, graphics, specifications, technical information, business information, or any other information, whether oral, written, visual or otherwise, or hard or electronic soft copy, that is disclosed by the Disclosing Party to the Receiving Party for the purposes of this Agreement which (a) in the case of a tangible disclosure, is marked by the Disclosing Party as "Confidential" or "Proprietary" or with other words of similar import; or (b) in the case of an oral or visual disclosure, the Disclosing Party identifies such disclosure as being confidential concurrent with the oral or visual disclosure or delivers to the Receiving Party a written statement within thirty (30) days of disclosure to the effect that such disclosure is confidential."

The Licence defines 'Disclosing Party' as any one of Quickcharge and NTU which in the context is disclosing the Confidential Information. The Licence defines 'Receiving Party' as any one of Quickcharge and NTU which in the context is receiving the Confidential Information.

Confidential Information owned by NTU is set out at Schedule 3 of the Licence and includes the following:

"Confidential Information of NTU contained in Laboratory manual, formulations and instructions for preparation of Titanate Nanotube as well as any and all technical information and know-how, including (without limitation) methods, practices, formulae, techniques, procedures, specifications, product samples, drawings, diagrams, charts, blue prints, designs, computer programs, instructions and the like, in NTU'S custody, care or control, which may be required and/or useful in the commercialisation of the Invention and/or the Licensed Patents."

Know-how owned by NTU is partially defined at Schedule 3 of the Licence and includes the following:

- Know-how of Nanyang relating to the project titled "Prototyping Fast Charging Full Battery Based TiO₂ Nanotube Materials" (TD/035/16).

The Confidential Information and Know-How owned by NTU and Quickcharge are protected by confidentiality provisions in the Licence.

Novation Agreement

A Novation was prepared and executed, novating the Licence from Quickcharge to Ultra-Charge with NTU's consent.

We have reviewed the Novation executed between NTU, Quickcharge, and Ultra-Charge on 20 June 2016 being the Effective Date of the Novation, to the extent that the Novation relates to intellectual property, and particularly, patent rights, confidential information and know-how owned and licensed by NTU.

The terms of the Novation specify that Ultracharge assumes the outstanding obligations of Quickcharge under the Licence. Furthermore, Quickcharge assigns or otherwise transfers to Ultra-Charge all right, title and interest held by Quickcharge in and to the Licence.

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All references to Quickcharge under the Licence are to be read and construed as references to Ultra-Charge.

Research Project Agreement

A Research Project Agreement was prepared and executed, setting out a collaboration on the Research Project between NTU and Ultra-Charge to further develop some of the Licensed Technology that is subject of the novated Licence between NTU and Ultra-Charge.

We have reviewed the Research Project Agreement (**Research Agreement**) executed between NTU and Ultra-Charge on 28 June 2016, to the extent that the Research Agreement relates to intellectual property.

The 'Research Project' is defined in the Research Agreement as the research project titled "Development of high power and high energy prototype lithium ion batteries based on TiO₂ nanotube anode materials".

The 'Term' of the Research Agreement is defined as follows: "This agreement shall come into force on the Effective Date and shall continue for a period of two (2) years (the "Term") unless terminated earlier in accordance with the terms of this Agreement. Notwithstanding the foregoing, this Agreement may be extended by mutual written agreement of the Parties."

Ownership of Intellectual Property and License Rights

The Research Agreement sets out the ownership of the Background IP, Company IP and IP created or generated pursuant to the Research Project.

The term 'Background IP' is defined in the Research Agreement as "any IP owned and/or controlled by a Party, or which such Party has the necessary rights to use for or in the Research Project, and which was conceived or reduced to practice either: (a) prior to the commencement of the work performed pursuant to the Research Project, or (b) outside the scope of the work performed pursuant to the Research Project; and which is used or disclosed by such Party in connection with the Research Project."

The 'Background IP' of NTU as specified in the Research Agreement includes the NTU Patents as outlined above and the above mentioned Know-How in relation to 'Prototyping Fast Charging Full Battery based TiO_2 Nanotube Materials [TD/035/16]'. No 'Background IP' is specified in the Research Agreement for Ultra-Charge.

With regard to the Background IP, the Research Agreement sets out that each party, NTU and Ultra-Charge, remains the owner or authorised user of all its Background IP.

The Research Agreement specifies that Ultra-Charge "shall own all Research Results and Deliverables, and all the IP rights in and/or covering such Research Results and/or Deliverables ("Company IP")."

The Research Agreement grants NTU the right to use the Research Results and Deliverables for NTU's academic, research, development and other non-commercial purposes. The term 'Research Results' is defined in the Research Agreement as "all Know-how relating to titanate nanotube based nodes, lithium metal oxide based cathodes, and/or lithium salts based electrolyte solutions that is generated, conceived and/or reduced to practice in the performance of the Research Project."

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The term 'Deliverables' defined in the Research Agreement includes:

- 1. Quarterly progress reports on the demonstration of half cell/full cell performance based on TiO₂ nanotube and PS-TiO₂ nanotube electrode.
- 2. Final report on the demonstration of full cell performance based on (1) TiO₂ nanotube electrode and (2) PS-TiO₂ nanotube electrode, and LiMn₂O₄ or LiNi_{0.5}MnO₄ cathode .
- 3. Working prototype of 1 Ah TiO₂ based pouch cell and PS-TiO₂ coin cell (>200 Wh/kg).

The Research Agreement further specifies that except for the Company IP (i.e. IP owned by Ultra-Charge), "NTU shall own all IP rights in any methodological processes or experimental design or protocol that may be created or generated by NTU for or pursuant to the Research Project, including any method of numerical modelling, simulation, designing, prototyping, testing or experimenting, and associated technical Know-How."

Confidential Information

The term 'Confidential Information' is defined in the Research Agreement as "any device, materials, samples, software programmes, documents, data, graphics, specifications, technical information, or any other information, collectively referred to as "Information", that is disclosed by either a Party or a Party's Affiliate or on their behalf ("Discloser") to the other party ("Recipient") in connection with the Research Project and/or this Agreement, whether oral, written, visual or otherwise, or hard or electronic soft copy, which: (a) in the case of a tangible disclosure, is marked by the Discloser as "Confidential" or "Proprietary" or with other words of similar import; or (b) in the case of an oral or visual disclosure, the Discloser identifies such disclosure as being confidential concurrent with the oral or visual disclosure and such Information has been confirmed and designated in writing as confidential within fourteen (14) days after its disclosure."

'Know-How' is defined in the Research Agreement as "any methods, techniques, processes, discoveries, inventions, innovations, unpatentable processes, technical information, specifications, recipes, formulae, designs, plans, documentation, drawings, data and other technical information and identified in a tangible form."

The Confidential Information and Know-How owned by NTU and Ultra-Charge are protected by confidentiality provisions in the Research Agreement.

Independence

This is an independent report. When considering this Report, it should be noted that:

- a) FB Rice has reviewed the data on record for the NTU Patents and provided this Report accordingly. This service was charged on FB Rice's standard terms and conditions of engagement, being hourly rates for time spent. Payment of FB Rice for its services is not contingent on the outcome of the offer under the Prospectus or the Acquisition.
- b) FB Rice has no involvement in the preparation of the Prospectus by Lithex, other than the preparation of this Report and gives its consent for inclusion of this Report in the Prospectus.
- c) Neither FB Rice, nor any of its principals or employees that were involved in preparing this Report has any entitlement to any shares in Lithex, Voltape, Quickcharge, Ultra-Charge or NTU, or has any interest in the promotion of Lithex, Voltape, Quickcharge, Ultra-Charge or NTU, and has no financial interest in the outcome of the offer under the Prospectus or the

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acquisition of Ultra-Charge (formerly known as Voltape). The Report has been prepared by Anja Bartels, Associate, Nick Stamatiou, Senior Associate, and Rachel Montgomery, Senior Associate.

