



ULTRACHARGE

29 October 2019

ULTRACHARGE LIMITED TO ACQUIRE PROJECTS PROSPECTIVE FOR SILICA SAND AND KAOLIN

HIGHLIGHTS

- *Ultracharge has entered into agreements to acquire a prospective high-grade silica and kaolin projects*
 - *Projects located in Western Australia close to established infrastructure*
 - *Potential low capital expenditure near-term producing assets in high demand across the Asia-Pacific region*
 - *Ultracharge to raise \$5,000,000 via re-compliance capital raising*
 - *Appointment of highly experienced mining executives to the Board*
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Ultracharge Limited (ACN 140 316 463) (**Company**) is pleased to announce it has entered into two agreements (**Agreements**) under which it has been granted options (**Options**) to acquire:

- 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd (ACN 626 494 399) (**Watershed**) (**Watershed Agreement**) which holds exploration license E70/5001 (**Watershed Tenement**); and
- 100% of the issued capital in Mt Marshall Kaolin (ACN 626 494 399) (**Mt Marshall**) (**Mt Marshall Agreement**) which holds exploration license E70/5039 (**Mt Marshall Tenement**)

(together the **Proposed Acquisitions**).

Summaries of each of the above agreements are set out in Annexures A and B respectively.

The Proposed Acquisitions are conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things).

On completion, the Proposed Acquisitions will amount to a significant change in the nature and scale of the Company's current activities and as such, the Company will be required to obtain approval from its shareholders (**Shareholders**) and to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As part of the Proposed Acquisitions, the Company proposes to complete a capital raising to raise a minimum of \$5,000,000 (**Minimum Subscription**).

The Company notes that ASX takes no responsibility for the contents of this announcement.

THE TENEMENTS

The Watershed Tenement and Mt Marshall Tenement (together, the **Tenements**) make up the following projects (**Projects**):

Eneabba Project: The Eneabba Project covers an area of approximately 50.4 square kilometres and is located on the Gin Gin scarp (within Cainozoic ferruginous laterite and

associated leached quartz sand). The area overlays the Yarragadee Formation. The Eneabba Project is prospective for silica sand and construction sand. Previous exploration in the area of what is now Eneabba Project has concentrated on the search for mineral sands.



Figure 1: Eneabba Project Location

The Eneabba Project comprises an exploration licence, approximately 15km south-east of Eneabba, 50km north-east of Jurien Bay, and 230km north-north-west of Perth. Access is via the Brand Highway, then Beros Road, then farm roads leading through the licence area, or via Rose Road that traverses the north eastern boundary of the tenement.



Figure 2: Eneabba Project Location in Context of Brand Highway and Leeman

The Eneabba Project is adjacent to rail connections to Geraldton Port and has the potential to be a low capital expenditure and low environmental impact mining operation. All exploration work will be over the water table with low cost shallow drilling in free running sand.



Figure 3: Access Track to Eneabba Project

The Watershed Tenement forming the Eneabba Project is set out below:

Tenement	Area	Grant Date	Expiry Date
E 70/5001	18 Blocks	14/06/2018	13/06/2023

High-grade silica sand is a key raw material in the industrial development of the world, especially in the specialist glass, metal casting, and ceramics industries. High-grade silica sand contains a high portion of silica (over 99.5% SiO₂) and is used for applications other than construction aggregates.

Unlike construction sands, which are used for their physical properties alone, high-grade silica sands are valued for a combination of chemical and physical properties. Ongoing economic and infrastructure development in the Asia/Pacific region is expected to drive growth.

Glassmaking Silica sand is the primary component of all types of standard and specialty glass. It provides the essential SiO₂ component of glass formulation; its chemical purity is the primary determinant of colour, clarity and strength in glass. Industrial sand is used to produce flat glass for building and automotive use, container glass for foods and beverages, and tableware. In its pulverised form, ground silica is required in the production of fibreglass insulation and for reinforcing glass fibres. Specialty glass applications include test tubes and other scientific tools, incandescent and fluorescent lamps.

Globally, silica sand is in a growth phase due to increasing demand from the construction sector, with both volume and value having increased worldwide. Sales of silica sand has experienced a compound annual growth rate of approximately 8.7% in value terms from 2009 to 2016, with a market value of US\$6.3 billion. This was due to its applications across a range of industries, including glass making, foundry casting, water filtration, chemicals and metals, along with the hydraulic fracturing process. Accelerations in construction spending and manufacturing output worldwide are expected to drive growth in important silica sand-consuming industries, including the glass, foundry and building glass products sectors.

