

ASX Release**31 October 2017****ULTRACHARGE LIMITED**
ACN 140 316 463

Level 6
105 St Georges Terrace,
Perth Western Australia 6000
Tel: +61 8 6558 0886
Fax: +61 8 6316 3337
Web: www.ultra-charge.net

Corporate and Investors

Armada Capital & Equities

Michael Shaw-Taylor

M: +61 477 383 390

D: +61 2 9276 1203

michael.shaw-taylor@armadacapital.com.au**Directors**

Mr Kobi Ben-Shabat

Mr David Wheeler

Mr Doron Nevo

Mr Yuri Nehushtan

Mr John Paitaridis

ASX Code:

UTR

Shares:

475,537,404

Escrow Shares:

159,980,717

Options (various):

82,000,000

Performance Rights:

41,250,000

September 2017 Quarterly Report

- Continued strong performance this quarter with the acquisition of new battery technologies and significant progress made on the anode technology offering
- Acquisition of new cathode IP which has high voltage and low-cost properties
- Joint Venture partnership with global leader in titanium dioxide technologies to enhance production of UltraCharge's anode material
- Acquisition of new iron flow battery IP, with projected low manufacturing and operating costs
- Opportunity for UltraCharge to position itself as a leader in both lithium ion and flow battery technologies
- NTU Agreement comes to early end, with immediate \$1 million cash savings
- Selective capital reduction to reduce the number of shares on issues by 28.6 million, which is 4.5% of the issued capital.

UltraCharge Limited (ASX: UTR, UltraCharge or the Company) is pleased to provide an operational update to accompany its Appendix 4C, released today, for the 3-month period to the 30 September 2017.

Operations Update

Acquisition of new battery IP

UltraCharge announced it had entered into an exclusive license agreement with Episor Electric Fuel Limited ("Episor"), expanding its intellectual property (IP) portfolio with new battery technology, gaining new research facilities and additional specialist resources.

After review of the IP the Company announced the leading IP was an iron based flow battery technology. This exciting discovery adds further value to UltraCharge's IP portfolio, positioning the Company as a major player in the global technology market.

Flow battery technologies are a fast growing market opportunity as they allow the wide spread use of renewable resources, by integrating with renewable sources such as wind and solar and enabling load balancing during peak demand and off-peak power storage, resulting in an uninterrupted power supply.

The Company has announced that initial analysis of its new flow battery technology, is more viable than current energy storage options on the market, with low installation costs, and operating costs estimated to be up to half the cost of diesel alternatives. Furthermore, the iron flow battery has a running cost of 13c/kwh, compared to Tesla's PowerPack, which is estimated to cost 15 to 16c/kwh by 2020.

Review of Agreement with Nanyang Technology University (NTU)

The Company announced its research agreement with NTU had come to an end, following a review of NTU's development scope and capabilities. The review was in-line with the Company's continuous improvement policy, and had identified that significant savings, including an immediate \$1 million saving that could be made by ending the NTU agreement, without any impact on current research outputs and the development of UltraCharge's world class anode technology. Prof. Chen Xiadong from NTU will remain as a member of the Company's Advisory Board.

UltraCharge's agreement with NTU was for the provision of services in Singapore, which is in addition to the Company's research capabilities in Israel. The Company's Israeli research team has made significant progress in the development of its anode technology, which has made the provision of additional research services by NTU redundant.

Subsequent to Quarter End

Corporate

The Company announced plans to seek shareholder approval to undertake a selective capital reduction, where the Company proposes to cancel 28.6 million shares representing approximately 4.5% of the issued capital. The shares were issued to parties as part of the NTU research agreement, and following termination of the agreement, these parties have agreed to cancel their shares. Shareholder approvals for the selective capital reduction will be sought at the Company's annual general meeting in November 2017.

Upscaling Anode Production for Leclanché

The Company announced it will be upscaling the production of its anode material for its pilot project with world renowned battery energy storage company, Leclanché. The pilot project is seeking to develop a high-cycling, fast charging, and high energy density battery for the electric vehicle market. To meet the requirements for stage 2 of the project, the Company has ordered a 55L reactor to increase production capacity by 25 times. The new equipment will enable the production of at least 250kgs of anode material per year, which will be more than sufficient to facilitate the increased demand from Leclanché as it continues to test the material in its battery manufacturing plant. This is an important step providing the Company with additional capacity to also meet demand from new customers.