Yours sincerely

FB Rice

Connie Merlino

Partner

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Melino

13. RISK FACTORS

13.1. Introduction

- 13.1.1. The *shares* offered under this *prospectus* are considered highly speculative. An investment in the *company* is not risk free and the *directors* strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this *prospectus* and to consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.
- 13.1.2. There are specific risks which relate directly to the *company's* business. In addition, there are other general risks, many of which are largely beyond the control of the *company* and the *directors*. The risks identified in this *section*, or other risk factors, may have a material impact on the financial performance of the *company* and the market price of the *shares*.
- 13.1.3. The following is not intended to be an exhaustive list of the risk factors to which the *company* is exposed.

13.2. Risks specific to the acquisition

13.2.1. Completion risk

Pursuant to the *acquisition agreement*, the key terms of which are summarised in *section* 14.4, the *company* has agreed to acquire 100% of the issued share capital of *Ultracharge*, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the *acquisition* can't be fulfilled and, in turn, that completion of the *acquisition* does not occur.

If the *acquisition* is not completed, the *company* will incur costs relating to advisors and other costs without any material benefit being achieved.

13.2.2. Re-quotation of shares on ASX

As part of the *company's* change in nature and scale of activities, *ASX* will require the *company* to re-comply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements. The *company's securities* have been suspended from trading on *ASX* since the announcement of the proposed acquisition. It is anticipated that the *company's securities* will remain suspended until completion of the acquisition, the *public offer*, re-compliance by the *company* with Chapters 1 and 2 of the *listing rules* and compliance with any further conditions *ASX* imposes on such reinstatement. There is a risk that the *company* will not be able to satisfy one or more of those requirements and that its *securities* will consequently remain suspended from *official quotation*.

In the event that the *offer conditions* are not satisfied or the *company* does not receive conditional approval for re-quotation on ASX, the *company* will not proceed with the *public offer* and will repay all *application monies* received.

13.2.3. Potential dilution

Upon implementation of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised between the date of this of *prospectus* and the *closing date*, the number of *shares* will increase from 169,540,545 currently on issue to 749,735,545. This means that each *share* will represent a lower proportion of the ownership of the *company*.

It is not possible to predict what the value of the *company* or a *share* will be following the completion of the *offer* being implemented and the *directors* do not make any representation as to such matters.

The last closing price of *shares* on ASX prior to the *prospectus* being lodged of \$0.059 is not a reliable indicator as to the potential trading price of *shares* after completion of the *offers*.

13.2.4. Liquidity risk

On *completion*, the *company* proposes to issue *shares* to the *Ultracharge vendors* (i.e. *consideration shares*) and to *CPS* under the *CPS offer*. The *company* understands that *ASX* will treat these securities as restricted securities in accordance with Chapter 9 of the *listing rules*.

The company has made submissions to ASX for "cash formula relief" in respect of consideration shares to be issued to some of the Ultracharge vendors (based on the amount of capital contributed by those Ultracharge vendors when subscribing for Ultracharge shares). In the absence of this relief, all consideration shares will be escrowed for a period of either 12 or 24 months (depending on the relevant Ultracharge vendor's relationship with the company).

However, if cash formula relief is granted, the number of *consideration shares* that will be subject to *ASX*-imposed escrow will be reduced in proportion to the deemed amount paid by *Ultracharge vendors* for the *consideration shares* to be issued to them, based on the amount paid for their *Ultracharge shares* when compared with the value of the (based on the issue price under the *public offer*).

Based on the post-acquisition capital structure (assuming no further shares are issued or options exercised), the consideration shares will equate to approximately 64.8% of the issued share capital on an undiluted basis (assuming full oversubscriptions under the public offer). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

13.3. Risks specific to Ultracharge

13.3.1. Sufficiency of funding

The *company's* capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time and there is no guarantee that the *company* will be able to secure any additional funding or be able to secure funding on terms favourable to the *company*. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the *company* is unable to obtain additional financing as needed, this could delay or suspend the *company's* business strategy and could have a material adverse effect on the *company's* activities

13.3.2. Limited operating history

Ultracharge is a start-up business, does not have an operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

Ultracharge will be subject to all of the business risks and uncertainties associated with any new business enterprise. There can be no assurance that demand for *Ultracharge's* products will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the *company's* future performance following completion of the *acquisition*.

13.3.3. Development and commercialisation of the Ultracharge technology

The success of the *company* post-completion of the *acquisition* will depend upon *Ultracharge's* ability to develop and commercialise the *Ultracharge technology*. A failure to successfully develop and commercialise the *Ultracharge technology* could lead to a loss of opportunities and adversely impact on the *company's* operating results and financial position.

Ultracharge will seek to develop the Ultracharge technology with organisations that provide chemical production industry services, which is specialised in LIB technology based on the technology that has been developed at NTU and been licenced exclusively to Ultracharge. If Ultracharge is successful in developing the Ultracharge technology, there may be further additional risks associated with how the technology fits within industry standards and issues faced with production which may affect yields.

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns. There is a risk that if the LIB technology is not accepted by the

market, *Ultracharge* will not be able to commercialise its products, which could adversely impact the *company's* operations.

13.3.4. Competition and new technologies

The industry in which *Ultracharge* is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the *company* will undertake all reasonable due diligence in its business decisions and operations, the *company* will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the *company's* projects and business. For instance, new technologies could result in the *Ultracharge technology* not being differentiated to other similar offerings.

The size and financial strength of some of *Ultracharge's* competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, *Ultracharge's* ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the *company*.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

13.3.5. Licenced intellectual property

Pursuant to the *licence agreement*, *Ultracharge* is licenced certain intellectual property for a fixed period of time. There is no guarantee that the *licence agreement* will not be terminated and as a result, other competitors may gain access to the intellectual property used by *Ultracharge* in developing the *Ultracharge technology*. Breach of any licence agreements, or infringement of the licenced intellectual property by third parties, may have an adverse impact on *Ultracharge's* ability to develop its technology.

13.3.6. Protection of intellectual property rights

Ultracharge intends to pursue intellectual property protection in the form of patents for newly developed technologies. However, if the *company* fails to protect the intellectual property rights of *Ultracharge* adequately, competitors may gain access to its technology which may harm its business.

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the development of information technology. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and

trade secret protection may not be available to the *company* in every country in which the *Ultracharge technology* may eventually be sold. Accordingly, despite its efforts, the *company* may not be able to prevent third parties from infringing upon or misappropriating the intellectual property.

Market conditions depending, the *company* may be required to incur significant expenses in monitoring and protecting future intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the *company* and cause a distraction to management.

As *Ultracharge* licences its intellectual from third parties, there is an additional risk that these third parties fail to keep the patents licenced to *Ultracharge* valid, resulting in competitors being entitled to apply for patents in the same area.

In addition, unauthorised use of the "Ultracharge" brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

13.3.7. Reliance on key personnel

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of *Ultracharge's* intellectual property which has a commercial value to *Ultracharge* as well as an opportunity cost for replacement of those staff and subsequent training.

