the next BIG small thing

DOTZ NANO LIMITED

(formerly Northern Iron Limited)

ABN 71 125 264 575

ANNUAL REPORT
31 DECEMBER 2016

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CORPORATE DIRECTORY

Directors
Faldi Ismail – Non-Executive Chairman
Moti Gross – CEO, Executive Director
Steve Bajic – Non-Executive Director
Menashe Baruch – Non-Executive Director
Ashley Krongold – Non-Executive Director

Company Secretary
Peter Webse

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Auditor
BDO Audit (WA) Pty Ltd
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Securities Exchange Listing
ASX Limited
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152-158 St Georges Terrace
Perth WA 6000

ASX Code – DTZ

DOTZ NANO LIMITED
(formerly Northern Iron Limited)
ABN 71 125 264 575
ANNUAL REPORT 31 DECEMBER 2016

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Dotz Nano Limited, formerly Northern Iron Limited ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2016.

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Name	Status	Appointed	Resigned/ Removed
Faldi Ismail	Non-Executive Chairman	Appointed 31 October 2016	-
Moti Gross	CEO and Executive Director	Appointed 31 October 2016	-
Steve Bajic	Non-Executive Director	Appointed 31 October 2016	-
Menashe Baruch	Non-Executive Director	Appointed 31 October 2016	-
Ashley Krongold	Non-Executive Director	Appointed 31 October 2016	-
Kyla Garic	Non-Executive Director	Appointed 16 May 2016	Resigned 31 October 2016
Michael Davey	Non-Executive Director	Appointed 16 May 2016	Resigned 31 October 2016
Robert Jewson	Non-Executive Director	Appointed 16 May 2016	Resigned 31 October 2016
Peter Bilbe	Chairman	-	Removed 16 May 2016
Anthony Beckmand	Managing Director	-	Removed 16 May 2016
Ashwath Mehra	Non-Executive Director	-	Removed 16 May 2016
Felix Tschudi	Non-Executive Director	-	Removed 16 May 2016
Peter Larsen	Non-Executive Director	-	Removed 16 May 2016

Principal Activities

The principal continuing activities of the Group during the year was development, manufacture and commercialisation of Graphene Quantum Dotz (GQDs).

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2016 (2015: Nil).

Review of operations

Dotz Nano Limited had a loss for the year of $8,089,937 (2015: $1,047,460 loss). The loss included a one off non-cash listing fee of US$1,878,601 and non-cash share based payments of US$3,596,204.

The net assets of the Group have increased from $421,994 from 31 December 2015 to $3,435,252 at 31 December 2016.

As at 31 December 2016, the Group's cash and cash equivalents increased from a balance at 31 December 2015 of $537,972 to a balance of $2,843,980 and had working capital of $2,703,061 (2015: $282,987).

Unless otherwise stated all figures in this report are in the Company's presentation currency US$.

Significant changes in the state of affairs

Recapitalisation of the Company

On 8 April 2016, the Company announced that at a meeting of creditors held on the 24 March 2016, the creditors resolved that the Company execute a Deed of Company Arrangement (DOCA) and that Mr James Thackray be appointed as Deed Administrator, which embodied a proposal by Otsana Capital (Otsana) for the recapitalisation of the Company (Recapitalisation Proposal).

A summary of the material terms of the Recapitalisation Proposal is set out below. Further information appears in sections 3.1 and 3.2 of the Company's Notice of Meeting lodged with the Australian Securities Exchange (ASX) on 13 April 2016.

Significant changes in the state of affairs (continued)

Recapitalisation of the Company (continued)

a) the Company and the Deed Administrator established the Creditors' Trust, with the Deed Administrator acting as trustee;

b) the assets of the Company were transferred to the Creditors' Trust, including an amount of $425,000 comprising of:
   i. $100,000 (Deposit), paid by Otsana upon execution of the DOCA; and
   ii. $325,000 (Recapitalisation Payment), payable by Otsana upon Shareholder approval of the Recapitalisation Resolutions. The Deposit and Recapitalisation Payments are to be repaid to Otsana upon reinstatement of the Company's securities to the Official List;

c) all creditors were required to prove debts against the Trustee of the Creditors' Trust as if they were claimed in a liquidation of the Company and payments in respect of admitted claims of the Creditors will be made in accordance with the DOCA and the Creditors' Trust Deed;

d) upon completion of the DOCA, the funds in the Creditors' Trust were distributed as follows:
   i. first, to the Deed Administrator and Trustee for administering the DOCA and the Creditors' Trust (including fees and disbursements);
   ii. second, to any priority Creditors pro rata according to the amount for which each creditor shall be admitted to proof pursuant to the Creditors' Trust Deed; and
   iii. third, the remainder (if any) to be returned to the Company for distribution to unsecured Creditors;

e) the Deed Administrator cause the then Company Secretary and Directors of the Company to be removed and appoint nominees of Otsana Capital as Company Secretary and Directors of the Company; the nominee directors were appointed on 16 May 2016;

f) all security over the Company's assets was discharged and released;

g) the Company undertook a capital consolidation 10:1 as approved by shareholders on 13 May 2016.

Key conditions precedent for completion of the DOCA included:

- payment of the Deposit and Recapitalisation Payment,
- all subsidiaries being excised from the Company;
- termination or repudiation of existing employment and service contracts; and
- shareholder approval being obtained to give effect to the Recapitalisation Proposal.

The conditions precedent were satisfied on 16 May 2016 and the DOCA was effectuated. On effectuation of the DOCA, control of the Company reverted to the officers of the Company.

Reverse Acquisition

On 31 October 2016, Dotz Nano Limited (ASX:DTZ) (formerly Northern Iron Limited) completed the acquisition of Dotz Nano Ltd (Dotz), a company registered in Israel aimed at developing and commercializing the technology in the Graphene Quantum Dotz (GQD) market. The acquisition of Dotz has been accounted as a reverse takeover transaction under the Australian Accounting Standards. The terms of the transaction are as follows:

- The issue of 66,000,000 Ordinary Shares and 66,000,000 Performance Shares in DTZ to the shareholders of Dotz in exchange for 100% of the issued Capital of Dotz;

DIRECTORS' REPORT

Significant changes in the state of affairs (continued)

Reverse Acquisition (continued)

- The issue of 1,750,000 Lead Manager Shares, 4,500,000 Lead Manager Options and 1,000,000 Transaction Options to parties that have assisted with facilitating the transaction and completing the capital raising**;**
- The issue of 30,000,000 Ordinary Shares through a public offer at AUD$0.20 to raise AUD$6,000,000 (which resulted in raising of US$4,587,600); and
- The deemed consideration for the acquisition was US$1,860,273 and a non-cash one off listing fee expense of US$1,878,601 was recognised in the profit and loss for the half year ended 31 December 2016 in accordance with the Australian Accounting Standards.

Prior to completion of the transaction the following significant changes occurred:

- The Company changed its name from Northern Iron Limited to Dotz Nano Limited;
- The DTZ shares were consolidated from ten (10) shares to one (1) shares;
- The NFE Convertible Loan Agreement converted with the issue of 5,000,000 DTZ shares at AUD$0.20 per share; and
- The Dotz Convertible Loan converted with the issue of 1,750,000 shares in DTZ at AUD$0.20 per share.
- On settlement date being 31 October 2016 the existing directors of DTZ (Michael Davey, Kyla Garic and Robert Jewson) resigned and the following directors were appointed; Faldi Ismail, Moti Gross, Menashe Baruch, Steve Bajic and Ashley Krongold.

Highlights during the year

Other significant highlights during the year included the following:

- Dotz Nano and its USA based manufacturing partner Pflaumer Brothers Inc. were awarded a conditional AU$1.2 million grant by the Israeli-U.S. Binational Industrial Research and Development (BIRD) Foundation. The grant is to fund the Quality Assurance Lab and Production facilities for the manufacturing of Dotz GQDs in the US.
- Dotz Nano signed a Memorandum of Understanding with Nanyang Technological University, Singapore (NTU Singapore) for the establishment of SG$20 million Graphene Quantum Dotz Application Research Centre. This is the first centre of its kind and Dotz will have exclusive licencing rights to commercialise developed applications.
- The Company also made progress on the distribution agreement front, signing a Memorandum of Understanding (MoU) with Mainami Holdings in Japan, becoming Dotz's distributor of GQDs in the country and in other Pan-Asian territories.
- Progress was made from an R&D front. Dotz developed new cost-efficient GQDs with a significant rise in Quantum Yield (QY) (>65%). This development is applicable to the high-end users of GQDs such as displays, TV's, solar cells and biomedical imaging, a market previously not available to Dotz Nano.
- The expansion of Dotz Nano's production capability from 50kgs to 100kgs per annum was also a significant goal achieved in the Company's commercialisation strategy.

Significant events after the reporting period

Since the reporting date the following significant events have occurred:

- The Company dispatched its first shipment of graphene quantum dots to Strem Chemicals Inc. and received first sales from the distributor.
- The MoU with Mainami Holdings was converted into exclusive distribution agreement to distribute Dotz product in Japan, as well as marketing the material in the Pan-Asia region on a non-exclusive basis.

Significant events after the reporting period (continued)

- The company completed a Proof of Concept research study with Kyung Hee University for the use of Dot'z GQDs in Flash Memory. The Company is in advanced negotiations for a comprehensive research agreement with the University and operational exclusive Licensing Rights for the development and commercialisation of GQD Flash Memory devices.
- Dotz Nano dispatched its first commercial shipment of GQDs to China to Changchun Ocean Electro-optics Co., Ltd who will market the GQDs to the Chinese market. To the Company's knowledge this is the first commercial shipment of graphene quantum dots ever made into the Chinese market.
- Dotz Nano shipped its first commercial quantities of GQDs to South Korea to Samchun Pure Chemical Co., Ltd a main distributor to first tier display producers.

There were no other significant events after balance date.

Information on Directors

Mr Faldi Ismail	Non-Executive Chairman (Appointed 31 October 2016)
Qualifications	B Bus MAICD
Experience	Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. With many years of investment banking experience, his expertise covers a wide range of industry sectors. Mr Ismail is the founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and Initial Public Offerings (IPO's) and is currently a director of several ASX-Listed companies.
Interest in Shares and Options at the date of this report	2,816,667 Ordinary shares and 1,866,667 Performance shares 1,333,334 Options exercisable by payment of $0.40 each, expiring 3 years from date of issue
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Cre8tek Limited (current) Ookami Limited (current) MHM Metals Limited (current) TV2U International Limited (ceased 21 October 2016) WHL Energy Limited (ceased 1 March 2017) Asiamet Resources Limited (formerly Kalimantan Gold Corporation) (current) BGD Corporation Limited (ceased 6 April 2016) Emergent Resources Limited (ceased 16 November 2015) Mareterram Limited (formerly Style Limited) (ceased 10 August 2015)

Dr Moti Gross	CEO and Executive Director (Appointed 31 October 2016)
Qualifications	PhD Economics, LLB
Experience	Moti Gross has extensive managerial experience leading technological companies, developing business strategy for ongoing enterprises and start-ups. Dr Gross has promoted various technological projects including raising capital in both government and private sectors, developing and remodelling business tactics and strategies and building business models for numerous companies. Dr. Gross earned his PhD in Economics and Finance at Oxford University and a Bachelor of Law from Peres Academic Centre in Israel.