Significant growth is projected in the hydraulic fracturing market as horizontal drilling for shale oil and gas resources expands, largely in North America. The Asia-Pacific region is expected to remain the largest regional consumer of industrial sand through 2025, supported by the dominant Chinese market. The country's container glass industry will drive further silica sand sales, supported by rising production of glass bottles, particularly in the alcoholic beverage sector including wine and beer.

Kaolin Project: The Kaolin Project covers an area of approximately 3,555 Hectares (35.56 square kilometres) and is located on the Yilgarn Craton. The area overlays the Yarragadee Formation. It is on cleared farming land (with access agreements in place) so there are fewer environmental considerations than what might otherwise normally exist. The Kaolin Project is prospective for a high-grade kaolin suitable for ceramics industry, fibreglass industry and paper industry as a raw feed stock.

The Kaolin Project comprises an exploration licence, approximately 210km North-East of Perth. Access is via Koorda – Bullfinch Road. The Kaolin Project is ideally situated for transport of product for export through Fremantle port.



Figure 4: Location of Kaolin Project (Blue Line is Rail Line to Fremantle Port)

The tenement forming the Kaolin Project is listed in the table below. It is the company's intention to peg further ground around this area:

Tenement	Area	Grant date	Expiry Date
E70/5039	12 Blocks	25/10/2018	24/10/2023

Halloysite kaolin is a naturally occurring blend between pure halloysite and kaolin, a clay mineral. A good quality blend of halloysite kaolin typically consists of a resource with a halloysite grade of at least 10%.

Established applications for halloysite kaolin include:

- Ceramics – the main application for halloysite kaolin is ceramics. Fine ceramics that use halloysite kaolin, particularly highly decorative porcelain over 40% of which is manufactured in China. Halloysite kaolin is used to provide the strength and translucence of porcelain products. Typically, ceramics producers demand a halloysite content of at least 10% in the halloysite kaolin blend.
- Catalysts – Superior catalyst for Fluid Catalytic Cracking (**FCC**) which is a crucial process in petroleum refineries.

A booming construction industry in the Asia-Pacific region is leading an increase in the demand for ceramic products, which in turn is expected to boost the growth of the halloysite kaolin market. Chinese processors have significant demand for feedstock to process through their wet processing facilities but have struggled to find a product with adequate quality and reliability to ensure a premium end-use product and thus are searching for a high-grade supply to feedthrough their facilities.

Due to the decline in Chinese supply, the global halloysite kaolin market is characterised by a limited number of players. Small-scale producers in Thailand and Brazil produce for their respective domestic markets, Chinese companies look for a halloysite grade of ~20%. China has traditionally supplied the market in this sector; however, mines have been closing due to government crackdowns on environmentally-damaging mines. There are

about 15-20 major Chinese players in this space who are vertically integrated producers (with both their own mines and processing facilities), however the quality of product is very low. Additionally, there are about six large processors who do not have a mine and are searching for reliable direct shipping ore product.

The Mount Marshall Project is potentially a high grade Kaolin deposit located on private land with granted tenure. Transport logistics are in place with significant available rail capacity to Fremantle Port.

Further details with respect to the Projects will be included in the notice of meeting and prospectus be prepared in connection with the Acquisitions and Capital Raising.

BUSINESS MODEL OVERVIEW

Following completion of the Capital Raising, the Company's proposed business model will be to further explore its Projects and develop identified mineral deposits. The Company's main objectives on completion of the Offer are:

- (a) systemically explore the Projects for silica and kaolin through geological mapping, surface sampling and drilling on the Projects;
- (b) assess the viability for, and if viable implement, a low capital expenditure silica sand production project on the Eneabba Project and kaolin production project at the Kaolin Project;
- (c) continue to pursue other acquisitions that have a strategic fit for the Company; and
- (d) provide working capital for the Company.

CHANGE OF NAME

Following completion of the Proposed Acquisition, and subject to shareholder approval, the Company intends to change its name and will make a further announcement once a name has been decided.

KEY DEPENDENCIES

The key dependencies influencing the viability of the Proposed Acquisition are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's securities;
- (b) completion of the Proposed Acquisition;
- (c) tenure access and grant of applications;
- (d) commodity price volatility and exchange rate risk;
- (e) ability to meet resource and reserves and exploration targets;
- (f) raising sufficient funds to satisfy expenditure requirements, exploration and operating costs; and
- (g) minimising environmental impact and complying with health and safety requirements.