13.3.8. Foreign exchange risk

Ultracharge expects to derive a majority of its revenue will be in US dollars. *Ultracharge* will also be required to pay fees in the currency for Israel (shekel). Accordingly, changes in the exchange rate between the US dollar and the Australian dollar or the Israeli shekel and the Australian dollar would be expected to have a direct effect on the financial performance of *Ultracharge*.

13.4. General risks

13.4.1. Market conditions

Share market conditions may affect the value of the *company's* quoted securities regardless of the *company's* operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;

- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the *company* nor the *directors* warrant the future performance of the *company* or any return on an investment in the *company*.

13.4.2. Economic and government risk

The future viability of the *company* is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (a) general economic conditions in jurisdictions in which the *company* operates;
- (b) changes in government policies, taxation and other laws in jurisdictions in which the *company* operates;
- (c) the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (d) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the *company* operates; and
- (e) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

13.5. Speculative investment

- 13.5.1. The above list of risk factors ought not to be taken as exhaustive of the risks faced by the *company* or by investors in the *company*. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the *company* and the value of the *shares* offered under this *prospectus*.
- 13.5.2. Therefore, the *shares* to be issued pursuant to this *prospectus* carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those *shares*. Potential investors should consider that the investment in the *company* is highly speculative and should consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.

14. MATERIAL CONTRACTS

14.1. Introduction

Set out below are summaries of various contracts entered into by the *company* and *Ultracharge* which are or may be material to the offers or the operation of the business of the *company* or otherwise are or may be relevant to a potential investor in the *company*.

14.2. Broker mandate

- 14.2.1. On 5 February 2016 the *company* entered into a corporate advisory mandate with CPS Capital Group Pty Ltd (*CPS*) whereby *CPS* agreed, inter alia, to identify and introduce investment opportunities for the company to consider as potential acquisitions (*CPS mandate*).
- 14.2.2. In accordance with the CPS mandate, CPS introduced Ultracharge to the company.
- 14.2.3. The *CPS mandate* provides that, on completion of a successful acquisition that has been introduced to the company by *CPS*, the *company* shall pay, in cash or shares, an asset introduction fee of 5% of the value of the asset introduced (*introduction fee*).
- 14.2.4. *CPS* and the *company* have agreed that, subject to completion occurring, the *company's* obligation to pay the *introduction fee* will be satisfied by the issue of 24,295,000 shares to *CPS* (being an amount equal to 5% of the 485,900,000 *shares* to be issued to the *Ultracharge vendors* in consideration for the *company's* purchase of 100% of the issued capital of *Ultracharge*). The issue of *shares* to *CPS* as the *introduction fee* is the subject of a resolution to be considered by *shareholders* at the *annual general meeting*.

14.3. Lead manager agreement

- 14.3.1. On 29 June 2016 the *company* entered into a capital raising and corporate advisory mandate with *CPS* under which *CPS* was appointed lead manager to the *public offer* (*lead manager agreement*).
- 14.3.2. The material terms of the *lead manager agreement* are as follows:
 - (a) *CPS* has been engaged to provide corporate advisory and capital raising services on an exclusive basis, including acting as lead manager to the *public* offer.
 - (b) *CPS* has agreed to place, on a best endeavours basis, up to 50,000,000 *shares* at an issue price of \$0.05, to raise up to \$2,500,000, which amount may be increased to \$3,500,000 should there be sufficient demand.

- (c) The *company* must pay the following fees to *CPS* under the *lead manager* agreement:
 - (i) a capital raising fee equal to 6% on all funds raised under the *public offer*, and
 - (ii) a corporate advisory fee of \$5,000 per month for a period of 12 months from the date of the *lead manager agreement*.
- (d) The *lead manager agreement* otherwise contains terms and conditions considered standard for agreements of this nature.

14.4. Acquisition agreement

- 14.4.1. On 13 May 2016 the *company* entered into the acquisition agreement with *Ultracharge* and 3 key *Ultracharge vendors* whereby the *company* agreed to acquire 100% of the capital of *Ultracharge*.
- 14.4.2. The key terms of the *acquisition agreement* are as follows:
 - (a) merger facilitation fee: following execution of the *acquisition agreement* the *company* paid *Ultracharge* A\$125,000 as the first tranche of a facilitation fee totalling A\$250,000 (*merger facilitation fee*). The second tranche payment (of A\$125,000) will become payable on satisfaction or waiver of the conditions precedent described below in *section 14.4.2(c)*;
 - (b) merger option: as consideration for the *merger facilitation fee*, *Ultracharge* has agreed to procure the grant of an irrevocable option to the *company* for the acquisition of the relevant securities from the *Ultracharge vendors* in exchange for the issue of *consideration shares* (*merger option*);
 - (c) <u>conditions precedent</u>: *completion* is conditional on:
 - (i) the *company* undertaking the *public offer* and receiving valid non-revocable applications for at least the minimum amount of capital required by *ASX* to meet the re-compliance requirements of Chapters 1 and 2 of the *listing rules* (and which such minimum shall not include any amounts that shall be provided by *Ultracharge* following the effective date of the merger) at an issue price to be agreed between the *company* and *Ultracharge*;
 - (ii) the company being satisfied in its sole discretion that all options to acquire Ultracharge shares will be exercised or cancelled on terms acceptable to the company and Ultracharge such that, at completion, the company shall acquire all Ultracharge shares on issue and Ultracharge shall otherwise have no securities on issue or rights to acquire securities in existence;

- (iii) the *company* receiving conditional approval from *ASX* to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of the *company* and *Ultracharge*;
- (iv) the parties obtaining all necessary regulatory approvals (including ASX approvals and waivers and ASIC relief) to complete the *merger*, the expiration of any necessary statutory waiting periods and the filing of all *merger* notices and proposals required under applicable law;
- (v) *Ultracharge* and/or the *holding agent* obtaining any relief from *ASIC* or any *ASX* waiver required to permit the *holding agent* to perform the functions contemplated in the *acquisition agreement*;
- (vi) the *company* obtaining all requisite *shareholder* approvals pursuant to the *listing rules* (including but not limited to *listing rule* 11.1), the *Corporations*Act and the *constitution* to give effect to:
 - (1) the transactions contemplated by the acquisition agreement; and
 - (2) the change of the *company's* name from "Lithex Resources Limited" to "Ultracharge Limited";
- (d) <u>consideration</u>: the consideration payable to each *Ultracharge vendor* varies according to the number of *Ultracharge shares* they hold, but the combined total consideration is 485,900,000 *consideration shares*;
- (e) <u>further issues of securities</u>: subject to *completion* occurring, the *company* has agreed to issue:
 - (i) 24,295,000 *shares* to *CPS* as consideration for services provided under the *CPS mandate*;
 - (ii) 60,000,000 performance rights to the incoming service providers; and
 - (iii) 70,000,000 options to Armada Capital in consideration of services provided in respect of the acquisition and the public offer, and
- (f) <u>warranties and indemnities</u>: the *acquisition agreement* contains standard vendor warranties and indemnities customary for transactions of this nature, along with usual threshold and limitation of liability provisions.

14.5. Material contracts of Ultracharge

14.5.1. Licence agreement

(a) In this section 14.5, the following defined terms have the following meanings:

field of application means any and all applications in the field of energy storage including but not limited to batteries and super capacitors.

licensed products means:

- (i) patented licensed products; or
- (ii) other licensed materials.

licensed technology means all *licensed patents* and *licensed materials* which are both listed in schedules of the *license agreement*.

net sales means the amount actually received by or on behalf of *Ultracharge* and/or its affiliates for all sales, leases or other transfers of *licensed products* by or for *Ultracharge*, its affiliates and entities, less:

- (i) customary trade, quantity or cash discounts and non- affiliated brokers or agents' commissions actually allowed and taken; and
- (ii) amounts repaid or credited by reason of rejection or return;
- (iii) to the extent separately stated on purchase orders, invoices or other documents of sale, taxes levied on and/ or other governmental charges made as to production, sale, transportation delivery or use, and
- (iv) reasonable charges for delivery or transportation provided by third parties, if separately stated.