DIRECTORS' REPORT

Information on Directors

Interest in Shares and Options at the date of this report	3,160,687 Ordinary shares and 3,160,687 Performance shares
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil
Mr Steve Bajic	Non-Executive Director (Appointed 31 October 2016)
Qualifications	Financial Management Diploma
Experience	Mr. Bajic has been in the finance industry for 20 years and has helped raise capital in various industries at all levels of company advancement. He has an extensive resume of current and past private and public director and officer positions.
Interest in Shares and Options at the date of this report	Nil
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil
Mr Menashe Baruch	Non-Executive Director (Appointed 31 October 2016)
Qualifications	Bachelor of Economics
Experience	Mr Baruch is an experienced entrepreneur in the field of retail sales as well as an experienced investor in hi-tech companies over the past 10 years.
Interest in Shares and Options	242,198 Ordinary shares and 242,198 Performance shares
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil
Mr Ashley Krongold	Non-Executive Director (Appointed 31 October 2016)
Qualifications	B Com

Information on Directors

Experience	Mr Krongold has spent 15 years in the Investment Banking and Accounting industries. He was a founding member of Investec Bank Australia and is currently CEO of the Krongold Group and a non-executive director of Weebit Nano Ltd (ASX: WBT). He is also a founding General Partner of global equity crowd-funding platform, OurCrowd.
Interest in Shares and Options	1,634,838 Ordinary shares and 1,634,838 Performance shares
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Weebit Nano Limited (current)

Information on Key Management

Mr Ariel Malik	VP International Finance
Qualification	BA Economics, MBA
Experience	Mr Malik is a business strategy consultant in the roles of Senior Vice President for International Finance. Mr Malik has many years' experience as an investment banker and is responsible for overseeing; strategic planning, international business development, cross border negotiations, capital raisings and finance development. Mr Malik is an Israeli biotech and materials investor and entrepreneur. He was the founder and co-founder of Pluristem (NASDAQ: PSTI), Oramed Pharma (NASDAQ: BLSP), each a technology company that was built around technologies from Tel Aviv Universities, the Hebrew University of Jerusalem, the Technion and other research institutes. Mr Malik is also the founding shareholder of Dotz, and has in addition to Dotz and in co-operation with Ben Gurion University and Rice University, established Weebit Nano (ASX:WBT) and Ultracharge (ASX:UTR).

Mr Avigdor Kaner	VP Business Development
Qualification	BA, MBA
Experience	Mr Avigdor Kaner has a multitude of experience in business development. He has held many senior marketing positions including Head of Business Development for Baran Technologies. He has also worked in the USA market for a variety of organisations as a freelance consultant. Mr Kaner holds an MA from Tel-Aviv University and is currently finishing his PhD degree.

Dr Michael Shtein	Chief Technology Officer
Qualifications	Ph.D. in Nano Technology
Experience	Dr Shtein holds a Ph.D. in Nano Technology interdisciplinary studies from Ben-Gurion University, together with and M.Sc in Chemical Engineering and MBA. He was the Chief Material Engineer – R&D Development for the Israeli Ministry of Defence and has developed several new materials and compounds. His main research topic is composite nanomaterials (CNT, Graphene, WS2).

Information on Key Management

Mr Eran Gilboa	Chief Financial Officer
Qualifications	B.A (Economics and Management), M.A (Law)
Experience	Mr Gilboa has experience as the Chief Financial Officer for numerous global companies in the field of hi-tech, real estate, finance and media. Mr Gilboa has gained experience in capital offerings, working with venture capital firms and various boards of directors. Mr Gilboa was responsible for private and public companies in his role as a Senior Accountant at Ernst & Young. Mr Gilboa has a CPA license and holds a B.A in Economics and Management, specialising in finance, from the College of Management in Israel, and M.A (Law) from Bar Ilan University.

Information on Company Secretary

Mr Peter Webse	Company Secretary
Qualifications	B.Bus, FGIA, FCPA, MAICD
Experience	Mr Webse has over 25 years' company secretarial experience and is managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse holds a Bachelor of Business with a double major in Accounting and Finance, is a Fellow of the Governance Institute of Australia, a Fellow Certified Practicing Accountant and a Member of the Australian Institute of Company Directors.

Meetings of Directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

		DIRECTORS' MEETINGS	
		Number eligible to attend	**Number Attended**
Faldi Ismail	Appointed 31 October 2016	1	1
Moti Gross	Appointed 31 October 2016	1	1
Steve Bajic	Appointed 31 October 2016	1	-
Menashe Baruch	Appointed 31 October 2016	1	1
Ashley Krongold	Appointed 31 October 2016	1	1
Kyla Garic	Appointed 16 May 2016, Resigned 31 October 2016	1	1
Michael Davey	Appointed 16 May 2016, Resigned 31 October 2016	1	1
Robert Jewson	Appointed 16 May 2016, Resigned 31 October 2016	1	1
Peter Bilbe	Removed 16 May 2016	N/A	N/A
Anthony Beckmand	Removed 16 May 2016	N/A	N/A
Ashwath Mehra	Removed 16 May 2016	N/A	N/A
Felix Tschudi	Removed 16 May 2016	N/A	N/A
Peter Larsen	Removed 16 May 2016	N/A	N/A

N/A in the above table indicates that no information is available to determine the number of meetings held and attended by those directors removed from office on 16 May 2016.

Options

Unissued shares under option

At the date of this report, the unissued ordinary shares Dotz Nano Limited under option are as follows:

Expiry Date	Grant Date	Exercise Price	Number Under Option
31 October 2019	1 November 2016	$0.40	4,500,000*
31 October 2019	1 November 2016	$0.30	1,000,000*
14 June 2020	13 May 2016	$0.20	5,000,000*
			10,500,000

* All options have been escrowed for a period of 24 months from the quotation date.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. No options were exercised during the year (2015: Nil).

Performance Shares

Expiry Date	Grant Date	Milestone	Number of Performance Shares
30 April 2018	31 October 2016	Milestone 1	22,000,000
30 April 2019	31 October 2016	Milestone 2	22,000,000
31 October 2020	31 October 2016	Milestone 3	22,000,000
			66,000,000

Class	Milestone
Milestone 1	Upon Dotz achieving the production and distribution of an aggregate of 20 kilograms of GQDs through formal off-take agreements or commercial samples with a reputable third party within an 18-month period from the date of issue of the Performance Shares.
Milestone 2	Upon Dotz achieving the production and distribution of an aggregate of 50 kilograms of GQDs in any 12 month period through formal off-take agreements with a reputable third party within 30-months from the date of issue of the Performance Shares.
Milestone 3	Upon Dotz achieving the production and distribution of an aggregate of 100 kilograms of GQDs through formal off-take agreements with a reputable third party in any 12-month period within 48 months from the date of issue of the Performance Shares.

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the performance milestones which are based on future events. To date, none of the Milestones have been met.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnifying Officers

The Company indemnifies each of its Directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

Future Developments, Prospects and Business Strategies

The Company's principal continuing activity is the development and commercialisation of technologies in the advanced materials industry, specifically graphene quantum dots (GQDs). The Company's future developments, prospects and business strategies are to continue to develop and commercialise these technologies.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report.

Non-audit Services

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor did not provide any services other than their statutory audits. Details of their remuneration can be found within the financial statements at Note 8 Auditor's Remuneration.

In the event that non-audit services are provided by BDO (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 19 of the financial report.

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2016 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (**Act**) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive Director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to equity instruments
7. Loans to key management personnel (KMP) and their related parties
8. Other transactions and balances with KMP and their related parties

1. Introduction

Key Management Personnel (**KMP**) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued subject to approval by shareholders in a general meeting.

At the date of this report the Company has five executive appointed, being the appointment of Dr Moti Gross as the Executive Director and CEO, Mr Ariel Malik as the VP International Finance, Mr Avigdor Kaner as the VP of Business Development, Dr Michael Shtein as the Chief Technology Officer and Mr Eran Gilboa as the Chief Financial Officer. The terms of their Executive Employment Agreements with Dotz Nano Limited are summarised in the following table.

Executive Name	Remuneration
Dr Moti Gross	• Executive salary of US$240,000 per annum; • Annual bonus of 100% of yearly salary based upon the performance targets established by the Board (No bonus was payable for the year ended 31 December 2016); and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Mr Ariel Malik	• Executive salary of US$240,000 per annum; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Mr Avigdor Kaner	• Executive salary of US$120,000 per annum; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Dr Michael Shtein	• Executive salary of US$240,0000 per annum; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Mr Eran Gilboa	• Executive salary of US$84,000 per annum; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies

At this stage the Board does not consider the Group's earnings or earnings related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development and corporate activities.

4. Non-executive Director fee arrangements

The Board policy is to remunerate Non-executive Directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive Directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of AU$500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Total fees for the Non-executive Directors for the financial year were $46,429 (2015: $Nil) and cover main Board activities only. Non-executive Directors may receive additional remuneration for other services provided to the Group.

Performance Conditions Linked to Remuneration

The Group has established and maintains Dotz Nano Limited Employee Incentive Option Plan **(Plan)** to provide ongoing incentives to Eligible Participants of the Company. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group Company;
- a full or part time employee of any Group Company;
- a casual employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The Board adopted the Plan to allow Eligible Participants to be granted Options to acquire shares in the Company.

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer term goals. No options have been issued under this plan.

5. Details of Remuneration

The Key Management Personnel of Dotz Nano Limited includes the current and former Directors of the Company and Key Management Personnel of Dotz during the year ended 31 December 2016.

31-Dec-16	Short Term Salary, Fees & Commissions	Post-Employment Superannuation	Other	Share-based payments	Total	Performance based remuneration
	US$	US$	US$	US$	US$	
Directors:						
Faldi Ismail	14,856	-	1,486		**16,342**	0%
Moti Gross	61,687	-	5,088	-	**66,775**	0%
Steve Bajic	6,190	-	-	-	**6,190**	0%
Menashe Baruch	6,190	-	-	-	**6,190**	0%
Ashley Krongold	6,190	-	-	-	**6,190**	0%
Kyla Garic	6,128	-	33,316	-	**39,444**	0%
Michael Davey	6,128	-	-	-	**6,128**	0%
Robert Jewson	6,128	-	-	-	**6,128**	0%
Peter Bilbe*	-	-	-	-	**-**	-
Anthony Beckmand*	-	-	-	-	**-**	-
Ashwath Mehra*	-	-	-	-	**-**	-
Felix Tschudi*	-	-	-	-	**-**	-
Peter Larsen*	-	-	-	-	**-**	-
Key management:						
Ariel Malik	50,649	-	19,484[1]	-	70,133	0%
Eran Gilboa	36,203	-	-	-	36,203	0%
Michael Shtein	29,297	-	-	-	29,297	0%
Avigdor Kaner	19,320	-	-	-	19,320	0%
Total	**248,966**	**-**	**59,374**	**-**	**308,340**	

* These directors were in office for the period from 1 January 2016 until 16 May 2016 (the date they were removed), the current directors do not hold sufficient records covering this period and are therefore unable to disclose the director remuneration for these individuals in accordance with the Corporations Act 2001.