NEW BOARD AND MANAGEMENT TEAM

Resignations

It is proposed that Mr Doron Nevo, Mr Yury Nehushtan, Mr John Paitaridis and Mr Anthony Brown will resign from the board of the Company (**Board**) on or before the completion of the Acquisitions.

Appointments

Subject to completion of the Proposed Acquisitions, it is proposed that Mr Andrew Haythorpe will be appointed as Non-Executive Chairman, Mr Aaron Banks will be appointed as Managing Director and current Managing Director, Mr Kobi Ben-Shabat, will revert to the position of Non-Executive Director.

Mr Andrew Haythorpe and Mr Aaron Banks' qualifications and experience are set out below.

Andrew Haythorpe

Non-Executive Chairman

Mr Haythorpe has 20 years' experience managing companies as Managing Director and Chairman of a number of ASX and TSX listed companies. He has nearly 15 years of experience in geology, funds management and as an Analyst. He was the Managing Director of Crescent Gold and lead that company from a junior explorer to a mid tier producer within 4 years. He was also managing Director of Michelago Resources, which became one of the top performing ASX listed companies on its transition to gold production in China. Since 1999, Andrew has been involved in over A\$300 million of mergers and acquisitions and capital raisings in mining and technology companies listed on the TSX and ASX.

Mr Aaron Banks

Managing Director

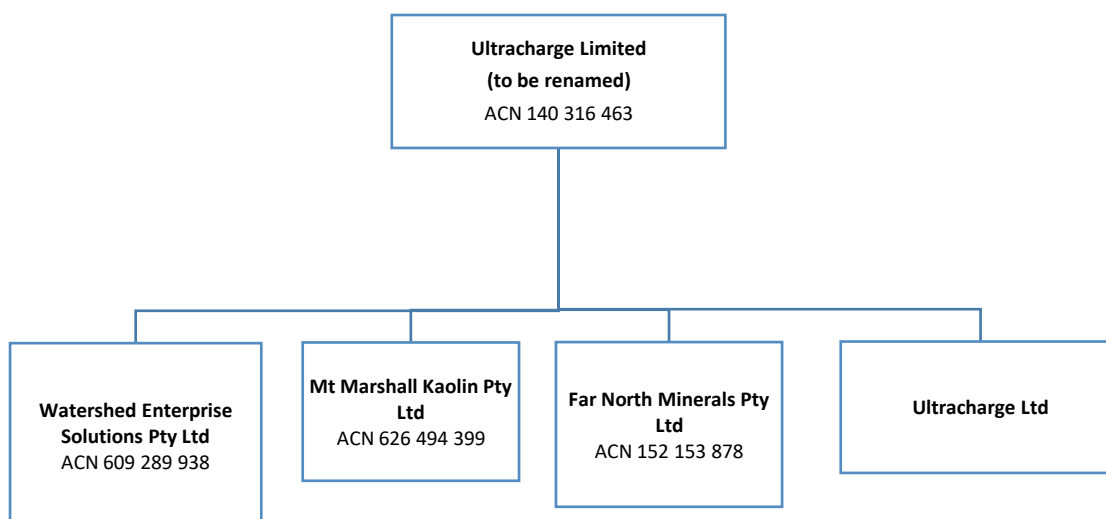
Aaron Banks is a specialist business consultant with over 20 years' experience in contract negotiations and business development including senior roles in sales, marketing and construction management where he successfully negotiated contracts exceeding 300 million dollars of value within the housing sector.

Since 2015 as Founder and Managing Director of Australian Silica Pty Ltd, Aaron has developed extensive relationships with glass companies and manufactures of specialty products for LCD screens and photovoltaic systems in the Asian-Pacific Region.

In 2016 he discovered what has become to be known as one of the largest high-grade silica sand resources in the world. While on the board of Australian Silica, he successfully negotiated the sale of the Muchea Silica Sand Project to VRX Silica (ASX:VRX) in 2017, which helped re-pivot VRX from a base metals explorer to a silica sand explorer.

CORPORATE STRUCTURE

Subject to the completion of the Proposed Acquisitions, the corporate structure of the Company is anticipated to be as follows:



Both Watershed and Mt Marshall have not traded during the current and prior financial periods and do not have any assets and liabilities, other than the Tenements. Far North Minerals Pty Ltd is currently dormant.

Ultracharge Ltd is a company incorporated in Israel and is the operating company for the Company's existing activities. The Company will seek to divest of its interest in Ultracharge Ltd in connection with, or following, completion of the Acquisitions.