Net sales also includes the fair market value of any non-cash consideration received by *Ultracharge* and its affiliates for the use, sale, lease, or transfer of *licensed products*.

other licensed materials means any product or service for use in the field of application, other than patented licensed products, that incorporates or that is or was developed in whole or in part through the use or application of any of the licensed proprietary materials.

patented licenced product means any product or service for use in the *field of application* which is covered by any claim of any patent within the licensed patents (treating for this purpose any pending patents as if they had been issued) in the country in which such product is made, used or sold.

royalty term means the later of:

- (i) the last to expire of any *licensed patent* covering the *licensed product* in country of sale; or
- (ii) after 15 years from the date of the first commercial sale of licensed product.

sub-license consideration means any consideration that Ultracharge or its affiliate receives from sub-licensees (such as payments, license fees etc.). In the case of non-cash consideration, the sub-license consideration will be calculated

based on the fair market value of such consideration or transaction at the time of the transaction. Sub-license consideration will not include:

- (i) any equity investments or loans made by a sub-licensee to Ultracharge or an affiliate, provided that such equity investments or loans are not made in consideration for the grant of any sub-license or option to obtain such sub-license; or
- (ii) the amounts received from a sub-licensee for the performance research or development plan and budget agreed between Quick Charge or an affiliate of Quick Charge and such sub-licensee.

territory means worldwide.

(b) On 14 March 2016, *Quick Charge* entered into an exclusive licence agreement with NTU.

On 20 June 2016, *Ultracharge* and *NTU* entered into a deed of novation whereby *Quick Charge's* rights and obligations under its exclusive licence agreement with *NTU* were novated to *Ultracharge* (*licence agreement*). The material terms of the *license agreement* are as follows:

- (i) <u>Scope of license</u>: a perpetual, exclusive, worldwide, royalty bearing license, with rights to sub-license subject to the terms therein, under the *licensed technology* to market, sell, commercialize and exploit the *licensed products* in the *field of application* in the *territory*.
- (ii) <u>Performance milestones</u>: *Ultracharge* shall exercise commercially reasonable efforts to enable the commercial sales of the licensed products within 2.5 years following the execution date. The license agreement further details what shall happen in the event such milestone is not met.
- (iii) <u>Consideration</u>: upon the execution of the license agreement, Ultracharge issued *NTU* such number of ordinary shares amounting to 5% of Ultracharge issued share capital as of the execution date.

(iv) Milestone payments:

Milestone	Singapore dollars		
a. Upon execution of the License Agreement	40,000		
b. Upon the finalization of a first advanced non- laboratory scale prototype of the first <i>licensed product</i>	50,000		
c. Upon the first commercial sale of the first <i>licensed</i> product.	50,000		

- (v) Royalty payments: in addition to any milestone payment, *Ultracharge* will pay *NTU* royalties with respect to *net sales* during the royalty term, exclusive of any GST payable by Ultracharge on such royalties, in the following rates:
 - (1) 3.5% of net sales of patented licensed products; and
 - (2) 2.5% of net sales of other licensed products.
- (vi) <u>Sub-license consideration</u>: 15% of all *sub-license consideration*, exclusive of any GST payable by *Ultracharge* on such payments.
- (vii) <u>Intellectual property</u>: all enhancements, modifications, improvements and directives of and to the *licensed technology* created or developed solely by Ultracharge, without any intellectual input or contribution from *NTU*, shall be the sole and exclusive property of Ultracharge.
 - Subsequent to the execution of the *license agreement*, NTU shall continue to be responsible for managing the filing, prosecution and maintenance of all *licensed patents*.
- (viii) <u>Infringement of licensed patents</u>: during the term of the license agreement, Ultracharge shall be responsible for, after consultation with NTU, taking steps it deems commercially appropriate to prevent or restrain any infringement by a third party of any of the licensed patents in the field of application and shall be responsible for all costs and fees incurred by Ultracharge in the taking of such steps.
- (ix) <u>Insurance</u>: *Ultracharge* will maintain adequate public liability and product liability insurance coverage and will ensure that *NTU's* interest is noted on the policy. *Ultracharge* will supply *NTU* with the copy of such insurance policy on request.
- (x) <u>Term and termination</u>: The term of the *license agreement* starts as of its execution date and shall continue for the *royalty term* unless terminated:
 - (1) immediately by notice in writing by *NTU* for customary provisions of "cause"; or
 - (2) by *Ultracharge* upon providing prior written notice of 30 days; or
 - (3) by mutual agreement of the parties.
- (xi) <u>Dispute resolution</u>: In the event of any dispute regarding the *license agreement*, the parties will refer the matter to mediation in accordance with the rules and procedures of the Singapore Mediation Center and if such dispute has not been settled, then it will be resolved by arbitration in Singapore, in accordance with the arbitration rules of the Singapore International Arbitration Center.

(xii) Governing law and jurisdiction: the *license agreement* shall be subject to the laws of the Republic of Singapore and the exclusive jurisdiction of the courts of Republic of Singapore.

14.5.2. Research project agreement

On 2 August 2016 the company entered into a research project agreement with *NTU* for the purpose of the continued and development of the *licensed technology* (*research project agreement*). The material terms of the *research project agreement* are as follows:

- (a) scope of work: The scope of work includes:
 - (i) demonstration of scale up from 50 mAh pouch cells to 1 Ah;
 - (ii) validation of the performance of 1 Ah pouch cells in terms of ultrafast charging capabilities, cycle life, temperature tolerance, charging time and battery lifetime;
 - (iii) demonstration of a full coin cell; and
 - (iv) validation of the performances of PS-TIO2 full cell battery cells in terms of ultrafast charging capabilities, cycle performance and lifetime.
- (b) term: the term of the research project agreement commenced on 2 August 2016 and shall continue for a period of 2 years, and may be extended by mutual written agreement.
- (c) <u>termination</u>: Either party may terminate the *research project agreement* in the event of:
 - (i) a material breach which is either incapable of rectification or which is not rectified within 60 days of written notice given by the non-defaulting party, or;
 - (ii) an insolvency event occurring in respect of the other party.

Ultracharge may terminate the research project agreement upon 60 days' prior written notice to *NTU* if *NTU* fails to meet specified milestones.

- (d) <u>principal investigator</u>: The project shall be supervised by Associate Professor Chen Xiaodong.
- (e) <u>funding</u>: Ultracharge shall provide funding to NTU as follows:

Description	\$US	
Equipment (battery tester, autoclave, other materials)	250,000	
Manpower (5 research staff- 80,000 per year for 2 years)	800,000	

Consumables (chemicals, etc.)	140,000
Facility usage fee	60,000
20% overhead charge on total direct project cost	250,000
Total amount	1,500,000

- (f) <u>Intellectual property</u>: Ultracharge shall own all research results and all the IP rights and will grant *NTU* the right to use the research results for academic, development and other non-commercial purposes.
- (g) <u>Publications</u>: NTU shall have the right to publish any journal, thesis, results etc. derived from the *research project agreement*.
- (h) <u>Warranties and disclaimers of liability</u>: No party shall be liable to the other party for any loss of profits, productions, use, damages etc. suffered by the other party arising from any breach of the *research project agreement* whether or not the party has been advised of the possibility of such damage.
- (i) <u>Assignment</u>: No party may assign all or any of its rights or obligations, without the prior written consent of the other party.
- (j) <u>Dispute resolution</u>: In the event of any dispute regarding the *research project agreement*, the parties will refer the matter to mediation in accordance with the rules and procedures of the Singapore Mediation Center and if such dispute has not been settled, then it will be resolved by arbitration in Singapore, in accordance with the arbitration rules of the Singapore International Arbitration Center.
- (k) <u>Governing law</u>: The *research project agreement* shall be governed by the laws of the Republic of Singapore.

