the next BIG small thing

DOTZ NANO LIMITED

ABN 71 125 264 575

ANNUAL REPORT
31 DECEMBER 2017

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CORPORATE DIRECTORY

Directors
Ashley Krongold – Non-Executive Chairman
Moti Gross – CEO, Executive Director
Steve Bajic – Non-Executive Director
John Bullwinkel – Non-Executive Director
Uzi Breier – Non-Executive Director

Company Secretary
Ian Pamensky

Registered Office
Level 14
330 Collins Street
Melbourne
Victoria 3000

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
PO Box 700
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Share Registry
Automic Registry Services
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Perth WA 6000

Securities Exchange Listing
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code – DTZ

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

2017 has been a very positive year for Dotz Nano (the "Company"). The establishment of the infrastructure needed, such as production and distribution, to successfully transition into a commercial company was imperative prior to establishing commercial contracts with our potential customer base.

Commercial

The key focus over the past year has been on exposing our products to a high number of Tier 1 and 2 companies, in the Anti-Counterfeiting and Tracer sectors. The Company maintained a strong vertical focus on the anti-counterfeiting and product liabilities protection demand and has been conducting a large number of trials, or production pilots, with the aim of converting these trials to Monthly Recurring Revenue (MRR).

In the Tracer sector the Company has established a number of trials and pilots with several oil drilling and service companies for use of our product as a tracer in the operation of Enhanced Oil Recovery (OER) operations. In addition the Company has begun utilizing its materials in the mining drilling operations as tracers in drilling fluids.

Although Europe and USA have remained main markets for our products, the Company established a distributor partnership with a large Chinese conglomerate for implementing our products into the Chinese market. In addition, the Company has begun to establish revenue generating supplies through our Japanese distributor for use in the anti-counterfeiting security ink sector.

Product Development

While coal derived GQDs remain a base technology for the Company, additional technologies based on various Carbon sources (CDs) have been developed and specific patent applications submitted. These new technologies developed allow the Company to expand its operations and reach into a variety of additional sectors such as bulk liquids, lubricants, polymers, resins and a variety of thermosetting materials. With the development of food grade CDs, the Company plans to expand its reach into the food produce market, both in primary packaging and beverages.

Partnership Development

The Company has established a partnership operation with its US based manufacturing entity, Pflaumer Brothers, which has the required expertise to establish the production capacity needed to support the sales operations taking hold in the various sectors.

In addition, the Company, through the efforts of Pflaumer Brothers, are being introduced to variety of Tier 1 companies in the US that have need of the Company's products.

Review of Sales Performance

Although an early-stage company, the Company generated revenue in the 2017 year, consisting of products sold into the anti-counterfeiting sector, with additional payments being made from online distribution websites and pilot production runs. The total 2017 revenue was approximately US$107.8K versus the previous year's lack of revenue. Of note is the Company achieving three revenue generating contracts, which although are conditional on customer approval, will be implemented during 2018.

The Company continues to have a significant sales pipeline into the US, Europe, China and Japan, and is actively working to prioritize these opportunities and to convert them in revenue generating contracts and MRRs.

Global Outlook

The huge global exposure to counterfeiting, calculated to be over US$1.2 trillion per year is a prime opportunity for the Company to establish itself as one of the premier suppliers of anti-counterfeiting/brand protection solutions to the market. In addition, with global oil producers looking to expand their EOR operations, there is a need for a highly effective, non-toxic tracer to assist in increasing production from current oil reserves, of which the Company is actively working on.

The Company remains highly optimistic that we are well positioned and focused to take advantage of these demands and the growing interest in our products.

The Company is very appreciative of the support of the investment community and is looking forward to the next 12 months focused on converting the high number of pilot trials to MRRs and increasing the speed of distribution of our products into the various sectors.

Sincerely yours,

Moti Gross, PhD (Eco & Fin), LLB
Managing Director and CEO

DOTZ NANO LIMITED

ABN 71 125 264 575

ANNUAL REPORT 31 DECEMBER 2017

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Dotz Nano Limited ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2017.

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
Ashley Krongold	Non-Executive Chairman	Appointed 1 February 2018	-
Moti Gross	CEO and Executive Director	Appointed 31 October 2016	-
Steve Bajic	Non-Executive Director	Appointed 31 October 2016	-
John Bullwinkel	Non-Executive Director	Appointed 21 March 2018	-
Uzi Breier	Non-Executive Director	Appointed 21 March 2018	-
Menashe Baruch	Non-Executive Director	Appointed 31 October 2016	Resigned 21 March 2018
Antony Sormann	Non-Executive Director	Appointed 1 February 2018	Resigned 21 March 2018
Faldi Ismail	Non-Executive Chairman	Appointed 31 October 2016	Resigned 1 February 2018

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 2017 (2016: Nil).