[1] This amount relates to remuneration paid to the spouse of Mr Malik.

Year ended 31 December 2015

The financial report for the year ended 31 December 2015 was prepared by Directors who were appointed on or after 16 May 2016. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement ("DOCA") on 16 May 2016. Accordingly, the company does not have adequate information to enable the remuneration report disclosures required by the Corporations Act 2001 for the year ended 31 December 2015.

6. Additional disclosures relating to equity instruments

KMP Shareholdings

The number of ordinary shares in Dotz Nano Limited held by each KMP of the Group during the financial year is as follows:

31-Dec-16	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Directors:					
Faldi Ismail	-	-	-	2,816,667	2,816,667
Moti Gross	-	-	-	3,160,687	3,160,687
Steve Bajic	-	-	-	-	-
Menashe Baruch	-	-	-	242,198	242,198
Ashley Krongold	-	-	-	1,634,838	1,634,838
Kyla Garic	-	-	-	-	-
Michael Davey	-	-	-	-	-
Robert Jewson	-	-	-	-	-
Peter Bilbe*	215,288	-	-	(215,288)	-
Anthony Beckmand*	-	-	-	-	-
Ashwath Mehra*	15,702,792	-	-	(15,702,792)	-
Felix Tschudi*	67,133,728	-	-	(67,133,728)	-
Peter Larsen*	32,000	-	-	(32,000)	-
Key management:					
Ariel Malik	-	-	-	11,746,611	11,746,611
Eran Gilboa	-	-	-	1,816,486	1,816,486
Michael Shtein	-	-	-	2,446,201	2,446,201
Avigdor Kaner	-	-	-	-	-
Total	**83,083,808**	**-**	**-**	**(59,220,120)**	**23,863,688**

* These balances represent the shareholding of the directors prior to the consolidation of shares on a 10:1 basis at the removal date.

Year ended 31 December 2015

The financial report for the year ended 31 December 2015 was prepared by Directors who were appointed on or after 16 May 2016. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement ("DOCA") on 16 May 2016. Accordingly, the company does not have adequate information to enable the remuneration report disclosures required by the *Corporations Act 2001* for the year ended 31 December 2015.

6. Additional disclosures relating to equity instruments

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested or lapsed during the year.

Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

31-Dec-16	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Vested and un-exercisable
Directors:							
Faldi Ismail	-	-	-	1,333,334	1,333,334	-	1,333,334
Moti Gross	-	-	-	-	-	-	-
Steve Bajic	-	-	-	-	-	-	-
Menashe Baruch	-	-	-	-	-	-	-
Ashley Krongold	-	-	-	-	-	-	-
Kyla Garic	-	-	-	-	-	-	-
Michael Davey	-	-	-	-	-	-	-
Robert Jewson	-	-	-	-	-	-	-
Peter Bilbe	-	-	-	-	-	-	-
Anthony Beckmand	-	-	-	-	-	-	-
Ashwath Mehra	-	-	-	-	-	-	-
Felix Tschudi	-	-	-	-	-	-	-
Peter Larsen	-	-	-	-	-	-	-
Key management:							
Ariel Malik	-	-	-	-	-	-	-
Eran Gilboa	-	-	-	-	-	-	-
Michael Shtein	-	-	-	-	-	-	-
Avigdor Kaner	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**1,333,334**	**1,333,334**	**-**	**1,333,334**

Year ended 31 December 2015

The financial report for the year ended 31 December 2015 was prepared by Directors who were appointed on or after 16 May 2016. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement ("DOCA") on 16 May 2016. Accordingly, the company does not have adequate information to enable the remuneration report disclosures required by the *Corporations Act 2001* for the year ended 31 December 2015.

KMP performance rights holdings

No performance rights were issued during the current financial year (2015: Nil)

KMP performance shares holdings

The number of performance shares held by each KMP of the Group during the financial year is as follows:

31-Dec-16	Balance at the start of the year	Granted as Remuneration during the year	Other changes during the year*	Balance at end of Year
Directors:				
Faldi Ismail	-	-	1,886,667	1,886,667
Moti Gross	-	-	3,160,687	3,160,687
Steve Bajic	-	-	-	-
Menashe Baruch	-	-	-	-
Ashley Krongold	-	-	-	-
Kyla Garic	-	-	-	-
Michael Davey	-	-	-	-
Robert Jewson	-	-	-	-
Peter Bilbe	-	-	-	-
Anthony Beckmand	-	-	-	-
Ashwath Mehra	-	-	-	-
Felix Tschudi	-	-	-	-
Peter Larsen	-	-	-	-
Key management:				
Ariel Malik	-	-	-	-
Eran Gilboa	-	-	-	-
Michael Shtein	-	-	-	-
Avigdor Kaner	-	-	-	-
Total	**-**	**-**	**5,047,354**	**5,047,354**

* The other changes during the year relate to the grant of Performance Shares as part of the Reverse Acquisition Transaction.

7. Loans to key management personnel (KMP) and their related parties

There were no loans made to key management personnel during the financial year.

8. Other transactions and balances with KMP and their related parties

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the group's key management personnel:

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP:

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided corporate services and rental to the Group. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2016 US$	Total Transactions 2015 US$	Payable Balance 2016 US$	Payable Balance 2015 US$
Otsana Capital Pty Ltd	Capital raising fee	Faldi Ismail	272,448	-	-	-
Otsana Capital Pty Ltd	Management fee	Faldi Ismail	110,309	-	-	-
Otsana Capital Pty Ltd	Corporate advisor retainer	Faldi Ismail	11,335	-	7,428	-
Otsana Capital Pty Ltd	Transaction costs	Faldi Ismail	17,912	-	-	-
Otsana Capital Pty Ltd	Value of shares issued	Faldi Ismail	111,423	-	-	-
Otsana Capital Pty Ltd	Value of options issued	Faldi Ismail	72,364	-	-	-
Romfal Sifat Pty Ltd	Value of options issued	Faldi Ismail	24,121	-	-	-
Adamantium Holdings Pty Ltd	Rent and registered office fee	Faldi Ismail	-	-	2,246	-

A capital raising fee of $272,448 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2016. Otsana Pty Ltd is a company controlled by Director Faldi Ismail.

A management fee of $110,309 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2016 as per the Corporate Advisor Mandate dated 6 August 2016. The fee paid was for management of the re-compliance.

A corporate advisor retainer of $11,335 was paid or payable to Otsana Capital Pty for the period 15 November 2016 to 31 December 2016 as per the Corporate Advisor Mandate dated 6 August 2016.

Other total costs paid to Otsana Capital Pty Ltd relating to expense incurred for the transactions totalled to $17,912.

As part of the Corporate Adviser Mandate 1,000,000 adviser options and 750,000 lead manager shares were issued to Otsana Pty Ltd. The options had a fair value of $111,423 and the shares had a fair value of $72,364. As part of the same Mandate 333,334 options with a fair value of $24,121 were issued to Romfal Sifat Pty Ltd, company associated with Mr Faldi Ismail.

The Company has a Rental Agreement with Adamantium Holdings Pty Ltd, a company related to Mr Faldi Ismail. The rent payable by the Company is $1,486 (AU$2,000) per month.

As part of the reverse takeover transaction 66,000,000 ordinary and 66,000,000 performance shares were issued to the shareholders of Dotz in exchange for their shares in Dotz.

9. Voting of shareholders at last year's annual general meeting

There was no remuneration report prepared for financial year ended 31 December 2015 as the legal parent was in Voluntary Administration; therefore no vote by shareholders was applicable.

REMUNERATION REPORT (END)

Signed in accordance with a resolution of the Board of Directors.

Faldi Ismail

Non-Executive Chairman

30 March 2017

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DOTZ NANO LIMITED

As lead auditor of Dotz Nano Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dotz Nano Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 March 2017