14.5.3. Collaboration agreement

On 13 August 2016 *Ultracharge* entered into a collaboration agreement with NEI Corporation (*NEI*) with the objective of commercializing the *Ultracharge technology* (*collaboration agreement*).

The material terms of the *collaboration agreement* are as follows:

- (a) Any intellectual property developed by a party (IP) shall be owned by the party whose personnel make or develop it, whether in performance of the collaboration agreement or not.
- (b) Any intellectual property developed jointly by the parties shall be considered joint intellectual property, and treated as such (Joint IP) and neither party shall in any way attempt to exclude the other party from a joint subject invention.

- (c) A party may not copy, modify, adapt or merge copies, translate, reverse engineer, de-compile, attempt to derive, decrypt, disassemble, or create derivative works of the other party's IP, or the Joint IP, including its source code, programming, algorithms, design structure, interoperability interfaces, concepts, construction methods underlying ideas, or file formats of, rent, lease, assign, transfer lend, sell, distribute, or sublicense such IP, without the explicit pre-approval in writing of the other party.
- (d) Either party shall be entitled to grant a royalty-bearing license to a third party to use, reproduce, display or distribute the Joint IP for commercial purposes. The royalty by the licensing party to the third party shall be no less than 2% but no greater than 5% of the Adjusted Gross Sales derived from the sales of the Joint IP.
- (e) *Adjusted Gross Sales* refers to the cash consideration of the sale of any *Joint IP*, less the following qualifying costs:
 - (i) discounts, in amounts customary in the trade for quantity purchases;
 - (ii) credits or refunds, not exceeding the original invoice amount, for claims or returns;
 - (iii) transportation insurance premiums;
 - (iv) outbound transportation expenses; and/or
 - (v) sales, or use taxes, or duties imposed by a governmental agency.
- (f) The collaboration agreement shall be terminated upon the earliest of:
 - the signing of a definitive agreement containing the terms set forth in the collaboration agreement as well as other customary provisions including, without limitation, mutually agreeable representations and warranties of the parties;
 - (ii) three months' prior written notice of one party to the other, though the obligations of compensation will remain in effect for a period of two years thereafter; or
 - (iii) breach by a party of its obligations.

14.5.4. Executive services agreement

With effect from 1 March 2016 *Ultracharge* entered into a consulting services agreement with Kobi Ben-Shabat for the performance of services as chief executive officer of *Ultracharge* (*services agreement*). The key terms of the *services agreement* are as follows:

- (a) <u>Fee</u>: With effect from *completion*, *Ultracharge* will pay Mr Ben-Shabat a monthly fee US\$20,000 per month on the basis that Mr Ben-Shabat will work exclusively for *Ultracharge* on a full-time basis.
- (b) <u>Performance bonus</u>: Mr Ben-Shabat will be entitled to receive additional benefits on satisfaction of performance hurdles as set out in the table below:

Performance hurdle	Performance bonus ¹	
(a) Completion of a capital raising of US\$2,000,000 by <i>Ultracharge</i> ; and	US\$45,000	
(b) finalisation of the merger of <i>Ultracharge</i> with an ASX-listed entity		
Demonstration of a working 1 Ah TiO2 pouch cell within 12 months of <i>completion</i>	2,000,000 shares and US\$25,000	
Demonstration of a full cell coin battery based on PS- Ti02 and LiMn2O4 cathode materials and validation of performance within 24 months of <i>completion</i>	5,000,000 <i>shares</i> and US\$45,000	

Note 1: the issue of *shares* as a performance bonus will be subject to *shareholder* approval pursuant to the listing rules

(c) <u>Shares</u>: On *completion*, Mr Ben-Shabat shall be entitled, subject to shareholder approval, to receive 11,011,830 *shares* (in lieu of the 39,300 *Ultracharge* options specified in the *services agreement* to which he is entitled on the successful merger of the *company* and *Ultracharge* – the shares to be issued to Mr Ben-Shabat are included in the number of shares set out against his name in the table at *section 15.2.2.*).

(d) Termination:

- (i) Mr Ben-Shabat may terminate the *services agreement* by giving not less than 90 days' notice.
- (ii) Ultracharge may terminate the services agreement:
 - (1) without cause, by giving 12 months' notice; or
 - (2) with cause for misconduct or material breach of the *services agreement*, immediately.
- (e) Other: The services agreement contains terms and conditions in respect of confidentiality, ownership of intellectual property and warranties that are customary for agreements of this nature.

14.6. Agreements with directors, related parties and key management personnel

A summary of the agreements with *directors*, *related parties* of the *company* and key management personnel is set out in *section 8.5*.

15. ADDITIONAL INFORMATION

15.1. Rights attaching to shares

15.1.1. The following is a summary of the more significant rights and liabilities attaching to *shares* being offered pursuant to this *prospectus*. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of *shareholders*. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to *shares* are set out in the *constitution*, a copy of which is available for inspection at the *company's* registered office during normal business hours.

15.1.2. General meetings

- (a) *Shareholders* are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the *company*.
- (b) *Shareholders* may requisition meetings in accordance with section 249D of the *Corporations Act* and the *constitution*.

15.1.3. Voting rights

- (a) Subject to the *constitution* and to any rights and restrictions attaching to any class of shares, at meetings of *shareholders* or other classes of *shareholder*, each *shareholder* entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the *shareholder* is a body corporate, by representative.
- (b) On a show of hands every *shareholder* present having the right to vote at the meeting has one vote. On a poll every *shareholder* present has one vote for each fully paid *share* and, the case of partly paid *shares* or *share* held by the *shareholder*, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the *share* or *shares* held.

15.1.4. Dividend rights

Subject to the *Corporations Act* and to any special rights or restrictions attached to any *shares*, *directors* may from time to time authorise the *company* to pay interim and final dividends which appear to the *directors* to be justified by the profits of the *company*.

15.1.5. Winding-up

If the *company* is wound up, the liquidator may, with the authority of a special resolution, divide among the *shareholders* in kind the whole or any part of the property of the *company*, and may for that purpose set such value as he considers fair upon any

property to be so divided, and may determine how the division is to be carried out as between the *shareholders* or different classes of *shareholders*.

15.1.6. Transfer of shares

Generally, *shares* are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the *Corporations Act* and the *listing rules*.

15.1.7. Future increase in capital

The issue of any *shares* is under the control of the *directors*. Subject to restrictions on the issue or grant of securities contained in the *listing rules*, the *constitution* and the *Corporations Act* (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the *directors* may issue *shares* as they shall, in their absolute discretion, determine.