Review of operations

Dotz Nano Limited had a loss for the year of $4,731,898 (2016: $8,089,937 loss).

The net assets of the Group have decreased from $3,435,252 at 31 December 2016 to $2,953,375 at 31 December 2017.

As at 31 December 2017, the Group's cash and cash equivalents balance at 31 December 2017 was $2,835,485 (2016: $2,843,980) and had working capital of $2,445,924 (2016: $2,703,061).

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

Significant changes in the state of affairs

There have not been any significant changes in the state of affairs.

Highlights during the year

Significant highlights during the year included the following:

- Dotz Nano Limited signed a non-exclusive marketing and sales agreement with Strem Chemicals Inc., and achieved first sales from the distributor. Strem Chemicals is a privately-held chemical distribution company that sells through its online and printed catalogues, and will facilitate sales of Dotz's GQDs (graphene quantum dots).
- During the year, Dotz Nano shipped its first, initial quantities of GQDs to Strem Chemicals (2 litres in solvent and 5 grams in powder form). Blue, Green and Cyan GQDs were shipped.
- An existing Memorandum of Understanding (MoU) with Mainami Holdings was converted into an exclusive distribution agreement to market and sell Dotz's GQDs in Japan, as well as market the material to other Pan-Asia territories on a non-exclusive basis.

DIRECTORS' REPORT

Highlights during the year (continued)

- Dotz successfully completed a Proof of Concept research study into the use of GQDs in Flash Memory devices with Kyung Hee University in South Korea. Prior research was conducted in 2014 by Kyung Hee University and Samsung Electronics Co into the application of GQDs in flash memory, and the program was revisited with Dotz. The Company is in advance negotiations to sign a full licensing agreement with Kyung Hee University.
- Dotz shipped first commercial quantities to China to Changchun Ocean Electro-optics CO., Ltd who will market the GQDs to the Chinese research and industrial market. Total shipment quantities were 1 litre of Aqua Green GQDs in solvent.
- The Company also dispatched its first shipment to South Korea to Samchun Pure Chemical Co., Ltd with litre of GQDs in solvent and 6 grams of 100% GQDs powder dispatched. Samchun Pure Chemical Co. Ltd sells directly to first tier display companies such as SK Chemicals, Samsung, LG and Hyundai, and others.
- During the year end, Dotz received a A$650,000 grant from BIRD foundation, with the first tranche processed in June 2017. The grant is the first tranche of the A$1.2 million commercial grant awarded by the BIRD foundation for establishment of Dotz Nano's production facilities in the USA together with manufacturing partner Pflaumer Brothers. The remaining tranche of the grant will follow as Dotz meets the conditions set up in the agreement.
- The Company successfully passed an oral administration safety evaluation performed by Pharmaseed Ltd.
- The Company also continued to protect its technology with a new patent filed with the US Patent and Trademark Office for the use of GQDs in tagging of bulk and bottled liquids. The patent application was filed in preparation for collaboration and commercialisation with anti-counterfeiting companies and potential end users.
- On 8 August 2017, the Company successfully completed a A$1,500,000 placement with the issue of 12,500,000 shares at $0.12 and the issue of 10,000,000 unlisted options with exercise price of $0.20 expiring 24 months from issue date.
- On 14 August 2017, the Company announced that Sigma Aldrich had approved Dotz Nano GQDS for global sale and distribution. This means that the GQDS will be available on Sigma Aldrich online catalogue.
- The Company announced to expand its technologies to develop Graphene embedded cathodes for the lithium ion battery market and successfully developed a process for using GQDs to tag petroleum and fuel products. On 22 November 2017 the Company and UltraCharge sign joint collaboration agreement for use of GQDs in lithium ion batteries anodes.
- The Company establishes USA distribution and sales network for the commercialisation of GQDs with three different organisations.
- On 30 October 2017 the Company announced new technology for the use of GQDs in displays. The company expands intellectual property with filing of patent for synthesis method of GQDs with narrow full width at half maximum (FWHM) spectra.
- On 2 November 2017 the Company announces development of orange and red GQDs with significantly enhanced quantum yield.
- On 7 November 2017 the Company announces revenue from first major sales of GQDs. Order calls for A$135,000 worth of Blue and Green GQDs and to be supplied over the next 3 months in both liquid and powdered form. Material to be supplied to companies in Japan and Pan-Asia.
- On 20 November 2017 signs first major purchasing agreements for sales of GQDs with colorplastic SA from Switzerland. The Framework purchasing agreement calls for purchase of US$300,000 per annum of GQDs.
- The Company establishes Dotzblue Ltd subsidiary for the commercialisation of GQDs as anti-counterfeiting mechanism in diesel exhaust fluid/adblue and automotive solvents.
- On 28 November 2017 the Company successfully completed a A$3,800,000 placement with the issue of 21,111,1111 shares at $0.18 and the issue of 6,000,000 unlisted options with exercise price of $0.30 expiring 24 months from issue date. The shares were issued in two tranches with the first tranche of 18,333,333 shares issued on 5 December 2017 and the second tranche of 2,777,778 was issued 5 February 2018.
- On 14 December 2017 the Company announced the provisional patent application utilising blockchain technology and GQDs for product authentication and validation. The patent application is part of Dotz Nano's intention to expend its intellectual Property program.