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		US$	US$
Revenue	4	19,683	-
Other income	4	52,145	
Administrative expenses		(120,672)	(30,310)
Consulting and Management fees		(612,586)	(166,488)
Depreciation		(38,532)	-
Directors Fees		(46,429)	-
Finance expenses	5	(288,161)	(87,825)
Insurance		(48,646)	-
Interest expense		(69,546)	-
Legal and professional fees		(155,867)	(48,412)
Listing fee expense	2(f), 5	(1,878,601)	-
Motor vehicle expense		(77,389)	(12,697)
Occupancy costs		(51,766)	(23,204)
Other expenses		(185,468)	-
Research and development		(222,434)	(228,343)
Share based compensation	5, 18	(3,596,204)	(132,356)
SRA and patent expense	5	(375,200)	(273,976)
Transaction Costs		(126,950)	-
Travel and accommodation	5	(267,314)	(43,849)
Profit/(Loss) before income tax		(8,089,937)	(1,047,460)
Income tax expense		-	-
Profit/(Loss) for the year		(8,089,937)	(1,047,460)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	17(d)	(268,858)	-
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(8,358,795)	(1,047,460)
Basic earnings/(loss) per share (cents per share)	9	(32.98)	(16.37)
Diluted earnings/(loss) per share (cents per share)	9	(32.98)	(16.37)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 US$	2015 US$
CURRENT ASSETS			
Cash and cash equivalents	10 a	2,843,980	537,972
Trade and other receivables	11	127,706	38,990
Other assets		63,913	-
TOTAL CURRENT ASSETS		**3,035,599**	**576,962**
NON-CURRENT ASSETS			
Trade and other receivables	11	48,961	25,664
Property, plant and equipment		144,230	23,937
Investments		23,237	89,600
Goodwill	13	43,578	43,578
Intangible assets	12	472,185	422,185
TOTAL NON-CURRENT ASSETS		**732,191**	**604,964**
TOTAL ASSETS		**3,767,790**	**1,181,926**
CURRENT LIABILITIES			
Trade and other payables	14	245,825	208,975
Deferred tax liability		85,000	85,000
Provisions		1,713	-
TOTAL CURRENT LIABILITIES		**332,538**	**293,975**
NON-CURRENT LIABILITIES			
Borrowings	15	-	431,810
Derivatives		-	34,147
TOTAL CURRENT LIABILITIES		**-**	**465,957**
TOTAL LIABILITIES		**332,538**	**759,932**
NET ASSETS/ (LIABILITIES)		**3,435,252**	**421,994**
SHAREHOLDERS' EQUITY/ (DEFICIT)			
Issued capital	16	12,456,472	1,370,688
Reserves	17	149,767	132,356
Accumulated losses		(9,170,987)	(1,081,050)
SHAREHOLDERS' EQUITY/ (DEFICIT)		**3,435,252**	**421,994**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	US$	US$	US$	US$	US$
Balance at 1 January 2015	**41,000**	**-**	**-**	**(33,590)**	**7,410**
Loss for the year	-	-	-	(1,047,460)	(1,047,460)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,047,460)	(1,047,460)
Transactions with owners, recognised directly in equity					
Conversion of convertible loan	41,000	-	-	-	41,000
Shares issued	1,288,688	-	-	-	1,288,688
Options issued	-	132,356	-	-	132,356
Balance at 31 December 2015	**1,370,688**	**132,356**	**-**	**(1,081,050)**	**421,994**
Balance at 1 January 2016	**1,370,688**	**132,356**	**-**	**(1,081,050)**	**421,994**
Loss for the year	-	-	-	(8,089,937)	(8,089,937)
Other comprehensive income	-	-	(268,858)	-	(268,858)
Total comprehensive loss for the year	-	-	(268,858)	(8,089,937)	(8,358,795)
Transactions with owners, recognised directly in equity					
Issue of Dotz shares before transaction	4,219,617	-	-	-	4,219,617
Conversion of options	132,356	(132,356)			-
Issue of shares under the public offer	4,587,600	-	-	-	4,587,600
Issue of shares to lead manager	267,610	-	-	-	267,610
Acquisition of Dotz Nano Ltd (Dotz)	1,878,601	-	-	-	1,878,601
Issue of lead manager options	-	335,185	-		335,185
Issue of transaction options	-	83,440	-	-	83,440
Balance at 31 December 2016	**12,456,472**	**418,625**	**(268,858)**	**(9,170,987)**	**3,435,252**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,547,838)	(887,000)
Payments for transaction costs		(136,792)	-
Interest received		1,137	-
Net cash used in operating activities	10 b	(2,683,493)	(887,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(158,820)	(3,120)
Cash acquired on reverse takeover transaction	2 e	4,763,144[1]	-
Acquisition of subsidiary net of cash		-	(215,585)
Sale/(Acquisition) of marketable securities		118,508	(105,800)
Restricted deposits		(22,977)	(25,664)
Net cash used in investing activities		4,699,855	(350,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds for the issue of shares		256,469	1,329,321
Proceeds from borrowings or convertible note		327,713	209,679
Payment to lenders		(74,546)	-
Net cash from financing activities		509,636	1,539,000
Net increase/ (decrease) in cash and cash equivalents		**2,525,998**	**301,831**
Cash and cash equivalents at the beginning of the financial year		537,972	236,141
Foreign exchange		(219,990)	-
Cash and cash equivalents at the end of the financial year	10 a	2,843,980	537,972

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

[1] The cash acquired of USD$4,763,144 includes the capital raised of AUD$6,000,000 under the Public Offer less any associated capital raising costs which occurred prior to the acquisition date.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

These consolidated financial statements cover Dotz Nano Limited (**Company**) and its controlled entities as a consolidated entity (also referred to as **Group**). Dotz Nano Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued by the board of directors on 30 March 2017 by the directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial report

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian interpretations) adopted by the Australian Accounting Standard Board (**AASB**) and the Corporations Act 2001. It is noted that the financial report for the legal parent for year ended 31 December 2015 was prepared by Directors who were appointed on or after 16 May 2016. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement ("DOCA") on 16 May 2016. Accordingly the company does not have adequate information to enable the remuneration report disclosures required by the Corporations Act 2001 for the comparative period (31 December 2015). The financial statements have been prepared on an accruals basis and are based on historical costs.

b) Reverse Acquisition

On 31 October 2016 Dotz Nano Limited (formerly Northern Iron Limited) completed the acquisition of the Dotz Nano Ltd (Dotz), an Israeli based technology company focusing on the development, manufacture and commercialization of graphene quantum dots. Under the Australian Accounting Standards Dotz was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Dotz acquires the net assets and listing status of Dotz Nano Limited.

Accordingly the consolidated financial statements of Dotz Nano Limited have been prepared as a continuation of the business and operations of Dotz. As the deemed acquirer, Dotz has accounted for the acquisition of Dotz Nano Limited from 1 November 2016. The comparative information for the year ended 31 December 2015 is that of Dotz, with the exception of an adjustment made between Goodwill and Shareholders' Equity in order to appropriately reflect the correct application of Australian Accounting Standards in respect of a historical business combination. Refer to note 2 for further details

The implications of the acquisition by Dotz on the financial statements are as follows:

i) Statement of Profit or Loss and Other Comprehensive Income

- The statement of profit and loss and other comprehensive income comprises the total comprehensive income for the 12 months ended 31 December 2016 for Dotz and the period from 1 November 2016 to 31 December 2016 for Dotz Nano Limited.
- The statement of profit and loss and other comprehensive income for the year ended 31 December 2015 comprises of Dotz balances only.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ii) Statement of Financial Position

- The statement of financial position as at 31 December 2016 represents the combination of Dotz and Dotz Nano Limited.
- The statement of financial position comparative represents Dotz only as at 31 December 2015.

iii) Statement of Changes in Equity

- The Statement of Changes in Equity comprises:
  - The equity balance of Dotz as at the beginning of the financial year (1 January 2016).
  - The total comprehensive income for the financial year and transactions with equity holders, being 12 months from Dotz for the year ended 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Dotz Nano Limited.
  - The equity balance of the combined Dotz and Dotz Nano Limited for at the year ended 31 December 2016.
- The Statement of Changes in Equity comparatives comprise the full financial year for Dotz for the 12 months ended 31 December 2015.

iv) Statement of Cash Flows

- The Statement of Cash Flows comprises:
  - The cash balance of Dotz at the beginning of the financial year (1 January 2016).
  - The transactions for the financial year for the 12 months from Dotz Nano Ltd for the year ended 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Dotz Nano Limited.
  - The cash balance of the combined Dotz and Dotz Nano Limited for the year ended 31 December 2016.
- The Statement of Cash Flows comparative comprises the full financial year of Dotz for the year ended 31 December 2015.

v) Equity Structure

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of Dotz Nano Limited and Dotz. The comparative reflects the equity structure of Dotz.

vi) Earnings Per Share

The weighted average number of shares outstanding for the year ended 31 December 2016 is based on the combined weighted average number of shares of Dotz Nano Limited outstanding in the period following the acquisition and the weighted average number of ordinary shares in Dotz prior to the acquisition. The comparative weighted average number of shares is based on the legal subsidiary's (Dotz) weighted average share multiplied by the exchange ratio.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d) Business combination

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

e) Goodwill

Goodwill represents the excess of the costs of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost of a business combination comprise the fair values of assets given, liabilities assumed and equity instruments issued. Any costs of acquisition are charged to profit or loss.

Goodwill is recognized as an intangible asset with any impairment in carrying value being charged to the income statement. The Goodwill is not systematically amortised and the company reviews goodwill for impairment once a year, or more frequently if events or changes to circumstances indicated that there is an impairment.

f) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (**income**) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g) Leases

Leases are classified at their inception as either operating or finance leases based on economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments made under operating leases are charged against profits in equal installments over the accounting periods covered by the lease term where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item.

The cost of improvements to or on leased property is capitalized, disclosed as leasehold improvements and amortised.

Finance leases

Leases which effectively transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

h) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Impairment of non-financial assets

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

i) Intangible assets

Acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured on initial recognition at fair value at the acquisition date.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the assets may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Intangible assets with identifiable useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible assets may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continued to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. The intangible assets are considered to be with indefinite useful life.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

k) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable

l) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (**ATO**).

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes or Monte Carlo simulation model depending on the type of share-based payment.

o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

p) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The option reserve records the value of share-based payments.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

q) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in USA dollars which is the Parent's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognized other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

r) Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The two reportable segments include Australia and Israel.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

s) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

t) Critical Accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and judgements

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The company reviews goodwill and other intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment. Goodwill is allocated at initial recognition to each of the Company's cash-generating units that are expected to benefit from synergies of the business combination giving rise to the goodwill. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is lower than the carrying value of the cash generating unit. Any impairment is first allocated to goodwill.

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Reverse Acquisition

The value of the share based payment in the reverse acquisition is based on the notional amount of shares that Dotz Nano Ltd would need to issue to acquire the majority interest of Dotz Nano Limited's shares that the shareholders did not own after the acquisition, multiplied by the fair value of Dotz Nano Ltd shares. The deemed fair value of Dotz Nano Ltd's shares is the exchange ratio applied to the share price of the listed entity (Dotz Nano Limited) at acquisition date.

NOTE 2: REVERSE ACQUISITION

On 31 October 2016, Dotz Nano Limited (formerly Northern Iron Limited) completed the acquisition of Dotz Nano Ltd (Dotz). Under the Australian Accounting Standards Dotz was deemed the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment under the guidance of AASB2 Share Based Payments by which Dotz acquirers the net assets and listing status of Dotz Nano Limited.

Deemed Consideration

Dotz Nano Limited made a takeover offer of all securities of Dotz. The takeover offer was affected through an off-market takeover bid for all of the ordinary shares in Dotz on the basis of 2,245 Dotz Nano Limited shares for every 1 Dotz share.

Under the acquisition, Dotz Nano Limited acquired all the shares of Dotz by issuing 66,000,000 ordinary shares and 66,000,000 performance shares in Dotz Nano Limited to Dotz shareholders, giving Dotz (accounting parent) a controlling interest in Dotz Nano Limited (accounting subsidiary) and equating to a controlling interest in the combined entity. Dotz was deemed the acquirer for accounting purpose as it owned 86.6% of the consolidated entity. The acquisition of Dotz by Dotz Nano Limited is not deemed to be a business combination, as Dotz Nano Limited is not considered to be a business under AASB 3 Business Combination.

The value of the Dotz Nano Limited shares provided was determined as the notional number of equity instruments that the shareholders of Dotz would have had to give the owners of Dotz Nano Limited, the same percentage ownership in the combined entity. It has been deemed to be $1,860,273.

The pre-acquisition equity balances of Dotz Nano Limited, ($18,328), are eliminated against the increase in share capital of $1,860,273 on consolidation and the balance is deemed to be the amount paid for the listing status, being $1,878,601 (recognised in the consolidated statement of profit or loss and other comprehensive income).