15.1.8. Variation of rights

- (a) Under section 246B of the *Corporations Act*, the *company* may, with the sanction of a special resolution passed at a meeting of *shareholders*, vary or abrogate the rights attaching to *shares*.
- (b) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the *company* is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

15.2. Substantial shareholders

15.2.1. As at the date of this *prospectus*, the following *shareholder* is a "substantial shareholder" (being a *shareholder* who holds a relevant interest in the voting power of *shares* of 5% or more of the *shares* on issue):

Holder name	Existing shares	% relevant interest
Jason Peterson	19,568,055	11.54%

15.2.2. On completion of the *offers* (assuming no new investors under the *public offer* become substantial holders) the only substantial shareholders will be as set out below:

Holder name	Shares held immediately following completion	% relevant interest on completion (minimum subscription)	% relevant interest on completion (maximum subscription)
Ariel Malik	54,638,875	7.49	7.29
Dr. Borenstein Ltd	51,836,882	7.10	6.91
Kobi Ben Shabat ¹	46,569,134	6.38	6.21

^{1.} Held directly and indirectly through Reblaze Pty Ltd

15.2.3. The Company will announce to ASX details of its top 20 *shareholders* (following completion of the *offers*) prior to the *shares* commencing trading on ASX.

15.3. Terms of options

- 15.3.1. Under the terms of the *acquisition*, and subject to shareholder approval being obtained at the *annual general meeting*, the *company* will grant up to 50,000,000 *offer options* and 20,000,000 *transaction options* to *Armada Capital*.
- 15.3.2. The terms and conditions attaching to the *offer options* and *transaction options* are the same (with the exception of the *exercise price*) and are set out below:
 - (a) Entitlement: Each *option* will entitle the holder to subscribe for one *share*. All *shares* issued upon the exercise of the *options* will rank equally in all respects with the *company's* existing *shares*.
 - (b) Exercise price: Each *option* shall entitle the holder to acquire one *share* upon payment of the sum of:
 - (i) \$0.0625 per offer option; and
 - (ii) \$0.05 per transaction option,

(exercise price) to the company.

(c) Exercise of options: The *options* will expire at 5.00pm WST on the date which is 3 years after their issue (*expiry date*). The *options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in immediately available funds for the number of *shares* in respect of which the *options* are exercised. An *option* not exercised on or before the *expiry date* will lapse. *Shares* issued pursuant to the exercise of *options* will be issued, and a holding statement or share certificate

- provided to the holders of *options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price* in immediately available funds in Australian dollars in respect of the *options* exercised.
- (d) Quotation: Application will not be made to ASX for official quotation of the options. Provided the company is listed on ASX at the time, application will be made for official quotation of the shares issued upon exercise of options not later than 15 business days after the date of issue. If required, the company will give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the shares does not require disclosure to investors, the company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the shares does not require disclosure to investors.
- (e) Transfer: The *options* are transferable subject to any restriction or escrow arrangements imposed by *ASX* or under applicable Australian securities laws.
- (f) Participation and entitlements: There are no participating rights or entitlements inherent in the *options* and holders will not be entitled to participate in new issues of securities offered to *shareholders* during the currency of the *options*. However, the *company* must give notice to the holders of *options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *options* before the date for determining entitlements to participate in any issue.
- (g) Reorganisation of share capital: In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation.
- (h) Bonus issue: If, from time to time, before the expiry of the *options* the *company* makes a pro-rata issue of *shares* to *shareholders* for no consideration, the number of *shares* over which an *option* is exercisable will be increased by the number of *shares* which the holder would have received if the *option* had been exercised before the date for calculating entitlements to the pro-rata issue.

15.4. Terms of performance rights

15.4.1. Under the terms of the *acquisition*, and subject to shareholder approval being obtained at the *annual general meeting*, the *company* will grant up to 60,000,000 *performance rights* to *incoming service providers*. The *company* is not offering, and will not issue, any *performance rights* under this *prospectus*.

- 15.4.2. The terms and conditions attaching to *performance rights* are set out below:
 - (a) Vesting: The *performance rights* will vest (following which the *performance rights* automatically convert into *shares*) on a 6-monthly basis in 4 equal instalments with the first instalment vesting on the date that is 6 months from the date of grant.
 - (b) Conversion: Each *performance right* will, on vesting, convert into one share.
 - (c) Consideration: The *performance rights* will be issued in consideration for services provided by the *incoming service providers* and no consideration will be payable on the conversion of the *performance rights* into *shares*.
 - (d) *Share* ranking: All *shares* issued on conversion of *performance rights* will upon issue rank pari passu in all respects with other *shares*.
 - (e) Listing of *shares* on *ASX*: The *company* will not apply for quotation of the *performance rights* on *ASX*. However, the *company* will apply for quotation of all *shares* issued on conversion of *performance rights* within the period required by *ASX*.
 - (f) Timing of issue of *shares* on vesting: Within 15 business days after the date that *performance rights* vest, the *company* will:
 - (i) issue the number of *shares* required under these terms and conditions in respect of the number of *performance rights* vested;
 - (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of shares issued pursuant to the vesting of the performance rights; and
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the shares does not require disclosure to investors, the company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the shares does not require disclosure to investors.
 - (g) Transfer of *performance rights*: A *performance right* is not transferable (including encumbering the *performance right*).
 - (h) Participation in new issues: There are no participation rights or entitlements inherent in the *performance rights* and holders will not be entitled to participate in new issues of capital offered to *shareholders* during the currency of the *performance rights* unless the *performance rights* have vested and been converted into *shares* before the record date of the new issue.

- (i) Adjustment for reconstruction: If, at any time, the issued capital of the *company* is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a *performance right* are to be changed in a manner consistent with the *Corporations Act* and the *listing rules* at the time of the reorganisation.
- (j) Dividend and voting rights: A *performance right* does not confer upon the holder an entitlement to vote or receive dividends.

15.5. Employee incentive scheme

- 15.5.1. Subject to shareholder approval being obtained at the *annual general meeting*, the *company* proposes to implement and employee incentive scheme (*plan*).
- 15.5.2. A summary of the terms of the *plan* is set out below:
 - (a) Eligibility:
 - (i) Participants eligible to participate in the *plan* include directors, and full-time or part-time employees, casual employees or contractors of the *company*, or any of its subsidiaries and other *related bodies corporate* or any other person that ASIC declares is eligible to receive a grant of rights to acquire *shares* (*employee rights*) under the *plan* and who are declared by the *board* as eligible to receive grants of *employee rights* under the *plan* (*eligible participants*).
 - (ii) The *board* may, from time to time, in its absolute discretion, make a written offer to any *eligible participant* to apply for up to a specified number of *employee rights*, upon the terms set out in the *plan* and upon such additional terms and conditions as the *board* determines (*plan offer*).
 - (b) Terms of employee rights:
 - (i) Each *employee right* will be granted to *eligible employees* under the *plan* for nil cash consideration.
 - (ii) Each *employee right* will entitle its holder to be issued with or transferred one fully paid *ordinary share* (upon vesting of that *employee right*), free of encumbrances.
 - (iii) *Employee rights* will not be listed for quotation on the *ASX*, however the *company* will apply for official quotation of *shares* issued upon the exercise of any vested *employee rights*.
 - (iv) The expiry date of an *employee right* shall be as determined by the *board* when a *plan offer* to participate in the *plan* is made.
 - (v) Other than adjustments for bonus issues and reorganisation of the issued capital of the *company*, participants are not entitled to participate in any

new issue of *securities* as a result of their holding *employee rights* during the currency of any *employee rights* and prior to vesting. In addition, *eligible participants* are not entitled to vote or receive dividends as a result of their holding *employee rights*.