DIRECTORS' REPORT

Significant events after the reporting period

Since the reporting date the following significant events have occurred:

- On 8 January 2018 the Company executed an agreement for distribution and sale of GQDs in China valued at $15 million. The distribution and sales agreement signed with China Israel (hengqin) Science Technology Innovation Centre Ltd. ("CisticPoly"). Sale minimums are conditional on CisticPoly's or third-party approval of product specifications.
- On 11 January 2018 the Company was awarded AUD$750,000 grant from SIIRD foundation for the development of new GQDs based on lithium ion battery cathode. The Singapore Israel R&D Foundation (SIIRD) aims to facilitate R&D between Singapore and Israeli companies.
- On 18 January 2018 the Company executed a MoU with Recochem Inc. of Australia for the appointment of Recochem as an Exclusive Distributor of GQDs for Australia and New Zealand.
- On 1 February 2018 the Non-Executive Chairman Mr Faldi Ismail resigned and Mr Ashley Krongold was appointed an Interim Non-Executive Chairman. The Company appointed Mr Antony Sormann as an interim Non-Executive Director of the Company.
- On 5 February 2018 the Company issued of 2,777,778 ordinary shares, 500,000 Lead Manager shares and 6,000,000 unlisted Lead Manager options with exercise price of $0.30 expiring 5 February 2020 as a result of the placement shares issued 28 November 2017.
- On 7 February 2018 the Company announced the Mr Ian Pamensky has been appointed as the Company's new Company Secretary, replacing Mr Peter Webse.
- On 21 March 2018, the Company announced the appointment of Mr John Bullwinkel and Mr Uzi Breier as Non-Executive Directors to the Board of the Company, replacing Mr Menashe Baruch, a Non-Executive Director and Mr Antony Sormann, an interim Non-Executive Director.

There were no other significant events after balance date.

Information on Directors

Mr Ashley Krongold	Non-Executive Chairman (Appointed 1 February 2018)
Qualifications	B Com
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	1,884,838 Ordinary shares 1,634,838 Performance shares
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Weebit Nano Limited (current) G-Medical Innovations Ltd (current)

Dr Moti Gross	CEO and Executive Director (Appointed 31 October 2016)
Qualifications	PhD Economics, LLB

DIRECTORS' REPORT

Information on Directors

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.
Interest in Shares and Options at the date of this report	3,260,687 Ordinary shares 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	100,000 Ordinary Shares
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil

Mr John Bullwinkel	Non-Executive Director (Appointed 21 March 2018)
Qualifications	Qualified Accountant, Diploma of Financial Services
Experience	Mr. Bullwinkel is Managing Director of Business Partner Pty Ltd, a boutique advisory and investment consulting company and is based in Melbourne. He has held senior Private Banking roles at Macquarie Private Bank, ANZ Private Bank, Deutsche Bank and Merrill Lynch. He has also held senior positions at Citibank and NatWest in Corporate Commercial Banking.
Interest in Shares and Options at the date of this report	Nil
Special Responsibilities	Nil

DIRECTORS' REPORT

Information on Directors

Directorships held in other listed entities (last 3 years)	Nil

Mr Uzi Breier

Qualifications	Bachelor degrees in Computer Science and Industrial Engineering, and MBA in International Business
Experience	Mr. Breier has held senior positions at fortune-500 companies and served as CEO of technology start-ups as well as more established companies. He currently dedicates efforts to promote some of the exciting characteristics of Israel – entrepreneurship, innovation and leadership.
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, Resigned 21 March 2018)
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 242,198 Performance shares
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil

Mr Antony Sormann	Non-Executive Director (Appointed 1 February 2018, Resigned 21 March 2018)
Qualifications	LLB, B.Ec, Monash University, Melbourne
Experience	Antony is currently a Director in the Capital team at Henslow. He has over 20 years' experience in investment banking and legal advisory services, including nine years as a director of SLM Corporate Pty Ltd and seven years working in the investment banking division of N.M. Rothschild & Sons (Australia) Limited of which two years were as an executive in the Rothschild Group's New York office. He has also previously been an Executive Director of Keybridge Capital Limited, and a Non-Executive Director of PTB Group Limited and Molopo Energy Limited.
Interest in Shares and Options	Nil

DIRECTORS' REPORT

Information on Directors

Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Keybridge Capital Limited (ceased October 2016) Molopo Energy Limited (ceased December 2016) PTB Group (ceased October 2016)
Mr Faldi Ismail	Non-Executive Chairman (Appointed 31 October 2016, Resigned 1 February 2018)
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	2,916,667 Ordinary shares 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)	Asiamet Resources Limited (current) Ookami Limited (current) Vysarn Limited (formerly MHM Metals Limited) (current) Cre8tek Limited (ceased 27 June 2017) WHL Energy Limited (ceased 1 March 2017) TV2U International Limited (ceased 21 October 2016) BGD Corporation Limited (ceased 6 April 2016) Emergent Resources Limited (ceased 16 November 2015) Mareterram Limited (ceased 10 August 2015)

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).

DIRECTORS' REPORT

Information on Key Management

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).
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 Ian Pamensky	Company Secretary (Appointed 7 February 2018)
Qualifications	Bachelor of Commerce, Bachelor of Accounting Science (Honours) and Chartered Accountant
Experience	Mr Pamensky has over 22 years' experience in the finance and secretarial sector for both SME and ASX-listed entities. Since 1997, Mr Pamensky has held various roles with ASX-listed companies.
Mr Peter Webse	Company Secretary (Resigned 7 February 2018)
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.

DIRECTORS' REPORT

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
Ashley Krongold	Appointed 31 October 2016	7	7
Moti Gross	Appointed 31 October 2016	7	7
Steve Bajic	Appointed 31 October 2016	7	5
John Bullwinkel	Appointed 21 March 2018	-	-
Uzi Breier	Appointed 21 March 2018	-	-
Menashe Baruch	Appointed 31 October 2016, Resigned 21 March 2018	7	7
Antony Sormann	Appointed 1 February 2018, Resigned 21 March 2018	-	-
Faldi Ismail	Appointed 31 October 2016, Resigned 1 February 2018	7	7

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*
8 August 2019	8 August 2017	$0.20	10,000,000
5 February 2020	5 February 2018	$0.30	6,000,000
			26,500,000

* 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 (2016: 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

Performance Shares (continued)

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 7 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 2017 has been received and can be found on page 19 of the financial report.

DIRECTORS' REPORT

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2017 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$280,800 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 2017); 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$180,000 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$204,000 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 $205,535 (2016: $46,429) 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.

DIRECTORS' REPORT

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

31-Dec-17	Short Term Salary, Fees & Commissions	Post-Employment Superannuation	Other	Share-based payments	Total	Performance based remuneration
	US$	US$	US$	US$	US$	
Directors:						
Faldi Ismail	91,997	-	-	-	**91,997**	0%
Moti Gross	282,461	-	-	-	**282,461**	0%
Steve Bajic	38,332	-	-	-	**38,332**	0%
Menashe Baruch	36,875	-	-	-	**36,875**	0%
Ashley Krongold	38,332	-	-	-	**38,332**	0%
Key management:						
Ariel Malik	239,498	-	-	-	**239,498**	0%
Eran Gilboa	197,408	-	-	-	197,408	0%
Michael Shtein	205,016	-	-	-	**205,016**	0%
Avigdor Kaner	159,695	-	-	-	**159,695**	0%
Total	**1,289,614**	**-**	**-**	**-**	**1,289,614**	

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	-	-	-	**50,649**	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**	**-**	**39,890**	**-**	**288,856**	

* 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.

6. Additional disclosures relating to equity instruments

KMP Shareholdings

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

31-Dec-17	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	-	-	100,000	**2,916,667**
Moti Gross	3,160,687	-	-	100,000	**3,260,687**
Steve Bajic	-	-	-	100,000	**100,000**
Menashe Baruch	242,198	-	-	-	**242,198**
Ashley Krongold	1,634,838	-	-	250,000	**1,884,838**
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	**23,863,688**	**-**	**-**	**550,000**	**24,413,688**

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-17	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	-	-	-	-	**-**	-	-
Key management:							
Ariel Malik	-	-	-	-	**-**	-	-
Eran Gilboa	-	-	-	-	**-**	-	-
Michael Shtein	-	-	-	-	**-**	-	-
Avigdor Kaner	-	-	-	-	**-**	-	-
Total	**1,333,334**	**-**	**-**	**-**	**1,333,334**	**-**	**1,333,334**

KMP performance rights holdings

No performance rights were issued during the current financial year (2016: 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-17	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	1,866,667	-	-	1,866,667
Moti Gross	3,160,687	-	-	3,160,687
Steve Bajic	-	-	-	**-**
Menashe Baruch	242,198	-	-	242,198
Ashley Krongold	1,634,838	-	-	1,634,838
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	**22,913,688**	**-**	**-**	**22,913,688**

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.