		US$
a)	**Deemed Dotz Nano Limited Share Capital**	
	Historical issued capital balance at acquisition date	322,882,459
	Elimination of Dotz Nano Limited issued capital	(322,882,459)
	Deemed consideration of acquisition	1,860,273
	Total Dotz Nano Limited share capital on completion	1,860,273
b)	**Dotz Nano Limited Reserves**	
	Historical reserves balance at acquisition date	529,087
	Elimination of Dotz Nano Limited reserves	(529,087)
	Total Dotz Nano Limited reserves on completion	-
c)	**Dotz Nano Limited Accumulated Losses Pre-Completion**	
	Dotz Nano Limited accumulated losses at acquisition date	(323,446,891)
	Elimination of Dotz Nano Limited accumulated losses	323,446,891
	Total Dotz Nano Limited accumulated losses on completion	-

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2: REVERSE ACQUISITION

		Note	US$
d)	**Assets and Liabilities Acquired**		
	Cash and cash equivalents		4,763,144[1]
	Other receivables		48,080
	Loan from Dotz Nano Ltd		266,092
	Prepayments		25,741
	Trade and other payables		(559,833)
	Other liabilities		(4,561,552)[2]
	Net assets/ (liabilities) of Dotz Nano Limited at acquisition date		(18,328)
e)	**Listing Expense**		
	Deemed consideration		1,860,273
	Net assets/(liabilities) of Dotz Nano Limited		(18,328)
	Total Dotz Nano Limited listing expense		1,878,601

NOTE 3: BUSINESS COMBINATION - ACQUISITION OF A SUBSIDIARY

On 20 May 2015, the Company acquired 100% of Graphene Materials Ltd. Graphene Materials Ltd is an Israeli corporation, located in Tel Aviv. In March 2014, Graphene Material Limited signed a research and license agreement with B.G. Negev Technologies and Applications Ltd, a company wholly owned by Ben-Gurion University, located in Israel. Graphene Materials Ltd has an exclusive, sub-licensable, worldwide royalty bearing license to develop, exploit, utilise and commercialise the Licensed BGN IP and the Licensed Products.

This transaction has been accounted for under AASB3 Business Combination. Under the terms of the acquisition the purchase price was a cash payment of $239,002. The acquisition has the following effect on the consolidated entity's assets and liabilities:

		US$
a)	**Acquisition of Graphene Materials Ltd**	
	Cash and cash equivalents	23,417
	Other accounts receivable	3,477
	Fixed assets	30,836
	Technology	327,185
	Goodwill	43,578
	Accounts and other payables	(103,883)
	Deferred tax liability	(85,608)
	Total Net Fair Value Assets Acquired	239,002

[1] The cash acquired of US$4,763,144 includes the capital raised of US$4,587,600 (AU$6,000,000) under the Public Offer less any associated capital raising costs which occurred prior to the acquisition date.

[2] Relates to unissued shares for which cash was received prior to the acquisition date.

NOTE 3: BUSINESS COMBINATION - ACQUISITION OF A SUBSIDIARY

		US$
b)	**Total Consideration**	
	Cash paid for acquisition	239,002
c)	**Difference between total consideration and net fair value assets acquired**	Nil

The difference between total consideration and the net fair value assets acquired was Nil. The purchase consideration was allocated to tangible assets acquired based on their fair value using a purchase price allocation made by a third party appraisal.

The fair value assigned to identifiable intangible assets has been determined by using valuation methods that discount the expected future cash flows to present value using estimates and assumptions determined by management. The Company determined that the fair values of assets acquired exceeded the purchase price by approximately $43,578 attributable to the synergy between the Company and the Graphene Materials Ltd, which was recognised as goodwill.

The acquired business has contributed a total comprehensive loss of $10,000 for the period 20 May 2015 to 31 December 2015.

	2016	2015
NOTE 4: REVENUE AND OTHER INCOME	**US$**	**US$**
Other income:		
- Interest	19,683	-
- Gain on investments	52,145	-

NOTE 5: PROFIT/(LOSS) FOR THE YEAR	**2016**	**2015**
Profits/(Loss) before income tax from continuing operations includes the following specific expenses:	**US$**	**US$**
Consulting and management fees	(612,586)	(166,488)
Listing fee expense	(1,878,601)	-
SRA and patent expense	(375,200)	(273,976)
Travel and accommodation	(267,314)	(43,985)
Share based compensation:		
- Options issued	-	(132,356)
- Options issued to facilitators on 6/4/16	(1,493,266)	-
- Options issued to directors and employees in Israel on 6/7/16	(716,146)	-
- Acceleration of FY15 options issued to directors and employees in Israel	(700,558)	-
- Shares issued to lead manager on 1/11/16	(267,610)	
- Options issued to lead manager on 1/11/16	(335,185)	-
- Options issued to facilitators on 1/11/16	(83,439)	-
	(3,596,204)	(132,356)

NOTE 5: PROFIT/(LOSS) FOR THE YEAR	**2016**	**2015**
	US$	**US$**
Research and development:		
- Employee costs	(131,598)	(60,205)
- Consultants	(72,701)	(87,214)
- Travel abroad	-	(66,000)
- Depreciation	-	(10,019)
- Lab expenses	(12,887)	-
- Other expenses	(5,248)	(4,905)
	(222,434)	(228,343)
Finance costs:		
- External	(288,161)	(87,825)
	(288,161)	(87,825)

NOTE 6: INCOME TAX

The financial accounts for the year ended 31 December 2016 comprise the results of Dotz Australia) and Dotz Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 28.5%. The applicable tax rate in Israel is 25%, which is the rate relevant for the financial year ended 31 December 2015.

	2016	**2015**
	US$	**US$**
(a) Income tax expense	-	-
Current tax	-	-
Deferred tax	-	-
(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense/(benefit) on operating loss at 28.5% (2015: 25%)	(2,305,632)	(261,865)
Non-deductible items		
Non-deductible expenditure	1,650,704	85,333
Non-assessable income	-	-
Adjustment for difference in tax rates	73,008	
Temporary differences not recognised	581,920	176,532
Income tax attributable to operating income/(loss)	-	-
The applicable weighted average effective tax rates are as follows:	Nil%	Nil%
Balance of franking account at year end	Nil	Nil
Deferred tax assets		
Tax losses	597,883	176,532

NOTE 6: INCOME TAX

The financial accounts for the year ended 31 December 2016 comprise the results of Dotz Australia) and Dotz Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 28.5%. The applicable tax rate in Israel is 25%, which is the rate relevant for the financial year ended 31 December 2015.

	2016	**2015**
	US$	**US$**
Black hole expenditure	63,854	-
Unrecognised deferred tax asset	661,737	176,532
Set-off deferred tax liabilities	-	-
Net deferred tax assets	661,737	176,532
Less deferred tax assets not recognised	(661,737)	(176,532)
Net assets	-	-
Deferred tax liabilities		
Other	-	85,000
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	85,000
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	661,737	176,532

Carry forward losses

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2016, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

NOTE 7: RELATED PARTY TRANSACTIONS

a) Key Management Personnel Compensation

The new directors were appointed on 31 October 2016 and entered into contract to each be paid AUD$4,117 per month, with exception to Mr Ismail and Mr Gross. The salary of Mr Ismail was set at AU$120,000 per annum and the salary of Mr Gross was set at US$240,000. The fees were payable from 1 November 2016 and the contracts remains in place until the Directors either resign or are not re-elected at an AGM.

The totals of remuneration paid to KMP during the year are as follows:

	2016	**2015**
	US$	**US$**
Short-term salary, fees and commissions	636,813	244,431
Directors fees	35,710	-
Total KMP Compensation	672,523	244,431

NOTE 7: RELATED PARTY TRANSACTIONS

b) Other related party transactions

The Group acquired the following services from entities that are controlled by members of the group's key management personnel:

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP:

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided corporate services and rental to the Group. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2016 US$	2015 US$	2016 US$	2015 US$
Otsana Capital Pty Ltd	Capital raising fee	Faldi Ismail	272,448	-	-	-
Otsana Capital Pty Ltd	Management fee	Faldi Ismail	110,309	-	-	-
Otsana Capital Pty Ltd	Corporate advisor retainer	Faldi Ismail	11,335	-	7,428	-
Otsana Capital Pty Ltd	Transaction costs	Faldi Ismail	17,912	-	-	-
Otsana Capital Pty Ltd	Value of shares issued	Faldi Ismail	111,423	-	-	-
Otsana Capital Pty Ltd	Value of options issued	Faldi Ismail	72,364	-	-	-
Romfal Sifat Pty Ltd	Value of options issued	Faldi Ismail	24,121	-	-	-
Adamantium Holdings Pty Ltd	Rent and registered office fee	Faldi Ismail	-	-	2,246	-

A capital raising fee of $272,448 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2016, refer to note 19 for additional details. Otsana Pty Ltd is a company controlled by Director Faldi Ismail.

A management fee of $110,309 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2016 as per the Corporate Advisor Mandate dated 6 August 2016. The fee paid was for management of the re-compliance.

A corporate advisor retainer of $11,335 was paid or payable to Otsana Capital Pty for the period 15 November 2016 to 31 December 2016 as per the Corporate Advisor Mandate dated 6 August 2016.

Other total costs paid to Otsana Capital Pty Ltd relating to expense incurred for the transactions totalled to $17,912.

As part of the Corporate Adviser Mandate 1,000,000 adviser options and 750,000 lead manager shares were issued to Otsana Pty Ltd. The options had a fair value of $111,423 and the shares had a fair value of $72,364. As part of the same Mandate 333,334 options with a fair value of $24,121 were issued to Romfal Sifat Pty Ltd, company associated with Mr Faldi Ismail.

The Company has a Rental Agreement with Adamantium Holdings Pty Ltd, a company related to Mr Faldi Ismail. The rent payable by the Company is $1,486 (US$2,000) per month.

As part of the reverse takeover transaction 66,000,000 ordinary and 66,000,000 performance shares were issued to the shareholders of Dotz in exchange for their shares in Dotz.

NOTE 8: AUDITOR'S REMUNERATION

	2016 US$	2015 US$
Remuneration of the auditor of the Group for:		
- Auditing and reviewing the financial reports (BDO) – Australia	17,115	-
- Auditing and reviewing the financial reports (BDO) – Israel	60,500	-
	77,615	-

The auditor's remuneration for relating to the Australian operation only includes fees paid or payable subsequent to the transaction date. The amounts shown for the Israel operation related to two financial years, both incurred and paid in 2016.