- (vi) Subject to the disposal restrictions set out in paragraph 5.2 below; following the issue of *shares* following the exercise of vested *employee rights*, *eligible participants* will be entitled to exercise all rights of a *shareholder* attaching to the *shares*.
- (vii) If there is a reconstruction of the issued capital of the *company* prior to the expiry of any *employee rights*, the number of *employee rights* to which each *eligible participant* is entitled will be reconstructed in a manner determined by the *board* which complies with the provisions of the *listing rules*.

(c) Vesting conditions:

The *board* will determine the vesting conditions that must be satisfied by an eligible participant before an employee right vests in the holder. Any vesting conditions will be specified in the plan offer made by the board to the eligible participant and for the avoidance of doubt may include accelerated vesting where specified.

(d) Vesting

- (i) An *employee right* will vest where the vesting conditions are satisfied or waived by the *board*.
- (ii) An *eligible participant* may exercise an *employee right* that is entitled to be exercised by lodging with the *company* a notice of exercise of the *employee right* and the certificate for the *employee right*.
- (iii) The *board* may resolve to waive any of the vesting conditions applying to *employee rights*, including where:
 - (1) an *eligible participant* dies or has total and permanent disability;
 - (2) an *eligible participant* ceases to be employed by the *company*, its subsidiaries or its related bodies corporate, or ceases to act as a *director*;
 - (3) an *eligible participant* suffers severe financial hardship;
 - (4) an *eligible participant* or an immediate family member of the eligible participant becomes terminally ill; or
 - (5) a change of control occurs or the *company* passes a resolution for voluntary winding up, or an order is made for the compulsory winding up of the *company*.

(e) Disposal restrictions

- (i) An *employee right* granted under the *plan* is only transferable, assignable or able to be otherwise disposed or encumbered with the consent of the *board*, or by force of law upon death or bankruptcy of the *eligible participant* (or their nominee).
- (ii) An *eligible participant* must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure, to their *employee rights*. The *employee rights* will immediately lapse if the *eligible participant* breaches this rule.
- (iii) Any *share* acquired by an *eligible participant* (or their nominee) on the exercise of an *employee right* must not be disposed of, or dealt with in any way until the earlier of:
 - (1) the eligible participant ceasing to be an eligible participant;
 - (2) the board approving the release of the restriction in relation to those shares due to the eligible participant suffering severe financial hardship;
 - (3) there is a change in control of the company, or the company passes a resolution for voluntary winding up, or an order is made for the compulsory winding up of the company; or
 - (4) the seven-year anniversary of the date of grant of the employee right.

(f) Overriding restrictions

No issue or allocation of *employee rights* and/or *shares* will be made to the extent that it would contravene the *constitution*, *listing rules*, the *Corporations Act* or any other applicable law. At all times *eligible participant* must comply with any share trading policy of the *company*.

15.5.3. Lapse of employee rights

An *employee right* will immediately lapse upon the first to occur of:

- (a) an unauthorised dealing in, or hedging of, the employee right occurring;
- (b) a failure to meet the *vesting conditions*;
- (c) a participant fails to exercise an *employee right* within the required time;
- (d) the expiry date of an employee right;
- (e) the participant ceases to be an *eligible participant*, unless the *board* exercises its discretion to vest the *employee right*;

- (f) the *company* undergoes a change in control or a winding up resolution or order is made, and the *board* does not exercise its discretion to vest the *employee right*;
- (g) a determination of the *board* that the *employee right* is to lapse due to fraud or dishonesty; or
- (h) the day before the end of the 7-year anniversary of the date of grant of the *employee right*.

15.6. Interests of experts and advisors

Other than as set out below or elsewhere in this *prospectus*, no promoter of the *company* or person named in this *prospectus* as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this *prospectus* has, or had within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with its formation or promotion or in connection with the *offers*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the *company* or the *offers*.

- 15.6.1. BDO Corporate (WA) Pty Ltd will be paid approximately \$12,000 (plus GST) for preparing the *investigating accountant's* report contained in this *prospectus*. BDO Corporate (WA) Pty Ltd has not otherwise provided any professional services during the 2 years prior to the lodgement of this *prospectus* with *ASIC*.
- 15.6.2. Ziv Haft (a BDO member firm) has acted as independent auditor to *Ultracharge*. Ziv Haft will be paid approximately US\$6,000 for these services provided to *Ultracharge* during the 2 years prior to the lodgement of this *prospectus* with *ASIC*.
- 15.6.3. FB Rice has been paid approximately \$10,000 (plus GST) for preparing the *patent* attorney's report contained in this *prospectus*. FB Rice has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.6.4. CPS will be paid a lead manager fee of approximately \$210,000 in respect of the public offer (assuming the public offer is fully subscribed). CPS has also acted as the company's corporate advisor since February 2016 and is entitled to a corporate advisory fee of \$6,000 per month under its mandate with the company. CPS is also entitled to receive shares under the CPS offer, subject to completion occurring. It has not otherwise been paid fees by the company during the 2 years prior to the lodgement of this prospectus with ASIC.
- 15.6.5. *Armada* has acted as *Ultracharge's* corporate advisor and is entitled to receive *options* under the *Armada offers*, subject to *completion* occurring. During the 2 years prior to

- the lodgement of this *prospectus* with *ASIC*, Armada has been paid \$15,000 in corporate retainer fees and has invoiced *Ultracharge* US\$24,500 in capital raising fees.
- 15.6.6. Blackwall Legal LLP has acted as the *company's* solicitors in relation to the *acquisition* and the *offers*. The *company* estimates it will pay Blackwall Legal LLP approximately \$140,000 (excluding GST and disbursements) for these services. Blackwall Legal LLP has not otherwise provided any professional services to the *company* during the 2 years prior to the lodgement of this *prospectus* with *ASIC*.
- 15.6.7. Steinepreis Paganin has acted as the solicitors to *Ultracharge* in relation to the *acquisition* and the *offers*. *Ultracharge* estimates it will pay Steinepreis Paganin approximately \$45,000 (excluding GST and disbursements) for these services. Steinepreis Paganin has not otherwise provided any professional services to *Ultracharge* during the 2 years prior to the lodgement of this *prospectus* with *ASIC*.

15.7. Consents

- 15.7.1. Chapter 6D of the Corporations act imposes a liability regime on the *company* (as the offeror of the securities), the *directors*, the persons named in the prospectus with their consent as incoming directors, any underwriters, persons named in the *prospectus* with their consent having made a statement in the *prospectus* and persons involved in a contravention in relation to the *prospectus*. Although the *company* bears primary responsibility for the *prospectus*, the other parties involved in the preparation of the *prospectus* can also be responsible for certain statements in it.
- 15.7.2. Other than as set out below, each of the parties referred to in this section:
 - (a) has not authorised or caused the issue of this *prospectus*;
 - (b) does not make, or purport to make, any statement in this *prospectus* other than those referred to in *section 15.3*;
 - (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this *prospectus* other than a reference to its name and a statement included in this *prospectus* in *section 15.3* with the consent of that party; and
 - (d) was not involved in the preparation of this *prospectus* or any part of it except where expressly attributed to that person.
- 15.7.3. Ziv Haft has given its written consent to being named as *Ultracharge's* auditor in this *prospectus* and the inclusion of the audited financial information of *Ultracharge* in the *investigating accountant's* report at *section 11* in the form and context in which it appears. Ziv Haft has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.7.4. FB Rice has given its written consent to being named as the *patent attorney* in this *prospectus* and to the inclusion of the Patent Attorney's Report in *section 12* in the form

and context in which the information and report are included. FB Rice has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.