CAPITAL RAISING

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Listing Rules**) the Company plans, subject to Shareholder approval, to conduct a capital raising under a full form prospectus for the issue of 250,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.02 per Share to raise a minimum of \$5,000,000 (**Public Offer**).

The Company proposes to appoint Sandton Capital Pty Ltd (ACN 618 895 159) (**Sandton Capital**) as lead manager to the Public Offer. Sandton Capital is a corporate authorised representative (Authorised Representative Number: 1278113) of Armada Capital Pty Ltd (AFSL: 289898). The Public Offer will not be underwritten.

PROPOSED USE OF FUNDS

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of the ASX as follows:

Allocation of funds	Full Subscription
Option Fees under Watershed Agreement ¹	\$150,000
Option Fees under Mt Marshall Agreement ¹	\$150,000
Exploration at Eneabba Project ²	\$970,000
Development of Eneabba Project ³	\$700,000

Exploration at Kaolin Project ²	\$720,000
Development of Kaolin Projects ³	\$850,000
Expenses of the Capital Raising ⁴	\$750,000
Administration Costs ⁵	\$600,000
Working capital ⁶	\$110,000
Total	\$5,000,000

Notes:

1. Refer to Annexure A and Annexure B for summaries of the material terms of the respective to the Watershed and Mt Marshall Agreements. Note that each agreement specifies that the option fee is not to be distributed to shareholders.
2. Exploration expenses include tenure expenses, drilling, assays, testwork, resource estimations and costs of feasibility studies
3. Development expenses include capital expenditure associated with mining and processing products from the Projects. Additional funding will be required to fully develop both of the projects to be acquired.
4. Expenses of the Capital Raising include legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Geological Advisory Fees, Share Registry Fees and brokerage costs.
5. Administration costs include, without limitation, general corporate costs such as the provision of contract services to the Company, ASX listing fees, Board and executive remuneration, office rent, and ongoing audit and accounting costs.
6. Working capital provides for additional capital to be used for additional exploration following the planned exploration programs and investment in new mineral exploration projects not yet identified by the Directors.

PRO FORMA CAPITAL STRUCTURE

The indicative capital structure of the Company upon completion of the Proposed Acquisitions, based on the Company's current securities on issue and assuming the Minimum Subscription is raised under the Public Offer, will be as follows:

	Number
Shares currently on issue ^{1,2}	112,338,062
Acquisition of Watershed ^{3,4}	75,000,000
Acquisition of Mt Marshall ^{4, 5}	75,000,000
Capital Raising ⁵	250,000,000
TOTAL	512,338,062

Notes:

1. Assuming no other Shares are issued prior to Settlement of the Acquisitions.
2. Based on 1,123,380,620 Shares on issue as at 17 September 2019 and completion of a consolidation at a ratio of 10:1 (**Consolidation**). The acquisitions are conditional upon the Company completing a consolidation on such ratio as is required to enable the Company to raise

capital in connection with its reinstatement at 2c per share. If a 20:1 consolidation is required, that will be the Consolidation ratio and the numbers of consideration shares and capital raising shares will not change.

3. Refer to Annexure A for terms of the Watershed Agreement
4. 5% of the shares to be issued as consideration for the Acquisitions will be issued to Sandton Capital Pty Ltd (or its nominees) and 7% of the shares to be issued as consideration for the Acquisition will be issued to Astrid Hill Pty Ltd as a facilitation fee in respect of the Acquisitions. Sandton Capital will also receive a fee of \$10,000 per month until re-admission to the Official List of the ASX and the performance rights set out below.
5. Refer to Annexure B for terms of the Mt Marshall Agreement
6. The Company will seek to raise \$5,000,000 through the issue of 250,000,000 Shares at \$0.02 per Share.

Options & Performance Rights	Number
Options currently on issue	2,000,000 ¹
	5,000,000 ²
	10,000,000 ³
	5,166,667 ⁴
Performance Rights to be issued to management	30,000,000 ⁵
Performance Rights to be issued to Sandton Capital Pty Ltd and Astrid Hill Pty Ltd	30,000,000 ⁶
Options to be issued to Sandton Capital Pty Ltd (or its nominees)	45,616,903 ⁷
Total	127,783,570

Notes:

1. Options exercisable at \$0.50 each on or before 2 December 2019 on a post-Consolidation basis.
2. Options exercisable at \$0.625 each on or before 2 December 2019 on a post-Consolidation basis.
3. Options exercisable at \$0.50 each on or before 30 June 2020 on a post-Consolidation basis.
4. Options exercisable at \$0.08 each on or before 3 September 2022 on a post-Consolidation basis.
5. To convert into shares following satisfaction of specified project based milestones within a period of 3 years following the date of listing (refer to paragraph (g)(i) of Annexure A for further details).
6. To convert into shares following satisfaction of specified VWAP based milestones within a period of 3 years following the date of listing (refer to paragraph (g)(ii) of Annexure A for further details).
7. Options exercisable at \$0.03 on or before the date that is 3 years following the date of issue on a post-Consolidation basis.