NOTE 9: EARNINGS/(LOSS) PER SHARE

	2016 US$	2015 US$
Earnings/ (Loss) per share (EPS)		
a) Profit/(Loss) used in calculation of basic EPS and diluted EPS	(8,089,937)	(1,047,460)
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings/ (loss) per share	24,530,940	6,399,609
c) Exchange ratio for year ended 31 December 2015	n/a	2,245

NOTE 10 a : CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$
Cash at bank	2,843,980	537,972
Total cash and cash equivalents in the statement of cash flows	2,843,980	537,972

NOTE 10 b : CASH FLOW INFORMATION

	2016 US$	2015 US$
Profit / (Loss) after income tax	(8,089,937)	(1,047,460)
Non-cash flows in loss after income tax		
Depreciation	38,532	10,019
Amortisation	-	68,190
Listing fee expense	1,878,602	-
Share based payment expense	3,596,204	132,356
Change in fair value of derivative	274,714	(19,956)
Change in marketable securities	(52,145)	16,064
Changes in assets and liabilities		
Decrease/ (increase) in receivables	(86,519)	(35,842)
Decrease/ (increase) in prepayments	7,391	-
(Decrease)/ increase in payables	(250,335)	(22,138)
(Decrease)/increase in other payables	-	11,767
Cash flow (used in) operating activities	(2,683,493)	887,000

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 10 b : CASH FLOW INFORMATION

Credit Standby Facilities

The Group has no credit standby facilities.

Non-Cash investing and financing activities

There were no non-cash investing and financing activities during the year.

NOTE 11: TRADE AND OTHER RECEIVABLES	2016	2015
	US$	US$
CURRENT		
Other receivables	127,706	38,990
	127,706	38,990
NON CURRENT		
Other receivables	48,961	25,664
	48,961	25,664

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

NOTE 12: INTANGIBLE ASSETS	2016	2015
	US$	US$
Balance at the beginning of the year	422,185	70,000
Acquisition of License Agreement with William Marsh Rice University	50,000	25,000
Acquired through the acquisition of Graphene Materials Ltd (Note 3)	-	327,185
Balance at the end of the year	472,185	422,185

In December 2014, the Company signed an exclusive technology transfer license agreement ("the License Agreement") with William Marsh Rice University located in Houston Texas. The License Agreement grants the Company an exclusive license, sub-license, assignable, worldwide license to make, develop, use, import, commercialise offer for sale, sell, produce, lease, distribute or otherwise transfer Rice patents covered by the agreement, specifically Rice technology "Coal as an abundant source of GQD's" and "Bandgap Engineering of Carbon Quantum Dotz". The License initial basic fee was $85,000. In addition the Company is required to pay Rice University royalties as follows:

- Royalties of 4% of adjusted gross sales attributable to the Company
- Royalties of 4% of adjusted gross sales attributable to the Company's sublicense
- The company will also pay Rice University 25% of any cash and non-cash consideration received for sublicense initiation fee, annual fee, sub-license milestone payments, or other such non-sale based royalty payable by a sub-licensee.
- The Company is required to pay Rice University the following annual minimum royalties: $10,000 on 1 January 2016, $50,000 on 1 January 2017, $100,000 on 1 January 2018, $450,000 on 1 January 2019 and $1,000,000 from 1 January 2020 and each year thereafter.
- The Company may terminate the License Agreement at any time by giving written notice to Rice University. In addition, the Company is obliged to reach certain milestones with regards to research and development. Commercial and production activities. Rice University has the option to terminate the agreement upon the Company failure in reaching these milestones.

NOTE 12: INTANGIBLE ASSETS

On 20 May 2015, the Company acquired 100% of Graphene Materials Ltd from the controlling shareholder as detailed in Note 3. Graphene Materials Ltd has a license agreement with B.G Negev Technologies and Applications Ltd, a company owned by Ben-Gurion University located in Israel. This License Agreement is for exclusive, sub-licensed, worldwide royalty bearing license to develop, exploit, utilise and commercialise the Licensed BGN IP and the Licensed Products. On acquisition of Graphene Materials Ltd an amount totalling to $327,185 was allocated to technology.

Because the intangible assets have an indefinite useful life, the Group has assessed them for impairment as at 31 December 2016. The recoverable amount of the intangible assets was determined to be fair value less costs of disposal, and was calculated by discounting the expected future cash flows over a period of 10 years. The period of measurement was in excess of five years, because the Directors do not anticipate positive cash flows for the first five years, and believe that they are able to reliably forecast cash flows until such time. The discount rate applied was 21%, and the growth rate used to extrapolate cash flows was 1% per annum after 10 years. The fair value measurement is considered to consist of Level 3 inputs on the fair value hierarchy. Estimated cash flows are calculated on assumptions over expected revenue generation based on management's best estimate, and costs based on historical data

NOTE 13: GOODWILL	2016	2015
	US$	US$
Balance at the beginning of the year	43,578	-
Goodwill on acquisition of Graphene Materials Ltd	-	43,578
Balance at the end of the year	43,578	43,578

Further information on the accounting policy and calculation of goodwill can be found at Note 1 (e).

NOTE 14: TRADE AND OTHER PAYABLES	2016	2015
	US$	US$
CURRENT		
Trade and other payables	4,569	26,126
Accruals	241,256	182,849
	245,825	208,975

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value.

NOTE 15: BORROWINGS	2016	2015
	US$	US$
NON-CURRENT		
Convertible loan	-	431,810
	-	431,810

On 16 December 2014, the Company signed a Convertible Note Agreement ("Convertible Loan") under which the Company was loaned approximately US$500,000 in two equal instalments. The first instalment was received on 19 December 2014 and the second instalment was received on 31 January 2015. The terms of the agreement stated that the lender may convert their portion of loan into equity on the same terms and conditions applicable to the shares issued under the financing round. The lenders were entitled to receive the number of shares equal to their portion of the loan amount, divided by 70% of the lowest price per share paid by investors in the financing round.

NOTE 15: BORROWINGS

As part of the convertible loan agreement, the lenders were entitled to 108 ordinary shares in the Company on the completion of first instalment and 108 ordinary shares in the Company on completion of the second instalment. The interest rate on the Principal amount of loan was 3%, with the loan becoming payable on 15 January 2017, unless converted earlier. The value of the liability component and the equity conversion were determined at the date the instruments were issued. The fair value of the liability component at inception was calculated using the market interest rate for an equivalent instrument without conversion option. The discount applied was 20%. The Convertible Loan converted to ordinary shares on 31 October 2016.

On 1 April 2016, the company received a Convertible Loan under which the Company was loaned approximately AU$350,000. The terms of the loan stated that in the event the Company listed, the loan would be converted into the public company shares. There was no interest changed on the loan and the loan was mandatorily converted into the public company shares prior to the reverse takeover transaction being finalised, on 31 October 2016.

NOTE 16: ISSUED CAPITAL		**2016**	**2015**
		US$	**US$**
(a) Share Capital			
109,984,440 (31 December 2015: 3,101) fully paid ordinary shares	16b	12,456,472	1,370,688

	No.	**US$**
(b) Movements in fully paid Ordinary Capital		
Opening balance at 1 January 2015	2,490	41,000
Convertible note converted on 30 April 2015	108	312,480
Issue of shares on 30 April 2015	205	592,520
Issue of shares on 28 June 2015	294	412,185
Issue of shares on 29 October 2015	4	12,503
Closing balance at 31 December 2015	**3,101**	**1,370,688**
Opening balance at 1 January 2016	3,101	1,370,688
Options converted to shares	123	130,901
Issue under placement on 26 June 2016	120	224,822
Conversion of options on 6 July 2016	355	700,558
Issue under placement on 31 July 2016	149	318,000
Conversion of convertible note on 31 October 2016	334	768,281
Options converted at 31 October 2016	991	1,493,265
Options converted at 31 October 2016	277	716,146
Elimination of Dotz (Israel) shares on acquisition of Dotz Nano Ltd	(5,450)	-
Deemed consideration of acquisition of Dotz Nano Ltd	-	1,878,601
Existing shares in Dotz Nano Limited	5,484,440	-
Conversion of NFE convertible loan	5,000,000	-
Conversion of Dotz convertible loan	1,750,000	-
Consideration shares	66,000,000	-
Shares issued under public offer	30,000,000	4,587,600
Shares issued to lead manager	1,750,000	267,610
Closing balance at 31 December 2016	**109,984,440**	**12,456,472**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: ISSUED CAPITAL	2016	2015
	US$	US$

(c) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

Performance Shares

In addition to the number of shares disclosed above, there are also 66,000,000 performance shares which have been issued as part of the consideration on the reverse takeover transaction. The performance shares will convert to ordinary shares on 1:1 basis subject to the performance milestones being met prior to expiry date.

Class	Expiry	Milestone
Milestone 1	30/04/2018	Upon Dotz achieving the production and distribution of an aggregate of 20 kilograms of GQDs through formal off-take agreements or commercial samples with a reputable third party within an 18-month period from the date of issue of the Performance Shares.
Milestone 2	30/04/2019	Upon Dotz achieving the production and distribution of an aggregate of 50 kilograms of GQDs in any 12 month period through formal off-take agreements with a reputable third party within 30-months from the date of issue of the Performance Shares.
Milestone 3	31/10/2020	Upon Dotz achieving the production and distribution of an aggregate of 100 kilograms of GQDs through formal off-take agreements with a reputable third party in any 12-month period within 48 months from the date of issue of the Performance Shares.

NOTE 17: RESERVES	Ref	2016	2015
a) Reserves		**US$**	**US$**
Option Reserve 10,500,000 (31 December 2015: 132) options on issue	17b	418,625	132,356
Foreign currency translation reserve	17c	(268,858)	-
		149,767	**132,356**

b) Options Reserve	**No.**	**US$**
Opening balance at 1 January 2015	**132**	**132,356**
Issue of options	-	-
Closing balance at 31 December 2015	132	132,356
Acceleration of options	355	700,558
Conversion of options on 6 July 2016	(487)	(832,914)
Issue of options on 7 May 2016	277	716,146
Issue of options on 17 May 2016	991	1,493,265
Converted to DTZ Shares	(1,268)	(2,209,411)
Elimination of Dotz Nano Ltd options on acquisition	-	-

NOTE 17: RESERVES

b) Options Reserve	**No.**	**US$**
Existing options of Dotz Nano Limited	5,000,000	-
Issue of Lead Manager Options	4,500,000	335,185
Issue of Facilitator Options	1,000,000	83,439
Balance at the end of the year	**10,500,000**	**418,625**

c) Foreign currency translation reserve	**US$**	**US$**
Opening balance	-	-
Difference arising on translation	(268,858)	-
Balance at the end of the year	(268,858)	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. There were no foreign currency translation reserve movements for the year ended 31 December 2015.

NOTE 18: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2016:

- 495 Facilitator Options (Dotz Israel)
- 277 Director & Employee Options (Dotz Israel)
- 355 Director & Employee Options (Dotz Israel)
- 4,500,000 Lead Manager Options
- 1,750,000 Lead Manager Shares
- 1,000,000 Transaction Options

The details of the Options on issue as at 31 December 2016 are summarised below.

Facilitator Options (Dotz Israel)

495 Facilitator Options were issued on 6 April 2016 to individuals involved in the facilitation of the transaction. The options were valued by a third party using the weighted average ordinary share price at the grant date. The weighted average share price was determined in reference to the price of issuing shares in the two months prior to the grant date.