Acquisition of Evolutionary New Cathode IP

UltraCharge announced it acquired new cathode intellectual property (IP) from ETV Energy. ETV has developed a lithium ion battery which contains a cathode that has high voltage properties and is half the cost of commercial cathodes. The full battery solution offers advantages in terms of voltage, energy capacity and power capacity. This acquisition is in-line with the company's business strategy identifying, acquiring and developing new battery technology solutions. The cathode IP will add to UltraCharge's IP portfolio and provide another platform solution that opens up new market opportunities.

Partnering with Chemours to Develop its Titanium Dioxide Anode Material

The Company partnered with Chemours (NYSE:CC), a global leader in titanium dioxide technology, to scale-up production of anode sample material for its current and new customers. The companies will work together to develop a more cost-effective process for producing the anode material. The joint venture partnership also secures a commercial manufacturing production capacity for UltraCharge's anode material.

Outlook

UltraCharge has made strong progress this quarter cementing the foundations for the Company to create more value by expanding its technical offerings and opening up new market opportunities. Next quarter will see the Company further develop its core anode technology, providing new battery solutions for the lithium ion battery market.

Kobi Ben-Shabat, CEO said *“I am very pleased at the Company’s continued strong performance this quarter. We continue to lead the way in identifying, acquiring and developing battery technologies. The acquisitions we made this quarter enable us to provide a number of platform technology solutions to the market, which places UltraCharge in a very unique global position. We have made excellent progress to date on our anode technology, and our recent joint venture with Chemours and acquisition of cathode IP from ETV Energy, allow us to deliver a full lithium ion battery solution to the mass market. This is a very exciting time for our Company as we see the surge in demand for new battery technology solutions”.*

Kobi Ben-Shabat
Chief Executive Officer

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

UltraCharge is an Israeli based company that is a global leader in identifying, acquiring and developing battery technologies that offer superior qualities and new solutions for the lithium ion and flow battery markets. The Company has a growing Intellectual Property (IP) portfolio of battery technologies, particularly focused on developing the following technology solutions for the market:

- **Anode for the Lithium Ion Batteries:** The Company has exclusive rights to patented anode technology from the Nanyang Technology in Singapore (NTU). The technology will replace graphite in anodes (negative pole) with nanotube fibers made from titanium dioxide. This has the potential to revolutionise the market for lithium batteries by producing a battery that is safe, has a longer lifetime and is fast charging.
- **Cathode for Lithium Ion Batteries:** The Company has agreed to acquire rights to new cathode intellectual property from ETV Energy in Israel. The technology contains a high voltage LiMnNO cathode that is half the cost of commercial cathodes, and can offer a battery solution that has advantages in terms of the voltage, energy capacity and power capacity.
- **Iron Flow Battery –** The Company has an exclusive licence agreement with Epislor in Israel which provides access to new iron flow battery technology. The technology is the only commercially viable energy storage solution of its type, which has a low installation cost, lower operating costs than other comparable solutions on the market.

UltraCharge has established a pilot facility and is developing the above platform technologies and customising solutions to meet end user requirements, and subsequently meet global market demand.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

UltraCharge Limited

ABN

97 140 316 463

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(154)	(154)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(50)	(50)
(d) leased assets	-	-
(e) staff costs – research and development	(190)	(190)
(f) administration and corporate costs	(299)	(299)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(692)	(692)

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

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

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,845	1,845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(692)	(692)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	18	18
4.6	Cash and cash equivalents at end of quarter	1,171	1,171

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,171	1,845
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,171	1,845

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$US'000
91
-

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$US'000
-
-

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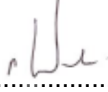
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	96
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	66
9.4 Leased assets	
9.5 Staff costs – research and development	142
9.6 Administration and corporate costs	342
9.7 Other (provide details if material)	
- Proposed acquisition of ETV Energy Ltd (refer ASX announcement dated 9 October 2017.	200
9.8 Total estimated cash outflows	846

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 October 2017

Print name: Peter Webse

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.