PRO FORMA BALANCE SHEET

A pro forma balance sheet as at 30 June 2019 showing the effect of the Acquisitions and the Capital Raising on the Company is set out in Annexure C to this announcement. The pro forma balance sheet has been prepared using audited accounts for the Company and management accounts for each of Mt Marshall and Watershed.

TIMETABLE

A proposed timetable for the Proposed Acquisition and associated events is set out below:

Event	Date*
Execution of Acquisition Agreements	21 October 2019

Grant of Option	21 October 2019
Notice of Meeting for the Proposed Acquisition sent to Shareholders	15 November 2019
Due Diligence Period Ends	16 December 2019
Exercise of Option	On or before 16 December 2019
Lodgement of Prospectus with the ASIC	9 December 2019
Opening date of Public Offer	9 December 2019
Shareholders meeting to approve the Proposed Acquisitions	16 December 2019
Closing date of Public Offer	24 January 2020
Settlement of Proposed Acquisitions and the Public Offer	31 January 2020
Re-quotations on ASX	5 February 2020

*Please note that this timetable is indicative only and the Directors of the Company reserve the right to amend the timetable as required.

CONTROL ISSUES

No person will acquire a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Proposed Acquisitions.

RE-COMPLIANCE WITH ASX LISTING RULES CHAPTERS 1 AND 2

Since the Proposed Acquisitions will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain Shareholder approval for the Proposed Acquisition and must re-comply with Chapters 1 and 2 of the Listing Rules.

SHAREHOLDER APPROVALS

A notice of meeting seeking Shareholder approval for the resolutions required to give effect to the Proposed Acquisitions will be sent to Shareholders in due course. It is expected that the Company will convene a general meeting to be held in December 2019 (**General Meeting**) to facilitate Shareholder approval for the following matters in respect of the Proposed Acquisitions:

- (a) approval for a change in nature and/or scale of the Company's activities;
- (b) the approval of the Consolidation of the Company's Shares on issue;
- (c) the issue of:
 - (i) 75,000,000 Consideration Shares (on a post-Consolidation basis) to the Watershed Shareholders, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to Astrid Hill Pty Ltd (or their respective nominees);
 - (ii) 75,000,000 Consideration Shares (on a post-Consolidation basis) to the Mt Marshall Shareholders on a pro-rata basis, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to Astrid Hill Pty Ltd (or their respective nominees);
- (d) the issue of 30,000,000 Performance Rights to senior management;

- (e) the issue of 30,000,000 Performance Rights to Sandton Capital Pty Ltd and Astrid Hill Pty Ltd (or their respective nominees);
- (f) the grant of 45,616,903 Lead Manager Options to Sandton Capital (or its nominees);
- (g) the issue of a minimum 250,000,000 Shares under the Public Offer;
- (h) the change of the Company's name (name to be advised prior to meeting); and
- (i) the appointment of the Proposed Chairman and Directors.

The Company's securities will remain suspended from quotation on ASX until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Proposed Acquisitions are completed.

If Shareholders do not approve the Proposed Acquisitions, the suspension will be lifted after the Company has made an announcement to the market confirming the results of the General Meeting and that it will not be proceeding with the Proposed Acquisitions.

ASX WAIVERS AND CONFIRMATIONS REQUIRED

The Company intends to seek a waiver from the requirements of Listing Rule 2.1 (Condition 2) and 1.1 (Condition 12) to enable it to issue Shares under the Public Offer below \$0.20 per Share and to enable the grant of Lead Manager Options with an exercise price below \$0.20.