- 15.7.5. *CPS* has given its written consent to being named as the lead manager in this *prospectus*. *CPS* has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.7.6. *Armada* has given its written consent to being named as *Ultracharge's* corporate advisor in this *prospectus*. *Armada* has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.7.7. Automic Registry Services has given its written consent to being named as the *company's* share registry in this *prospectus*. Automic Registry Services has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.7.8. Blackwall Legal LLP has given its written consent to being named as the solicitors to the *company* in this *prospectus*. Blackwall Legal LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.7.9. Steinepreis Paganin has given its written consent to being named as the solicitors to *Ultracharge* in this *prospectus*. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.

15.8. Litigation

As at the date of this *prospectus*, the *company* is not involved in any legal proceedings and the *directors* are not aware of any legal proceedings pending or threatened against the *company*.

15.9. Expenses of the offers

In the event that the *public offer* is fully subscribed, the total expenses of the *offers* (inclusive of the costs associated with the other elements of *acquisition*) are estimated to be approximately \$526,977 (excluding GST) and are expected to be applied towards the items set out in the table below:

	Minimum subscription	Maximum subscription
ASIC fees	\$2,350	2,350
ASX fees	\$91,487	\$92,487
lead manager's fee	\$150,000	\$210,000
legal, accounting and patent attorney fees	\$213,000	\$213,000
printing & distribution	\$5,720	\$5,720

miscellaneous	\$19,140	\$19,140
total	\$475,977	\$526,977

16. DIRECTORS' AUTHORISATION

This *prospectus* is issued by the *company* and its issue has been authorised by a resolution of the *directors*. In accordance with section 720 of the *Corporations Act*, each *director* and proposed *director* has consented to the lodgement of this *prospectus* with *ASIC*.

David Wheeler

Non-Executive Chairman

for and on behalf of

Lithex Resources Limited

17. GLOSSARY

	In this <i>prospectus</i> , unless the context otherwise requires, the following terms have the following meanings:
acquisition	the acquisition of <i>Ultracharge</i> by the <i>company</i> in accordance with the <i>acquisition</i> agreement.
acquisition agreement	has the meaning given to that term in section 9.1.2.
AFSL	Australian financial services licence.
annual general meeting	the annual general meeting of shareholders to be held on 10 October 2016.
applicant	a person who applies for shares pursuant to an offer.
application	a valid application to subscribe for <i>shares</i> under this <i>prospectus</i> .
application monies	money submitted by applicants in respect of applications.
Armada	Armada Capital Pty Ltd ACN 112 297 953.
Armada offers	the offers of the offer options and the transaction options to Armada.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
board	the board of <i>directors</i> .
business day	a day (other than a Saturday or a Sunday) on which banks in Perth, Western Australia are open for normal business.
CHESS	ASX's Clearing House Electronic Subregistry System.
cleansing offer	has the meaning given to that term in section 6.4.
closing date	28 October 2016 (unless extended) in respect of the offers other than the cleansing offer.
collaboration agreement	has the meaning given to that term in section 14.5.3.

company	Lithex Resources Limited ACN 140 316 463, a public company incorporated and existing in Australia and listed on <i>ASX</i> .
completion	completion of the sale and purchase of the Ultracharge shares.
consideration shares	the shares to be issued in accordance with the vendor offer.
constitution	the constitution of the <i>company</i> from time to time including as at the date of this <i>notice</i> , the document adopted at a general meeting of <i>shareholders</i> on 25 November 2014.
Corporations Act	the Corporations Act 2001 (Cth).
CPS	CPS Capital Group Pty Ltd ACN 088 055 636 AFSL 294848.
CPS mandate	has the meaning given to that term in section 14.2.
director	a director of the company.
dollar, \$, A\$ or AUD	the lawful currency for the time being of the Commonwealth of Australia.
glossary	this glossary of terms.
incoming service providers	the advisors, service providers and management of <i>Ultracharge</i> who are to be issued <i>performance rights</i> pursuant to the terms of the <i>acquisition agreement</i> and in order to incentivise those parties to continue providing services to <i>Ultracharge</i> following <i>completion</i> .
investigating accountant	BDO Corporate (WA) Pty Ltd, the author of the Investigating Accountant's Report at section 11.
issuer sponsored	securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
lead manager agreement	the agreement between the <i>company</i> and <i>CPS</i> dated 29 June 2016, a summary of which is set out in <i>section 14.3</i> .
LIB	lithium-ion battery
licence agreement	has the meaning given to that term in section 14.5.1.
listing tules	the official listing rules of ASX from time to time.
LTO	lithium-titanium oxide

minimum subscription	has the meaning given to that term in section 6.3.
notice of meeting	the notice convening the <i>annual general meeting</i> at which the <i>company</i> will seek <i>shareholder</i> approval for the <i>acquisition</i> and related matters.
NTU	Nanyang Technological University, a tertiary institution located in Singapore.
NEI	NEI Corporation, a party to the collaboration agreement.
offer conditions	has the meaning given to that term in section 3.4.
offer option	subject to <i>completion</i> occurring, an <i>option</i> to be granted to <i>Armada</i> , exercisable at \$0.0625 on or before the date which is 3 years after its issue.
offer period	the period between the date of this prospectus and the closing date.
offers	together, the public offer, the vendor offer, the cleansing offer, the CPS offer and the Armada offers.
option	an option to acquire a share.
optionholder	the holder of an option.
official quotation	quotation od shares on ASX.
performance right	a right to be issued a <i>share</i> , subject to the satisfaction of specified vesting conditions.
prospectus	this prospectus dated 30 September 2016.
public offer	the offer to the public under this <i>prospectus</i> , as set out in section 6.1.
public offer application form	the acceptance form attached to or accompanying this prospectus.
Quick Charge	Quick Charge Pte Ltd, a company registered in Singapore with unique entity number 201424899H and a subsidiary of <i>Ultracharge</i> until sold to an independent third party on 30 June 2016 2016.
research project agreement	has the meaning given to that term in section 14.5.2.
section	a section of this <i>prospectus</i> .
securities	has the meaning given to that term in section 92 of the Corporations Act.
services agreeement	has the meaning given to that term in section 14.5.4.

settlement operating rules	the settlement rules of the securities clearing house which operates CHESS.
shares or ordinary shares	fully paid ordinary shares in the capital of the company.
shareholders	the holders of <i>shares</i> from time to time.
TiO2-NT	has the meaning given to that term in section 9.2.2.
transaction option	subject to <i>completion</i> occurring, an <i>option</i> to be granted to <i>Armada</i> , exercisable at \$0.05 on or before the date which is 3 years after its issue.
transaction resolutions	the resolutions to be considered at the <i>annual general meeting</i> in respect of which <i>completion</i> is conditional on <i>shareholder</i> approval.
Ultracharge	Ultracharge Ltd (Israel Register of Companies ID No. 515352367), a company incorporated and existing in Israel, and formerly known as Voltape Ltd.
Ultracharge business	the business of research, development and commercialisation of lithium ion battery technology undertaken by Ultracharge.
Ultracharge shares	fully paid ordinary shares in the capital of <i>Ultracharge</i> .
Ultracharge vendors	all of the holders of <i>Ultracharge shares</i> .
vendor offer	the offer to the <i>Ultracharge vendors</i> under this <i>prospectus</i> , as set out in <i>section</i> 6.5.1(a).
WST	Western Standard Time, being the time in Perth, Western Australia.