

ASX Release**31 January 2018****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:

576,933,417

Escrow Shares:

173,668,217

Options (various):

132,000,000

Performance Rights:

27,375,000

December 2017 Quarterly Report

- **Maintained excellent performance, expanding synergistic IP portfolio.**
- **Capacity to deliver a full battery offering, enabling faster path to commercialisation**
- **Acquisition of new cathode IP which has high voltage properties and low-cost compared to peers**
- **Acquisition of superior electrolyte IP to complete full battery solution offering**
- **New 55L reactor to increase production of anode material for Leclanché and new customers**
- **Pivotal Joint Venture partnership with Chemours, global leader in titanium dioxide technologies to enhance production of anode material, with commercial mass production option**
- **MOU with top 5 global chemical company Sinochem for the production of superior electrolyte material**
- **Cash balance of US\$2.05m as at 31 December 2017 having raised A\$2.6m in a capital raising to accelerate current development and pursue new commercialisation opportunities**

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 ending 31 December 2017.

Operations Update

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. This is an important step providing the Company with additional capacity to also meet demand from Leclanché and new customers. We expect to update the market on the progress of this partnership later this year.

Corporate

UltraCharge successfully placed 125,000,000 fully -paid ordinary shares at a share price of A\$0.02 for proceeds of A\$2.5 million (before costs). The funds will be used to expedite research programs and pursue new opportunities in line with the Company's business strategy.

As previously reported, the Company has undertaken a selective capital reduction, cancelling 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 development agreement, these parties agreed to cancel their shares. The cancellation of shares was approved at the Annual General and Special General Meeting on 28 November 2017.

Partnering with Chemours to Develop 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.

Work has begun, and we look forward to updating the market on our progress throughout the process.

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.

The new IP will allow us to be able to start production of Pouch cells and start discussion with potential customers around commercialization opportunities in the nearest future. We expect to be able to provide advanced progress related to these new capabilities in the next few months.

MOU with Sinochem for Electrolyte Production

UltraCharge has entered into a Memorandum of Understanding (MOU) with Sinochem, one of China's largest fluorine chemical producers for the development and production of its newly acquired electrolyte intellectual property. The partnership provides UltraCharge with the commercial capacity to reproduce its superior electrolyte salt solution.

Kobi Ben-Shabat, CEO said *"UltraCharge now has a full lithium ion battery technology offering. This is very exciting for our Company as we have also secured global partners that have the capacity to develop and commercially produce our technology solutions. UltraCharge is now in a unique position to deliver our technology to the mass market and tailor solutions for specific market requirements"*.

"UltraCharge is poised to take advantage of the battery market as growth continues to explode as governments push to reduce carbon emissions from fossil fuels. UltraCharge is looking forward to updating the market on the progress of our multiple partnerships and new opportunities as we move towards commercialization in 2018 and strength our position as a market leader in the LiB market."

Kobi Ben-Shabat
Chief Executive Officer

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

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

- *Anode for Lithium Ion Batteries:* The Company has exclusive rights to patented anode technology from the Nanyang Technology in Singapore. 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.
- *Electrolyte for Lithium Ion Batteries:* The Company has acquired a low cost, high performing electrolyte solution from Coorstek Specialty Chemicals (Coorstek), a US based company. The intellectual property is around producing a more superior electrolyte salt – LiFSI which can increase battery lifespan and performance at high and low temperatures.
- *Ion Flow Battery* – The Company has an exclusive licence agreement with Epsilon in Israel which provides access to new ion flow battery technology. The technology is the only commercially viable energy storage solution of its type, which has a low installation cost and 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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(181)	(335)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(56)	(106)
(d) leased assets	-	-
(e) staff costs – research and development	(186)	(376)
(f) administration and corporate costs	(355)	(654)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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	(777)	(1,469)

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 (6 months) \$US'000
	(d) intellectual property	(194)	(194)
	(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	(194)	(194)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,001	2,001
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	(139)	(139)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,862	1,862

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	1,171	1,845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(777)	(1,469)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(194)	(194)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,862	1,862

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(6)	12
4.6	Cash and cash equivalents at end of quarter	2,056	2,056

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	2,056	1,171
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,056	1,171

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
107
-

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
-
-

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.		

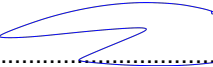
9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	151
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	66
9.4 Leased assets	
9.5 Staff costs – research and development	242
9.6 Administration and corporate costs	387
9.7 Other (provide details if material)	
- Proposed acquisition of ETV Energy Ltd (refer ASX announcement dated 9 October 2017.	150
9.8 Total estimated cash outflows	996

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 January 2018

Print name: Kobi Ben-Shabat

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.