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	
			2017 US$	2016 US$	2017 US$	2016 US$
Otsana Capital Pty Ltd	Capital raising fee	Faldi Ismail	110,219	272,448	-	-
Otsana Capital Pty Ltd	Management fee	Faldi Ismail	-	110,309	-	-
Otsana Capital Pty Ltd	Corporate advisor retainer	Faldi Ismail	91,997	11,335	74,219	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	18,399	-	10,927	2,246
Sharon Malik	Marketing fee	Ariel Malik	134,590	19,484	-	-

A capital raising fee of $110,219 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2017. Otsana Pty Ltd is a company controlled by Director Faldi Ismail.

A corporate advisor retainer of $91,997 was paid or payable to Otsana Capital Pty for the period end 31 December 2017 as per the Corporate Advisor Mandate dated 6 August 2016.

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 $1,533 (AU$2,000) per month.

Marketing fees were paid to Sharon Malik (VP Marketing) for the year ended 31 December 2017, the spouse of Key Management Personnel Ariel Malik.

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

At the AGM held on 29 May 2017, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (END)

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

Moti Gross
Managing Director
29 March 2018

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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 2017, 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, 29 March 2018

DOTZ NANO LIMITED

ABN 71 125 264 575

ANNUAL REPORT 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		US$	US$
Revenue		107,795	-
Other income		3,732	71,828
Cost of Sales		(37,728)	-
Administrative expenses		(174,989)	(164,949)
Consulting fees		(30,755)	(106,456)
Depreciation		(51,956)	(38,532)
Directors fees		(183,352)	(46,429)
Executive remuneration	4	(567,484)	(328,446)
Administrative remuneration		(209,692)	-
Finance expenses	4	(181,529)	(362,913)
Insurance		(25,533)	(48,646)
Interest expense		(170)	(69,546)
Impairment expense	4	(371,536)	-
Legal and professional fees		(188,243)	(110,096)
Finance and accounting expenses		(313,288)	(133,073)
Listing fee expense	4	-	(1,878,601)
Motor vehicle expense		(111,826)	(77,389)
Occupancy costs		(101,269)	(51,766)
Marketing and Investor relations	4	(562,782)	(137,295)
Research and development	4	(723,925)	(241,960)
Share based compensation	4	(438,241)	(3,596,204)
SRA and patent expense	4	(204,877)	(375,200)
Transaction Costs		-	(126,950)
Travel and accommodation	4	(364,070)	(267,314)
Profit/(Loss) before income tax		(4,731,898)	(8,089,937)
Income tax expense	5	-	-
Profit/(Loss) for the year		(4,731,898)	(8,089,937)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		368,141	(268,858)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(4,363,757)	(8,358,795)
Basic earnings/(loss) per share (cents per share)		(4.07)	(32.98)
Diluted earnings/(loss) per share (cents per share)		(4.07)	(32.98)