APPROPRIATE ENQUIRIES

The Company has made a number of enquiries and investigations into Watershed and Mt Marshall's business and assets. The Company's due diligence is still ongoing and until such time as those enquiries are complete the Board cannot definitively be satisfied that the Proposed Acquisitions are in the best interests of Shareholders. The Board believe it would be prudent to execute the HoA, as a means of recording the key agreed commercial and other terms of the Proposed Acquisitions, prior to incurring the significant costs associated with full due diligence program which will be required in connection with preparation of the prospectus associated with the Capital Raising to assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

REGULATORY REQUIREMENTS GENERALLY

The Company notes that:

- (a) the Proposed Acquisitions requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Acquisitions may not proceed if those requirements are not met;
- (c) if the Company does not complete the Proposed Acquisitions and re-comply with ASX's requirements for admission and quotation, the Company's securities will not be reinstated to trading until such time as the Company has demonstrated to ASX that it satisfies Chapter 12 of the ASX Listing Rules;
- (d) ASX has an absolute discretion in deciding whether to re-admit the Company to the Official List and to quote its securities and therefore the Proposed Acquisitions may not proceed if ASX exercises that discretion; and

- (e) investors should take account of these uncertainties in deciding whether to buy or sell the Company's securities.

Furthermore, the Company:

- (a) notes that ASX takes no responsibility for the contents of this announcement; and
- (b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

For further information, please contact:

Justyn Stedwell
Company Secretary
Ultracharge Limited
Phone: 03 9191 0135

ANNEXURE A – WATERSHED AGREEMENT

The Company intends to enter into a binding heads of agreement with Watershed Enterprise Solutions Pty Ltd (ACN 609 289 938) (**Watershed**) and the shareholders of Watershed (**Watershed Shareholders**) (**Watershed Agreement**), pursuant to which the Company agreed to purchase and the Watershed Shareholders agreed to sell 100% of the fully paid ordinary shares in the capital of Watershed (**Watershed Shares**) (**Acquisition**). The material terms of the Watershed Agreement are as follows:

- (c) (**Option**): In consideration for the Company paying \$50,000 to Watershed, the Shareholders of Watershed will grant the Company the option to acquire 100% of the Watershed Shares. Upon exercise of the option, the Company will be required to pay \$100,000 to Watershed.
- (d) (**Consideration**): The consideration payable by the Company for the Acquisition is:
- (i) 75,000,000 fully paid ordinary shares in the capital of the Company to be apportioned amongst the Watershed Shareholders on a pro rata basis (subject to paragraph (ii) below (**Consideration Shares**); and
 - (ii) 5% of the Consideration Shares will be issued to Sandton Capital Pty Ltd (or its nominees) and 7% of the Consideration Shares will be issued to Astrid Hill Pty Ltd (or its nominees).

Name of Shareholder	Watershed Shares Held	Percentage of Consideration Shares
JTB Holdings (WA) Pty Ltd	3	2.64%
Mark Balfour	5	4.40%
Sselkrow Pty Ltd	10	8.80%
Aaron Peter Banks	75	66.00%
Brockman Solutions Pty Ltd	2	1.76%
Murray Grigg Lines	1	0.88%
Asia Pacific Consulting Pty Ltd	4	3.52%
Sandton Capital Pty Ltd (or nominees)	Nil	5.00%
Astrid Hill Pty Ltd (or nominees)	Nil	7.00%
Total	100	100%

- (e) (**Conditions Precedent**): Settlement of the Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:
- (i) completion of due diligence on Watershed by the Company;
 - (ii) the tenement being transferred to Watershed such that Watershed is the sole legal and beneficial owner of the Tenement;
 - (iii) the parties to the Watershed Agreement being ready, willing and able to settle the acquisition of Watershed pursuant to the Watershed Agreement;

- (iv) the Company undertaking a capital raising and receiving valid applications for the minimum sum required to meet the ASX listing requirements;
- (v) the Company complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company;
- (vi) the parties obtaining all necessary regulatory approvals to complete the Acquisition; and
- (vii) the parties obtaining all shareholder approvals required to give effect to the Watershed Agreement, including
 - (A) a consolidation of the Company's issued capital (**Consolidation**); and
 - (B) approval for the change of name of the Company,
 to the extent required by the Corporations Act and their respective constitutions,

(together, the **Conditions Precedent**).