Director and Employee Options (Dotz Israel)

277 Director and Employee Options were issued on 6 July 2016. The options were valued by a third party using the weighted average ordinary share price at the grant date. The weighted average share price was determined in reference to the price of issuing shares in the two months prior to the grant date.

Director and Employee Options (Dotz Israel)

355 Director and Employee Options were issued in the year ending 31 December 2015 but were not recognised as share based payments until the year ended 31 December 2016. The options were valued by a third party using the weighted average ordinary share price at the grant date. The weighted average share price was determined in reference to the price of issuing shares in the two months prior to the grant date

Lead Manager Options

4,500,000 Lead Manager Options were issued on 31 October 2016 with exercise price of AUD $0.40 each expiring on 31 October 2019. These options have been valued using the Black and Scholes option valuation methodology taking into account the terms and conditions upon which the options were granted.

Lead Manager Shares

1,750,000 Lead manager Shares were issued on 31 October 2016 with issue price of AUD$0.20 per share.

NOTE 18: SHARE BASED PAYMENTS

Transaction Options

1,000,000 Transaction Options were issued on 31 October 2016 with exercise price of AUD $0.30 each expiring on 31 October 2019. These options have been valued using the Black and Scholes option valuation methodologies taking into account the terms and conditions upon which the options were granted.

A summary of the inputs used in the valuation of the options and shares is as follows:

Options	**Facilitator Options**	**Director & Employee Options**	**Director & Employee Options**	**Lead Manager Shares**	**Lead Manager Options**	**Transaction Options**
Exercise price	US$Nil	US$Nil	US$Nil	AU$Nil	AU$0.40	AU$0.30
Share price at date of issue	US$3,014	US$2,585	US$1,973	AU$0.20	AU$0.20	AU$0.20
Grant date	6-Apr-16	6-Jul-16	10-Oct-15	31-Oct-16	31-Oct-16	31-Oct-16
Expected volatility (i)	n/a	n/a	n/a	n/a	100%	100%
Expiry date	6-Apr-23	6-Jul-23	10-Oct-22	n/a	31-Oct-19	31-Oct-19
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	n/a	n/a	n/a	n/a	1.70%	1.70%
Value per option or share	US$3,014	US$2,585	US$1,973	AU$0.20	AU$0.0745	AU$0.0834
Number of options	495	277	355	1,750,000	4,500,000	1,000,000
Total value of options AUD	**n/a**	**n/a**	**n/a**	**AU$350,000**	**AU$438,380**	**AU$109,128**
Total value of options USD	**US$1,493,265**	**US$716,146**	**US$700,558**	**US$267,610**	**US$335,185**	**US$83,439**

(i) Volatility was determined in reference to similar companies for the same period.

	2016
Share based compensation comprises of the following:	**US$**
Options issued to facilitators on 6-Apr-16	(1,493,266)
Options issued to directors and employees in Israel on 6-Jul-16	(716,146)
Acceleration of options issued to directors and employees in Israel on 10-Oct-15	(700,558)
Shares issued to lead manager on 1-Nov-16	(267,610)
Options issued to lead manager on 1-Nov-16	(335,185)
Options issued to facilitators on 1-Nov-16	(83,439)
	(3,596,204)

NOTE 19: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating and geographical segments for the entity are Australia and Israel as disclosed below.

	Australia	Israel	Total
	US$	US$	US$
Other	1,138	70,690	71,828
Total	**1,138**	**70,690**	**71,828**
Listing fee	(1,878,601)	-	(1,878,601)
Share based payments	(686,235)	(2,909,969)	(3,596,204)
Other expenses	(249,474)	(2,437,486)	(2,686,960)
Loss for the period	**(2,813,172)**	**(5,276,765)**	**(8,089,937)**
Current assets	961,741	2,073,858	3,035,559
Non-current assets	-	732,191	732,191
Current liabilities	61,823	270,715	332,538
Net assets	**899,918**	**2,535,334**	**3,435,252**

NOTE 20: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, other debtors and accounts payable. The main purpose of non-derivative financial instruments is to raise finance for Group's operations.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest Rate Risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

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	Floating Interest Rate	Non-interest bearing	2016 Total	Floating Interest Rate	Non-interest bearing	2015 Total
	US$	US$	US$	US$	US$	US$
Financial assets						
- Within one year						
Cash and cash equivalents	2,843,980	-	2,843,980	537,972	-	537,972
Other receivables	-	127,706	127,706	-	38,990	38,990
Total financial assets	2,843,980	127,706	2,971,686	537,972	38,990	576,962
Weighted average interest rate	1.16%			6.16%		
Financial Liabilities						
- Within one year						
Trade and other Payables	-	245,825	245,825	-	208,975	208,975
Other liabilities	-	86,713	86,713	-	85,000	85,000
Total financial liabilities	-	332,538	332,538	-	293,975	293,975
Weighted average interest rate	n/a			n/a		
Net financial assets	2,843,980	(207,832)	2,639,148	537,972	(254,985)	282,987

Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in Profit	Movement in Equity
Year ended 31 December 2016	US$	US$
+/-1% in interest rates	16,910	16,910
Year ended 31 December 2015		
+/-1% in interest rates	3,010	3,010

(b) Credit risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2016	2015
		US$	US$
Cash and cash equivalents - AA Rated	10a	2,843,980	537,972

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

2016	Interest rate	Less than 6 months US$	6-12 months US$	1-2 years US$	2-5 years US$	Over 5 years US$	Total contractual cash flows US$	Carrying amount assets/ (liabilities) US$
Financial liabilities at amortised cost								
Trade and other payables		(245,825)	-	-	-	-	(245,825)	(245,825)
Borrowings	n/a%	-	-	-	-	-	-	-
		(245,825)	-	-	-	-	(245,825)	(245,825)

2015	Interest rate	Less than 6 months US$	6-12 months US$	1-2 years US$	2-5 years US$	Over 5 years US$	Total contractual cash flows US$	Carrying amount assets/ (liabilities) US$
Financial liabilities at amortised cost								
Trade and other payables		(208,975)	-	-	-	-	(208,975)	(208,975)
Borrowings	3.1%	-	(431,810)	-	-	-	(431,810)	(431,810)
		(208,975)	(431,810)	-	-	-	(640,785)	(640,785)

(d) Net fair Value of financial assets and liabilities

Fair value estimation

Due to the short term nature of the receivables and payables the carrying value approximates fair value.

(e) Financial arrangements

The company had no other financial arrangements in place at 31 December 2016 based on the information available to the current board.

(f) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency), the New Israeli Shekel, the Australian Dollar and the Singapore Dollar.

The Company's policy is not to enter into any currency hedging transactions.

	2016		2015	
Cash and cash equivalents	**Foreign Currency**	**USD Equivalent**	**Foreign Currency**	**USD Equivalent**
New Israeli Shekels	107,749	28,034	226,112	58,025
Australian Dollar	3,893,320	2,805,794	-	-
Singapore Dollar	10,999	7,607	29,993	21,204

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

The following information has been executed from the books and records of the legal parent Dotz Nano Limited (formerly Northern Iron Limited) have been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in note 1. Northern Iron Limited was in DOCA from 19 November 2015 to 16 May 2016, and as such the current Directors have had limited access over the financial records of the company pertaining to that period.

(a) Financial Position of Dotz Nano Limited (Formerly Northern Iron Limited)

	2016 US$	2015 US$
ASSETS		
Current assets	1,243,284	62,405
Non-current assets	2,878,840	-
TOTAL ASSETS	**4,122,124**	**62,405**
LIABILITIES		
Current liabilities	61,823	81,151,127
TOTAL LIABILITIES	**61,823**	**81,151,127**
NET ASSETS	**4,060,301**	**(81,088,722)**
SHAREHOLDERS' (DEFICIT)/ EQUITY		
Issued capital	327,737,669	380,761,446
Reserves	687,076	-
Accumulated Losses	(324,364,444)	(461,850,168)
SHAREHOLDERS' (DEFICIT)/ EQUITY	4,060,301	(81,088,722)

(b) Statement of profit or loss and other comprehensive income

Profit / (Loss) for the year	(934,570)	(137,429,504)
Other comprehensive income	-	22,148,618
Total comprehensive income/(loss)	(934,570)	(115,280,886)

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

(c) Guarantees entered into by Dotz Nano Limited for the debts of its subsidiary

There are no guarantees entered into by Dotz Nano Limited

(d) Contingent liabilities of Dotz Nano Limited

There were no known contingent liabilities as at 31 December 2016 (2015: Nil).

(e) Commitments by Dotz Nano Limited

Known commitments as at 31 December 2016 are disclosed in the consolidated entities in Note 23 below.

NOTE 22: CONTROLLED ENTITIES

Dotz Nano Limited

Controlled entity	Country of Incorporation	Percentage Owned	
		2016	2015
Dotz Nano Ltd	Israel	100%	-
Graphene Materials Ltd	Israel	100%	-

NOTE 23: COMMITMENTS

	2016 US$	2015 US$
Operating lease commitments:		
No longer than 1 year	17,828	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	17,828	-
Other expenditure commitments:		
No longer than 1 year	80,400	64,800
Longer than 1 year and not longer than 5 years	69,258	102,615
Longer than 5 years	-	-
	149,458	167,415

NOTE 24: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2016.

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

Since the reporting date the following significant events have occurred:

- The Company dispatched its first shipment of graphene quantum dots to Strem Chemicals Inc. and received first sales from the distributor.
- The MoU with Mainami Holdings was converted into exclusive distribution agreement to distribute Dotz product in Japan, as well as marketing the material in the Pan-Asia region on a non-exclusive basis.
- The company completed a Proof of Concept research study with Kyung Hee University for the use of Dot'z GQDs in Flash Memory. The Company is in advanced negotiations for a comprehensive research agreement with the University and operational exclusive Licensing Rights for the development and commercialisation of GQD Flash Memory devices.
- Dotz Nano dispatched its first commercial shipment of GQDs to China to Changchun Ocean Electro-optics Co., Ltd who will market the GQDs to the Chinese market. To the Company's knowledge this is the first commercial shipment of graphene quantum dots ever made into the Chinese market.
- Dotz Nano shipped its first commercial quantities of GQDs to South Korea to Samchun Pure Chemical Co., Ltd a main distributor to first tier display producers.

There were no other significant events after balance date.

NOTE 24: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. Relevant Standards and Interpretations are outlined in the table below.

New/revised pronouncement	**Explanation of amendments**	**Application Date of Standard**	**Application Date of Group**
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially- reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. **Financial assets** a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.	1 January 2018	1 July 2018

NOTE 24: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Financial liabilities** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. **Impairment** The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.		