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 2017

	Note	2017	2016
		US$	**US$**
CURRENT ASSETS			
Cash and cash equivalents	9(a)	2,835,485	2,843,980
Trade and other receivables	10	177,497	127,706
Other assets		98,880	63,913
TOTAL CURRENT ASSETS		**3,111,862**	**3,035,599**
NON-CURRENT ASSETS			
Trade and other receivables	10	92,653	48,961
Property, plant and equipment		244,743	144,230
Investments		4,773	23,237
Intangible assets	11	245,000	472,185
Goodwill	12	-	43,578
TOTAL NON-CURRENT ASSETS		**587,169**	**732,191**
TOTAL ASSETS		**3,699,031**	**3,767,790**
CURRENT LIABILITIES			
Trade and other payables	13	655,148	245,825
Deferred tax liability		-	85,000
Provisions		10,790	1,713
TOTAL CURRENT LIABILITIES		**665,938**	**332,538**
NON-CURRENT LIABILITIES			
Borrowings		79,718	-
TOTAL CURRENT LIABILITIES		**79,718**	**-**
TOTAL LIABILITIES		**745,656**	**332,538**
NET ASSETS/ (LIABILITIES)		**2,953,375**	**3,435,252**
SHAREHOLDERS' EQUITY/ (DEFICIT)			
Issued capital	15	15,900,912	12,456,472
Reserves	16	955,348	149,767
Accumulated losses		(13,902,885)	(9,170,987)
SHAREHOLDERS' EQUITY/ (DEFICIT)		**2,953,375**	**3,435,252**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	US$	US$	US$	US$	US$
Balance at 1 January 2016	**1,370,688**	**132,356**	**-**	**(1,081,050)**	**421,994**
Profit 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 Dotz 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**
Balance at 1 January 2017	**12,456,472**	**418,625**	**(268,858)**	**(9,170,987)**	**3,435,252**
Loss for the year	-	-	-	(4,731,898)	(4, 731,898)
Other comprehensive income	-	-	368,141	-	368,141
Total comprehensive loss for the year	-	-	368,141	(4, 731,898)	(4,363,757)
Transactions with owners, recognised directly in equity					
Issue of shares under the public offer	3,695,175	-	-	-	3,695,175
Capital raising costs	(250,735)				(250,735)
Issue of lead manager options	-	437,440	-	-	437,440
Balance at 31 December 2017	**15,900,912**	**856,065**	**99,283**	**(13,902,885)**	**2,953,375**

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 2017

	Note	2017	2016
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		107,398	-
Payments to suppliers and employees		(3,492,519)	(2,547,838)
Payments for transaction costs		-	(136,792)
Interest received		2,187	1,137
Net cash used in operating activities	9(b)	(3,382,934)	(2,683,493)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(176,214)	(158,820)
Cash acquired on reverse takeover transaction		-	4,763,144[1]
Acquisition of investments		(41,252)	-
Sale/(Acquisition) of marketable securities		-	118,508
Restricted deposits		-	(22,977)
Net cash (used in)/ from investing activities		(217,466)	4,699,855
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds for the issue of shares		3,430,400	256,469
Proceeds from borrowings or convertible note		-	327,713
Payment to lenders		(31,200)	(74,546)
Grant from BIRD		79,718	-
Other (proceeds from unissued shares)		50,000	-
Net cash from financing activities		3,528,918	509,636
Net (decrease)/ increase in cash and cash equivalents		**(71,482)**	**2,525,998**
Cash and cash equivalents at the beginning of the financial year		2,843,980	537,972
Foreign exchange		62,987	(219,990)
Cash and cash equivalents at the end of the financial year		2,835,485	2,843,980

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 2017

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 29 March 2018 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.

b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the year ended 31 December 2017 of $4,731,898 (2016: $8,089,937) and net cash outflows from operating activities of $3,382,934 (2016: $2,683,493).

The ability of the Group to continue as a going concern is dependent on securing additional funding through either equity, debt or receipts, or a combination of all, to continue to fund its operational and technology development activities. These conditions indicate a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds will be available to finance the operations of the Group for the following reasons:

- The Directors of Dotz Nano Limited have assessed the likely cash flow for a period to March 2019 and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements, including raising $3,800,000 in equity for the year ended 31 December 2017.
- The Directors of Dotz Nano have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Company's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Going Concern (continued)

The directors plan to continue the Group's operations on the basis as outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

c) 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.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Reverse Acquisition (continued)

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 rate.

d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Principles of Consolidation (continued)

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

e) 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.

f) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) 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.

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.

h) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Leases (continued)

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.

i) 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.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

j) 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.

k) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) 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.

m) 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

n) Operating expenses

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

o) 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.

p) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) 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.

r) 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.

s) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) 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. Following a major restructure in November 2016, at that time the CODM identified two reportable segments being Australia and Israel.

Post completion the newly established Board identified that there was one business unit being the Dotz Nano Limited (DTZ) Group as a consolidated entity as opposed to two reportable segments in the prior year.

Pursuant to AASB 136 Impairment of Assets, management had performed an impairment analysis on the previously reported segments and determined there is no impairment arising out of the change in segment reporting.

u) 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.

v) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Critical Accounting estimates and judgements (continued)

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 2017

NOTE 2: REVERSE ACQUISITION (CONTINUED)

		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: REVENUE AND OTHER INCOME

	2017	2016
	US$	US$
Revenue	107,795	-
Other income:		
- Interest	3,732	19,683
- Gain on investments	-	52,145

NOTE 4: PROFIT/(LOSS) FOR THE YEAR

	2017	2016
	US$	US$
Profits/(Loss) before income tax from continuing operations includes the following specific expenses:		
Executive Remuneration		
- CEO and Executive Director	334,165	151,113
- VP International Finance	233,319	177,333
	567,484	**328,446**
Finance costs:		
- External	(181,529)	(362,913)
	(181,529)	**(362,913)**