- (f) (**Settlement**): Settlement of the Acquisition (**Settlement**) will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.
- (g) (**Board Changes**): At Settlement, the Company must deliver to Watershed:
 - (i) the written resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis (**Resignations**), and
 - (ii) the written resolutions of the directors of the Company resolving that the resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis as existing directors of the Company are accepted and that Aaron Banks and a second director to be nominated by Mt Marshall are appointed as directors of the Company with effect from Settlement.
- (h) (**Termination**): If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (WST) on the date which is six (6) months from the date of execution of the Watershed Agreement (or such later date as is agreed between the parties), any party may terminate the Watershed Agreement by notice in writing to the other parties.
- (i) (**Other Security Issues**): At Settlement, the Company will also issue:
 - (i) 30,000,000 performance rights to senior management, which will convert into shares upon satisfaction of the following milestones:
 - (A) 1/3 will convert into shares upon satisfaction of the following milestones within 12 months following the date of listing:
 - (I) the definition of an Inferred JORC Resource at the Eneabba Project of 80Mt @ 98.5% SiO₂; and
 - (II) the definition of an Inferred JORC Resource at the Kaolin Project - 40Mt @ cut off grade of 30% Al₂O₃;

- (B) 1/3 will convert into shares upon satisfaction of the following milestones within 24 months following the date of listing:
 - (I) the definition of a Measured JORC Resource at the Eneabba Project of 40Mt @ 98.5% SiO₂; and
 - (II) the definition of a Measured JORC Resource at the Kaolin Project - 40Mt @ cut off grade of 30% Al₂O₃;
 - (C) 1/3 will convert into shares upon completion of a preliminary feasibility study on both the Eneabba Project and Kaolin Project demonstrating an ability to operate both projects as commercially viable enterprises within 36 months following the date of listing:
- (ii) 30,000,000 performance rights will be issued to Sandton Capital Pty Ltd and Astrid Hill Pty Ltd, which will convert into shares upon satisfaction of the following milestones:
- (A) 1/3 will convert if, at any time within 12 months following the date of listing, the VWAP of the Company's Shares as traded on the ASX over twenty (20) consecutive trading days is equal to or greater than \$0.03;
 - (B) 1/3 will convert if, at any time within 24 months following the date of listing, the VWAP of the Company's Shares as traded on the ASX over twenty (20) consecutive trading days is equal to or greater than \$0.05; and
 - (C) 1/3 will convert if, at any time within 36 months following the date of listing, the VWAP of the Company's Shares as traded on the ASX over twenty (20) consecutive trading days is equal to or greater than \$0.07; and
- (iii) 45,366,903 options (exercisable at \$0.03 on or before the date that is 3 years following the date of listing) to Sandton Capital Pty Ltd (or its nominees).

The Watershed Agreement otherwise contains representations and warranties, considered standard for an agreement of this nature.

ANNEXURE B – MT MARSHALL AGREEMENT

The Company intends to enter into a binding heads of agreement with Mt Kaolin Pty Ltd (ACN 626 494 399) (**Mt Marshall**) and the shareholders of Watershed (**Watershed Shareholders**) (**Mt Marshall Agreement**), pursuant to which the Company agreed to purchase and the Mt Marshall Shareholders agreed to sell 100% of the fully paid ordinary shares in the capital of Mt Marshall (**Mt Marshall Shares**) (**Acquisition**). The material terms of the Mt Marshall Agreement are as follows:

- (a) (**Option**): In consideration for the Company paying \$50,000 to Mt Marshall, the Shareholders of Mt Marshall will grant the Company the option to acquire 100% of the Mt Marshall Shares. Upon exercise of the option, the Company will be required to pay \$100,000 to Mt Marshall.
- (b) (**Consideration**): The consideration payable by the Company for the Acquisition is:
 - (i) 75,000,000 fully paid ordinary shares in the capital of the Company to be apportioned amongst the Mt Marshall Shareholders on a pro rata basis (**Consideration Shares**), subject to paragraph (ii) below; and
 - (ii) 5% of the Consideration Shares will be issued to Sandton Capital Pty Ltd (or its nominees) and 7% of the Consideration Shares will be issued to other advisors for their services in helping facilitate the Acquisition.

Name of Shareholder	Mt Marshall Shares Held	Percentage of Consideration Shares
Asia Pacific Consulting Pty Ltd	3	0.88%
Brockman Solutions Pty Ltd	6	1.76%
JTB Holdings (WA) Pty Ltd	6	1.76%
Sselkrow Pty Ltd	15	4.40%
Balfour Meagher Pty Ltd	15	4.40%
Aaron Peter Banks	152	44.59%
Robert Kingsley Fitzgerald	100	29.33%
Murray Grigg Lines	3	0.88%
Sandton Capital Pty Ltd (or nominees)	Nil	5.0%
Astrid Hill Pty Ltd (or nominees)	Nil	7.0%
Total	300	100%

