



31 May 2018

UltraCharge completes acquisition of evolutionary new lithium ion battery cathode technology

- Completion of UltraCharge purchase of high voltage cathode intellectual property from ETV Energy first announced on 9 October 2017
- Pays USD\$200,000 and issues 30 million shares, which are escrowed for 12 months
- ETV Energy can earn up to 60 million more UTR shares, dependent on achieving specific milestones
- Acquisition of IP technology comes just days after UltraCharge inks first revenue-generating deal with Blitz using evolutionary new cathode technology
- Immediate market opportunities for lithium-ion battery solutions identified in defence, aviation and power bikes

PERTH, AUSTRALIA, 31 MAY 2018: UltraCharge Limited (ASX: **UTR**, **UltraCharge** or the **Company**) today advises it has successfully completed the transaction to acquire the intellectual property assets of ETV Energy Limited's (**ETV**) evolutionary new cathode technology.

The completed acquisition of the intellectual property assets of the new cathode technology comes just days after UltraCharge announced its first revenue-generating deal to supply high voltage lithium-ion batteries for two-wheel electric scooter manufacturer, Blitz Electric Motors Ltd (**Blitz**).

At the time of the original ETV announcement on 9 October 2017, UltraCharge said immediate markets for the new lithium-ion battery would include aviation, defence and power bikes, with anticipated revenues likely to be generated within 18-24 months.

The asset sale agreement required UltraCharge to pay ETV USD\$200,000 and up to 90 million shares, which are dependent on the achievement of specific milestones. The material terms of the acquisition are set out in Annexure A.

UltraCharge advises all of the conditions of the asset sale agreement with ETV have been completed with the resulting payment of USD\$200,000 and the issue of 30 million shares to ETV.

Commenting on the completed ETV transaction, UltraCharge CEO Kobi Ben-Shabat said: "The ETV deal has been extremely significant for UltraCharge.

"The high voltage cathode technology has provided a critical component for our full lithium-ion battery solution.

“We have already inked our first revenue-generating deal with Blitz based on our high-voltage lithium-ion battery technology solution and earlier this year we signed a non-binding letter of intent with Israeli-based Aeronautics Ltd to design, develop and produce battery solutions specifically for drones.

“The market is quickly realising that our Lithium, Nickel, Manganese and Oxide cathode technology has great potential, because it is Cobalt free and can deliver a longer lasting and more powerful battery.

“UltraCharge is now in a unique position to deliver our technology to the mass market and tailor solutions for specific requirements. We anticipate securing greater market opportunities through the ability to license out our company’s battery portfolio.”

The global lithium-ion battery market is expected to reach USD\$93.1 billion by 2025, according to August 2017 research produced by Grand View Research, Inc¹, with the market driven by increased usage of lithium-ion batteries in electric vehicles, portable consumer electronics and grid storage systems.

In addition, the unmanned aerial vehicle (UAV) market is projected to reach USD\$52.3 billion by 2025.

¹ Lithium-Ion Battery Market Analysis By Product (Lithium Cobalt Oxide, Lithium Iron Phosphate, NCA, LMO, LTO, Lithium Nickel Manganese Cobalt (NMC)), By Application, And Segment Forecasts, 2018 – 2025, Grand View Research, Inc, August 2017

ENDS

Kobi Ben-Shabat
Chief Executive Officer

About ETV Energy Limited

ETV Energy Limited was founded in 2008 under the name of ETV Motors to develop two novel technologies (a) a next generation lithium-ion battery and (b) an advanced ranger extender based on a micro-turbine engine.

In 2001, the company established a new corporate structure in order to give each technology the focus it requires. ETV Energy Ltd was formed to tackle the LIB development while a separate engineering group continue the task of developing the micro-turbine technology.

About Blitz Electric Motors

Blitz is an established electric scooter manufacturer with branches in Israel, India, Belgium, Sweden, Argentina, France, Holland, Great Britain, Spain, Portugal, Turkey and Greece, and counts among its business clientele global brands such as McDonald’s and Pizza Hut.

Blitz manufactures the BLITZ3000 and BLITZ6000 scooters and aims to deliver 100% electric scooters to its customers that are independent of rising fuel prices, free from high maintenance costs and contribute to sustainable social change by reducing our dependence on fossil fuels.

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. UltraCharge has established a battery facility to develop its platform technologies and customising solutions to meet end user requirements, and subsequently meet global market demand.

The Company offers a full lithium ion battery solution with the following suite of intellectual property:

- **Anode for Lithium Ion Batteries:** 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 technology contains a high voltage LiMnNio 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:** Low cost, high performing electrolyte solution. The intellectual property is around producing a more superior electrolyte salt – LiFSI - which can increase battery lifespan and performance at high and low temperatures.

Annexure A – material terms of the acquisition of the IP Assets

The key terms of the agreement to acquire the IP assets (**Asset Sale Agreement**) are as follows:

1. **Conditions precedent:** Completion of the acquisition of the IP Assets is subject to and conditional upon a number of conditions precedent, including:
 - (a) (*due diligence*) the Company completing to its satisfaction all necessary due diligence investigations in respect of the IP Assets including, but not limited to, its assessment of the likelihood that the patent applications will be granted;
 - (b) (*shareholder approval*) the Company obtaining all necessary shareholder approvals including, without limitation, listing rules approval and, if required, approval for the purposes of the Corporations Act, for the issue of the Consideration Shares;
 - (c) (*escrow agreement*) the parties entering into a voluntary escrow agreement in respect of the initial Consideration Shares;
 - (d) (*consultancy agreement*) the parties entering into a consultancy agreement;
 - (e) (*Israel Innovation Authority*) the Company executing an undertaking and any other documents required by the Israel Innovation Authority; and
 - (f) (*regulatory approvals*) each of the Company and ETV Energy obtaining all regulatory approvals, consents and waivers (as required) in order to undertake the transactions contemplated by the Asset Sale Agreement, including but not limited to the approval of the Israel Innovation Authority.
2. **Consideration:** Subject to satisfaction of the conditions precedent, at completion, the Company will:
 - (a) pay US\$200,000; and
 - (b) issue between 25 million shares and 30 million shares (depending on the 5-day VWAP as at the completion date),to ETV Energy as the vendor of the IP Assets.
3. **Deferred consideration:** Subject to ETV Energy achieving the specified performance milestones (see below), the Company will issue between 50 million shares and 60 million shares (depending on the 5-day VWAP as at date of achieving the respective milestone) (**Deferred Consideration Shares**).
4. **Performance milestones:** For ETV to become entitled to the Deferred Consideration Shares, the following performance milestones must be achieved by the Company:
 - (a) (*application milestone*): the filing of the LNMO cathode patent application, which application must be assessed as having a reasonable prospect of being granted, as determined by an independent analyst; and
 - (b) (*commercialisation milestone*): together:

- (i) production of a prototype complying with IATA/UN4380 regulations for air freight transportation of lithium-ion batteries; and
- (ii) the execution of a contract providing a guaranteed royalty or other income stream of not less than US\$500,000 per annum for a minimum of 3 years and subject to:
 - A. the value of the contract to the counter-party being based on the utility of the Company's technology derived from the IP Assets; and
 - B. the amount invoiced under the first invoice delivered to the counter-party having been paid to the Company; or
- (iii) an equity investment in the Company or a related body corporate of the Company of not less than US\$5,000,000 by a strategic partner, subject to the investment being principally for the purpose of commercialisation of any of the IP Assets; or
- (iv) the sale of any or all of the IP Assets for not less than US\$7 million.

The Asset Sale Agreement otherwise contains clauses typical for agreements of this nature.