[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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4: PROFIT/(LOSS) FOR THE YEAR (CONTINUED)	Note		
Listing fee expense		-	(1,878,601)
Marketing and Investor relations		(562,782)	(137,295)
SRA and patent expense		(204,877)	(375,200)
Travel and accommodation		(364,070)	(267,314)
Impairment expense:			
- Impairment expense on Technology	11	327,185	-
- Impairment write off goodwill	12	43,578	-
- Other		773	-
		371,536	**-**
Share based compensation:			
- 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)
- Options issued to lead managers on 8/8/17	17	(438,241)	-
		(438,241)	**(3,596,204)**
Research and development:			
- Employee costs		(671,508)	(241,960)
- Lab expenses		(52,417)	
		(723,925)	**(241,960)**

NOTE 5: INCOME TAX

The financial accounts for the year ended 31 December 2017 comprise the results of Dotz Australia and Dotz Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5% (2016: 28.5%). The applicable tax rate in Israel is 24% (2016: 25%).

	2017	**2016**
	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 benefit on operating loss at 27.5% (2016: 28.5%)	(1,301,272)	(2,305,632)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 5: INCOME TAX (CONTINUED)

	2017 US$	2016 US$
Non-deductible items		
Non-deductible expenditure	189,941	1,650,704
Non-assessable income	-	-
Adjustment for difference in tax rates	-	73,008
Temporary differences not recognised	1,111,331	581,920
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	1,427,118	597,883
Black hole expenditure	91,312	63,854
Unrecognised deferred tax asset	1,518,430	661,737
Set-off deferred tax liabilities	-	-
Net deferred tax assets	1,518,430	661,737
Less deferred tax assets not recognised	(1,518,430)	(661,737)
Net assets	-	-
Deferred tax liabilities		
Other	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,518,430	661,737

Carry forward losses

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2017, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

NOTE 6: RELATED PARTY TRANSACTIONS

a) Key Management Personnel Compensation

With exception of Mr Ismail and Mr Gross, the directors entered into contracts to each be paid AUD$4,117 per month, for the period ended 31 December 2017. The salary of Mr Ismail was set at AU$120,000 per annum and the salary of Mr Gross was set at US$280,800. The contracts remain in place until the Directors either resign or are not re-elected at an AGM.

NOTE 6: RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2017	2016
	US$	US$
Short-term salary, fees and commissions	1,084,078	617,329
Directors fees	205,536	35,710
Total KMP Compensation	1,289,614	653,039

b) Other related party transactions

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 2017	Total Transactions 2016	Payable Balance 2017	Payable Balance 2016
			US$	US$	US$	US$
Otsana Capital Pty Ltd	Capital raising fee	Faldi Ismail	110,219	272,448	-	-
Otsana Capital Pty Ltd	Management fee	Faldi Ismail	-	110,309	-	-
Otsana Capital Pty Ltd	Corporate advisor retainer	Faldi Ismail	91,997	11,335	74,219	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	18,399	-	10,927	2,246
Sharon Malik	Marketing fee	Ariel Malik	134,590	19,484	-	-

A capital raising fee of $110,219 was paid to Otsana Capital Pty Ltd for the year ended 31 December 2017. Otsana Pty Ltd is a company controlled by Director Faldi Ismail.

A corporate advisor retainer of $91,997 was paid or payable to Otsana Capital Pty for the period end 31 December 2017 as per the Corporate Advisor Mandate dated 6 August 2016.

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 $1,533 (AU$2,000) per month.

Marketing fees were paid to Sharon Malik (VP Marketing) for the year ended 31 December 2017, the spouse of Key Management Personnel Ariel Malik.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 7: AUDITOR'S REMUNERATION	**2017**	**2016**
Remuneration of the auditor of the Group for:	**US$**	**US$**
- Auditing and reviewing the financial reports (BDO) – Australia	28,635	17,115
- Auditing and reviewing the financial reports (BDO) – Israel	20,000	60,500
	48,635	77,615
Non-assurance services		
- Tax (BDO) – Australia	2,892	-
- Tax (BDO) – Israel	3,800	-
	6,692	-

NOTE 8: EARNINGS/(LOSS) PER SHARE	**2017**	**2016**
Earnings/ (Loss) per share (EPS)	**US$**	**US$**
a) Profit/(Loss) used in calculation of basic EPS and diluted EPS	(4,731,898)	(8,089,937)
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings/ (loss) per share	116,256,129	24,530,940

