

ASX Release

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ASX Code:

UTR

Shares:

451,407,126

Escrow Shares:

184,110,995

Options (various):

82,000,000

Performance Rights:

41,250,000

UltraCharge Acquires Exclusive License over New Battery Technology Business

- UltraCharge enters into exclusive licence agreement with Epsilor, a subsidiary of US based and NASDAQ listed, Arotech Corporation
- The agreement provides UltraCharge access to world class research facilities, resources and personnel
- UltraCharge to expand its energy storage IP portfolio and fast track its current research programs in developing a world class nanotube anode for lithium batteries

UltraCharge Limited (ASX: UTR, UltraCharge or the Company) is pleased to announce it has entered into a licensing agreement with Epsilor Electric Fuel Limited ("Epsilor") which provides UltraCharge with an exclusive license option for new battery intellectual property. UltraCharge has also entered into an agreement with Epsilor for the lease of its research facilities, hire of specialised equipment and has expanded its research team with additional resources.

A summary of the material terms of the licensing agreement is attached to this announcement.

Epsilor is a subsidiary of Arotech Corporation's (NASDAQ: ARTX) power sources division, which consists of the Epsilor-Electric Fuel facilities in Israel and UEC in South Carolina, USA.

As part of the agreement UltraCharge will have the opportunity to expand its intellectual property (IP) portfolio with the option to purchase 100% of all rights and title in Epsilor's intellectual property. UltraCharge will evaluate and conduct due diligence on the IP and report to the market any developments post the evaluation.

The acquisition of this exclusive license agreement with Epsilor will boost research capacity and assist in accelerating its current research programs to develop a world class nanotube anode using titanium dioxide, as a replacement for graphite in lithium batteries. The Company's research focus remains on the efficient production of nanotube material and increasing the density capacity of the materials, which determine battery size.

UltraCharge will take up the sub-lease of Epsilor's facilities and hire of equipment at the Beit Shemesh Facility in Israel for a 12-month period, with two 12-month extension options, at a reduced cost of US\$113,000 pa. This cost includes the resourcing of the facility, including specialised equipment and a highly-experienced research team in the field of energy storage and commercialization of such technologies.

Should UltraCharge decide not to acquire the IP technology outright, it will be required to pay Epsilor a future royalty of 2.5% on gross sales of the products based on this technology.

Alternatively, UltraCharge has two options to acquire the IP outright with no future royalty payments:

- Within the first 24 months of the agreement, a onetime payment of A\$200,000 in cash or an issue to Epsilor of a minimum 5,000,000 UltraCharge shares, with a market value at the time of issuance of not less than AUS\$250,000.
- Post the first 24 months of the agreement, for a onetime payment of A\$350,000 in cash or an issue to Epsilor of a minimum of 8,000,000 UltraCharge shares, with a market value at the time of issuance of not less than AUS\$400,000.

UltraCharge is leading the way in energy storage. The Company's acquisition of this exclusive license agreement with Epsilor with potential to add to the Company's IP portfolio, coupled with the significant progress made on the development of its titanium dioxide anode, has UltraCharge well placed to take advantage of the growing global market for fast, reliable and safe energy storage options.

Kobi Ben-Shabat, CEO said *"This exclusive license agreement over Epsilor's intellectual property is an exciting opportunity for UltraCharge to diversify its product offerings in energy storage solutions. The deal also allows us to expand our resources in terms of facilities, equipment and expertise to fast track delivery of our current research programs to develop a world class lithium battery using our nanofiber materials"*.

Kobi Ben-Shabat
Chief Executive Officer

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

UltraCharge is a battery technology company based in Israel which has acquired exclusive rights to patented technology from the Nanyang Technology University in Singapore (NTU). The technology will replace graphite in anodes (negative pole) with a nanotube gel material made from titanium dioxide, in lithium batteries. This has the potential to revolutionize the market for lithium batteries by producing a battery that is safe, has a longer lifetime and is fast charging. UltraCharge has established a laboratory facility in Israel to conduct nanotube synthesis and fabrication of the nanotube anode, and is discussing supply options with end users in the global battery market

Summary of material terms of Intellectual Property Exclusive Licence and Option Agreement (Agreement)

Parties	Ultra-Charge Ltd, an Israel-registered, wholly-owned subsidiary of the Company (Ultra-Charge) Epsilor-Electric Fuel Ltd, an Israel-registered, wholly-owned subsidiary of Nasdaq-listed Arotech Corporation (Epsilor)
Exclusive licence	Epsilor has granted Ultra-Charge an exclusive licence to exploit Epsilor's flow battery patents and associated intellectual property rights (Technology).
Consideration	Ultra-Charge must pay Epsilor approximately US\$3,000 per month until the earlier of exercise of the Option (see below), the end of the Term or termination of the Agreement in accordance with its terms.
Royalty	2.5% of gross sales
Option to purchase	Ultra-Charge has the option to purchase all intellectual property rights relating to the technology (Option) for the following exercise price: (a) if the Option is exercised on or before 1 February 2019, at Epsilor's option: (i) A\$200,000 cash; or (ii) UTR shares to the value of A\$250,000 as at the date of issue and in any event, no less than 5,000,000 UTR shares; and (b) if the Option is exercised after 1 February 2019, at Epsilor's option: (i) A\$350,000 cash; or (ii) UTR shares to the value of A\$400,000 as at the date of issue and in any event, no less than 8,000,000 UTR shares. The Option expires on 31 December 2019.
Term	The Agreement will terminate on 31 December 2019 unless terminated earlier in accordance with its terms.
Termination	With effect from 1 February 2018, Ultra-Charge may terminate the Agreement by giving 60 days' notice. The Agreement will automatically terminate if Ultra-Charge exercises the Option.
Representations and warranties	The parties to the Agreement give representations and warranties standard for agreements of its nature.