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 24: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	Impact on Dotz Nano Limited The company have assessed that there is no expected material impact of the above standard.		
AASB 15 Revenue from Contracts with Customers	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue – Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). **Impact on Dotz Nano Limited** The company have assessed that there is no expected material impact of the above standard given that the company does not yet have any revenue.	1 January 2018	1 July 2018
AASB 16 Leases	The key features of AASB 16 are as follows: **Lessee accounting:** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on present value basis. The measurement includes non-cancellable lease payments	1 January 2019	1 July 2019

NOTE 24: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	(including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the **lease.** • AASB 16 contains disclosure requirements for lessees. **Lessor accounting:** • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. **AASB 16 supersedes:** (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases-Incentives SIC-27 Evaluating the Substance of Transaction Involving the Legal Form of a Lease.		

The Group has decided not to early adopt any of the new and amended pronouncements. The impact of the above standards is yet to be determined unless noted otherwise above.

DIRECTORS' DECLARATION

In the Director's opinion:

1. The consolidated financial statements and notes set out on pages 20 and 56 are in accordance with the Corporations Act 2001, including:

   a) complying with Australian Accounting Standards and Corporations Regulations 2001, noting the matters documented in Note 1 (a);

   b) giving a true and fair view, the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2016.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Faldi Ismail
Non-Executive Chairman
30 March 2017

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Subiaco, WA 6008
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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Dotz Nano Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

The parent entity information is required to be disclosed under the Corporations Regulation 2001 and attention is drawn to Note 21 Parent Entity Financial Information in the Financial Report. The information disclosed refers to the legal parent entity, previously known as Northern Iron Limited, and as disclosed in Note 21 the current Directors of the company were unable to access the financial records of Northern Iron Limited whilst it was in DOCA. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Reverse Acquisition

Key audit matter	***How the matter was addressed in our audit***
As disclosed in Note 2 of the financial report during the year the company acquired Dotz Nano Ltd (an entity incorporated in Israel) for a consideration of 66,000,000 shares and 66,000,000 performance shares. The audit of the reverse acquisition is a key audit matter due to the effect of the arrangement which is accounted for as Dotz Nano Ltd (the accounting parent) issuing a share-based payment in return for the assets acquired in the company and a listing status. Furthermore, judgement is involved in the determination of the value of the purchase consideration settled by way of a share-based payment (see note 1(t)).	Our procedures included, but were not limited to: - Holding discussions with management as to the background of the transaction; - Evaluated the basis of valuation of the share-based payment and challenged the underlying assumption of the valuation against comparable transactions and market data. - Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition; - Checked the calculation of the share-based payment, net assets acquired and listing expense. - Checked that the disclosures in the financial statements is in accordance with the basis of preparation as disclosed in note 1(b) for the reverse acquisition. We also assessed the adequacy of the related disclosures in Note 1(b), Note 1(t) and Note 2 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Qualified Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 31 December 2016.

In our opinion, with the exception of those matters disclosed in the Basis of Qualified Opinion paragraph, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Basis for Qualified Opinion

As disclosed on page 13 of the Directors' Report for the year ended 31 December 2016, the Directors of the company were unable to access management and financial records of Northern Iron Limited whilst it was in DOCA. Hence the remuneration information relating to the Directors during the period which the company was in DOCA (including the comparative period 31 December 2015 financial year) was not included in the Remuneration Report for the year ended 31 December 2016. As a result, we were unable to obtain sufficient appropriate evidence to verify the completeness of the remuneration information included the Remuneration Report for the year ended 31 December 2016.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 March 2017

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 30 March 2017 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices and has been following these practices since 1 July 2016. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at www.dotznano.com/corporate-governance

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director/Chief Executive Officer.

The role of management is to support the Managing Director/Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Managing Director/Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;

- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:

  - Corporate Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;
  - Performance Evaluation;
  - Risk Management;
  - Trading Policy; and
  - Shareholder Communication Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director/Chief Executive Officer responsibility for the management and operation of the Company. The Managing Director/Chief Executive Officer is responsible for the day-to-day operations, financial performance and administration of the Company within the powers authorised to him from time-to-time by the Board. The Managing Director/Chief Executive Officer may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan on the Company's website at www.dotznano.com/corporate-governance.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 21%
- Women in senior management positions 17%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the nature and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Managing Director/Chief Executive Officer against agreed key performance indicators.

CORPORATE GOVERNANCE STATEMENT

The Managing Director/Chief Executive Officer conducts an annual performance assessment of senior executives against agreed key performance indicators.

Given the fact the Company was only reinstated under its present structure on 14 November 2016, no formal appraisal of the Board or any senior executive has been conducted.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Principle 2: Structure the board to add value

Board Composition

The Company reinstated on 14 November 2016 and as at the date of this report the Board was comprised of the following members:

Mr Faldi Ismail	Non-Executive Chairman (appointed 31 October 2016);
Dr Moti Gross	Chief Executive Officer and Managing Director (appointed 31 October 2016);
Mr Ashley Krongold	Non-Executive Director (appointed 31 October 2016);
Mr Menashe Baruch	Non-Executive Director (appointed 31 October 2016);
Mr Steve Bajic	Non-Executive Director (appointed 31 October2016

Dotz Nano has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

The Board comprises a majority of non-executive directors, three of whom are considered independent.

Faldi Ismail is not considered independent as through his capacity as Managing Director of Otsana Capital he has held a material business relationship with Dotz Nano as corporate advisor and lead manager for the acquisition of Dotz Nano. Moti Gross is Chief Executive Officer and Managing Director

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern Dotz Nano. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board will establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- strategic expertise;
- specific industry knowledge;
- accounting and finance;
- risk management;
- experience with financial markets; and
- investor relations.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- behave honestly and with integrity and report other employees who are behaving dishonestly;
- carry out your work with integrity and to a high standard and in particular, commit to the Company's policy of producing quality goods and services;
- operate within the law at all times;
- act in the best interests of the Company;
- follow the policies of the Company; and
- act in an appropriate business-like manner when representing the Company in public forums.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfils to the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend Dotz Nano's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and

b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact Us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from Dotz Nano and Dotz Nano's securities registry electronically. The contact details for the registry are accessible from the "For Investors" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout Dotz Nano's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Dotz Nano has established policies for the oversight and management of material business risks.

Dotz Nano's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Dotz Nano believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Dotz Nano is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Dotz Nano accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather Dotz Nano's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring the Company does not enter into unnecessary risks or enter into risks unknowingly.

Dotz Nano assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Dotz Nano applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage Dotz Nano's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and

- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of Dotz Nano's management of its material business risks at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

Dotz Nano has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Dotz Nano operates and also emphasise the requirement to attract and retain high caliber talent in order to achieve sustained improvement in Dotz Nano's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Dotz Nano.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Dotz Nano's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is AU$500,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

CORPORATE GOVERNANCE STATEMENT

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

ADDITIONAL ASX INFORMATION
AS AT 13 MARCH 2017

The shareholder information set out below was applicable as at 13 March 2017.

As at 13 March 2017 there were 1,140 holders of Ordinary Fully Paid Shares.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

(a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
(b) on a show of hands each person present who is a member has one vote; and
(c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options and performance shares that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Full Paid Shares

Holder Name	**Holding**	**% IC**
102 CAPITAL MANAGEMENT <DR BORNSTEIN LTD A/C>	11,988,809	10.90%
102 CAPITAL MANAGEMENT <ARIEL MALIK A/C>	11,746,611	10.68%
102 CAPITAL MANAGEMENT <MOTI GROSS A/C>	3,160,687	2.87%
102 CAPITAL MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	2.72%
102 CAPITAL MANAGEMENT <MICHAEL SHTEIN A/C>	2,446,201	2.22%
102 CAPITAL MANAGEMENT <KOBI BEN SHABAT A/C>	2,051,855	1.87%
102 CAPITAL MANAGEMENT <SUKHMOHAN ATHWAL A/C>	2,000,000	1.82%
102 CAPITAL MANAGEMENT <TALAL YASSIN A/C>	2,000,000	1.82%
102 CAPITAL MANAGEMENT <ROMFAL SIFAT PTY LTD A/C>	1,866,667	1.70%
102 CAPITAL MANAGEMENT <BUZZ CAPITAL PTY LTD A/C>	1,866,666	1.70%
102 CAPITAL MANAGEMENT <ERAN GILBOA A/C>	1,816,486	1.65%
ACN 159 817 802 PTY LTD <LEES FAMILY A/C>	1,735,379	1.58%
CITICORP NOMINEES PTY LIMITED	1,644,151	1.49%
MARLION SUPERANNUATION PTY LTD	1,634,838	1.49%
ATTOLLO INVESTMENTS PTY LTD <ATTOLLO INVESTMENT A/C>	1,450,000	1.32%
MC MANAGEMENT GROUP PTY LTD <THE MC MASTER A/C>	1,298,400	1.18%
102 CAPITAL MANAGEMENT <ATTOLLO INVESTMENTS A/C>	1,266,667	1.15%
102 CAPITAL MANAGEMENT <GABRIEL HEWITT A/C>	1,247,320	1.13%
BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C>	1,213,333	1.10%
BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C>	1,200,000	1.09%
Total	**56,627,531**	**51.48%**

ADDITIONAL ASX INFORMATION
AS AT 13 MARCH 2017

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 13 March 2017 are:

Name	No of Shares Held	% of Issued Capital
Amiram Bornstein	11,988,809	10.90%
Ariel Malik	11,746,611	10.68%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	129	9,254	0.01%
1,001 - 5,000	195	692,291	0.63%
5,001 - 10,000	208	1,805,483	1.64%
10,001 - 100,000	467	17,452,120	15.87%
100,001 - 9,999,999,999	141	90,025,654	81.85%
Totals	**1,140**	**109,984,802**	**100.00%**

Unmarketable Parcels – 155 Holders

RESTRICTED SECURITIES

As at 13 March 2017 the following shares are subject to escrow:

- 60,949,872 Ordinary Fully Paid Shares escrowed until 21 December 2018
- 6,132,102 Performance Shares escrowed until 31 October 2017
- 59,867,898 Performance Shares escrowed until 21 December 2018

UNQUOTED SECURITIES

As at 13 March 2017, the following unquoted securities are on issue:

66,000,000 Performance Shares[1] escrowed - 59 Holders

There are no holders with more than 20%

5,000,000 Options Expiring 14/06/2020 @ $0.20 escrowed until 21 December 2018 – 21 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Buzz Capital Pty Ltd <ZI Vestment A/C>	2,395,000	47.90%

[1] Details on the performance conditions surrounding the Performance Shares are contained within the Directors' Report.

ADDITIONAL ASX INFORMATION
AS AT 13 MARCH 2017

4,500,000 Options Expiring 31/10/2019 @ $0.40 escrowed until 21 December 2018 – 6 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Attollo Investments Pty Ltd <Attollo Investment A/C>	2,516,666	55.93%
Otsana Pty Ltd	1,000,000	22.22%

1,000,000 Options Expiring 31/10/2019 @ $0.30 escrowed until 21 December 2018 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Bull Equities	500,000	50.00%
Oran Dorel	500,000	50.00%

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of reinstatement of the Company’s securities to quotation in a way consistent with its business objectives.