- (c) (**Conditions Precedent**): Settlement of the Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:
 - (i) completion of due diligence on Mt Marshall by the Company;
 - (ii) the tenement being transferred to Mt Marshall such that Mt Marshall is the sole legal and beneficial owner of the tenement;

- (iii) the parties to the Mt Marshall Agreement being ready, willing and able to settle the acquisition of Watershed pursuant to the Mt Marshall Agreement;
- (iv) the Company undertaking a capital raising and receiving valid applications for the minimum sum required to meet the ASX listing requirements;
- (v) the Company complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company;
- (vi) the parties obtaining all necessary regulatory approvals to complete the Acquisition; and
- (vii) the parties obtaining all shareholder approvals required to give effect to the Mt Marshall Agreement, including
 - (A) a consolidation of the Company's issued capital (**Consolidation**); and
 - (B) approval for the change of name of the Company,
 to the extent required by the Corporations Act and their respective constitutions,

(together, the **Conditions Precedent**).

- (d) (**Settlement**): Settlement of the Acquisition (**Settlement**) will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.
- (e) (**Board Changes**): At Settlement, the Company must deliver to Mt Marshall:
 - (i) the written resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis (**Resignations**), and
 - (ii) the written resolutions of the directors of the Company resolving that the resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis as existing directors of the Company are accepted and that Aaron Banks and a second director to be nominated by Mt Marshall are appointed as directors of the Company with effect from Settlement.
- (f) (**Termination**): If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (WST) on the date which is six (6) months from the date of execution of the Mt Marshall Agreement (or such later date as is agreed between the parties), any party may terminate the Mt Marshall Agreement by notice in writing to the other parties.
- (g) (**Other Security Issues**): At Settlement, the Company will also issue the securities set out in paragraph (g) of Annexure A.

The Mt Marshall Agreement otherwise contains representations and warranties, considered standard for an agreement of this nature.



ULTRACHARGE

ANNEXURE C – PRO FORMA BALANCE SHEET

Balance Sheet 30 June 2019	Ultracharge Limited	Mt Marshall Kaolin Pty Ltd	Watershed Enterprises Solutions Pty Ltd	Issue of shares September 2019	Share consolidation	Share options issued to Sandston	Capital raising	Grant of options on Watershed and Mt Marshall	Completion of Watershed Agreement	Completion of Mt Marshall Agreement	Consolidate Mt Marshall	Consolidate Watershed	PROFORMA GROUP
	Consolidated												Consolidated
CURRENT ASSETS													
Cash and cash equivalents	1,411,618	-	-	79,847			5,000,000	- 300,000					6,191,465
Trade and other receivables	88,803	300	100								- 300	- 100	88,803
Financial assets at fair value	14,925	-	-										14,925
TOTAL CURRENT ASSETS	1,515,346	300	100	79,847	-	-	5,000,000	- 300,000	-	-	- 300	- 100	6,295,193
NON-CURRENT ASSETS													
Property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Exploration assets									1,350,000	1,350,000			2,700,000
Intangible asset	-	1,250	1,050	-	-	-	-	-	-	-	- 1,250	- 1,050	-
TOTAL NON-CURRENT ASSETS	-	1,250	1,050	-	-	-	-	-	1,350,000	1,350,000	- 1,250	- 1,050	2,700,000
TOTAL ASSETS	1,515,346	1,550	1,150	79,847	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 1,550	- 1,150	8,995,193
CURRENT LIABILITIES													
Trade and other payables	104,158	-	-										104,158
Financial liabilities	70,153	1,250	1,050	- 70,153							- 1,250	- 1,050	-
Provisions	-												-
TOTAL CURRENT LIABILITIES	174,311	1,250	1,050	- 70,153	-	-	-	-	-	-	- 1,250	- 1,050	104,158
NON-CURRENT LIABILITIES													
Financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	174,311	1,250	1,050	- 70,153	-	-	-	-	-	-	- 1,250	- 1,050	104,158
NET ASSETS	1,341,035	300	100	150,000	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 300	- 100	8,891,035
EQUITY													
Issued capital	12,803,460	300	100	150,000			5,000,000		1,500,000	1,500,000	- 300	- 100	20,953,460
Reserves	2,532,896	-	-						-				2,532,896
Accumulated losses	- 13,995,320	-	-					- 300,000	- 150,000	- 150,000			- 14,595,320
TOTAL EQUITY	1,341,036	300	100	150,000	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 300	- 100	8,891,036