NOTE 9 a: CASH AND CASH EQUIVALENTS	**2017**	**2016**
	US$	**US$**
Cash at bank	2,835,485	2,843,980
Total cash and cash equivalents in the statement of cash flows	2,835,485	2,843,980

NOTE 9 b: CASH FLOW INFORMATION	**2017**	**2016**
	US$	**US$**
Loss after income tax	(4,731,898)	(8,089,937)
Non-cash flows in loss after income tax		
Depreciation	51,956	38,532
Impairment expense	371,536	-
Listing fee expense	-	1,878,602
Share based payment expense	438,241	3,596,204
Change in fair value of derivative	-	274,714
Change in marketable securities	-	(52,145)
Foreign exchange loss	222,922	-
Changes in assets and liabilities		
Decrease/ (increase) in receivables	(93,482)	(86,519)
Decrease/ (increase) in prepayments	(34,967)	7,391
(Decrease)/ increase in payables	(7,061)	(250,335)
(Decrease)/increase in other payables	475,742	-
(Decrease)/increase in provisions	9,077	-
(Decrease)/increase in deferred tax	(85,000)	-
Cash flow (used in) operating activities	(3,382,933)	(2,683,493)

NOTE 9 b: CASH FLOW INFORMATION (CONTINUED)

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 10: TRADE AND OTHER RECEIVABLES	2017	2016
	US$	US$
CURRENT		
Other receivables	177,495	127,706
	177,495	127,706
NON CURRENT		
Other receivables	92,653	48,961
	92,653	48,961

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

NOTE 11: INTANGIBLE ASSETS	2017	2016
	US$	US$
Balance at the beginning of the year	472,185	422,185
Acquisition of License Agreement with William Marsh Rice University	100,000	50,000
Impairment expense	(327,185)	-
Balance at the end of the year	245,000	472,185

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 11: INTANGIBLE ASSETS (CONTINUED)

The intangible asset has been allocated to the company's only cash generating uni (CGU) for impairment testing. The Board has determined the recoverable amount of the CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on the Australian Securities Exchange (ASX). The recoverable value is therefore a Level 1 measurement based on observable inputs of publicly traded shares in an active market. The Board has not identified any reasonable possible reasons in key assumption that could cause the carrying amount of the CGU to exceed its recoverable amount. Any reasonable change to the company's share price would not create an impairment.

On 20 May 2015, the Company acquired 100% of Graphene Materials Ltd from the controlling shareholder. 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. No impairment loss was recognised for the prior year ended 31 December 2016. For the current year ended 31 December 2017 Management determined there would be no further use or commercial income related to the technology a specific asset impairment was recognised of $327,185.

NOTE 12: GOODWILL	**2017**	**2016**
	US$	**US$**
Balance at the beginning of the year	43,578	43,578
Impairment expense	(43,578)	-
Balance at the end of the year	-	43,578

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

NOTE 13: TRADE AND OTHER PAYABLES	**2017**	**2016**
	US$	**US$**
CURRENT		
Trade and other payables	402,694	4,569
Accruals	252,454	241,256
	655,148	245,825

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

NOTE 14: BORROWINGS	**2017**	**2016**
	US$	**US$**
NON-CURRENT		
Government grant	79,718	-
	79,718	-

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 15: ISSUED CAPITAL	2017	2016
	US$	US$
(a) Share Capital		
140,818,135 (31 December 2016: 109,984,802) fully paid ordinary shares	15,900,912	12,456,472

	No.	US$.
(b) Movements in fully paid Ordinary Capital		
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**
Opening balance at 1 January 2017	**109,984,440**	**12,456,472**
Shares issued under public offer on 8 August 2017	12,500,000	1,130,474
Shares issued under public offer on 5 December 2017	18,333,333	2,313,967
Closing balance at 31 December 2017	**140,817,773**	**15,900,912**

(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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 15: ISSUED CAPITAL (CONTINUED)

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 16: RESERVES

	2017	2016
a) Reserves	**US$**	**US$**
Option Reserve 20,500,000 (31 December 2016: 10,500,000) options on issue	856,065	418,625
Foreign currency translation reserve	99,283	(268,858)
	955,348	**149,767**

b) Options Reserve	**No.**	**US$**
Opening balance at 1 January 2016	**132**	**132,356**
Acceleration of options	355	700,558
Conversion of options on 6 July 2016	(487)	(832,914)
Issue of options on 17 May 2016	991	1,493,265
Issue of options on 6 July 2016	277	716,146
Converted to DTZ Shares	(1,268)	(2,209,411)
Elimination of Dotz Nano Ltd options on acquisition	-	-
Existing options of Dotz Nano Limited	5,000,000	-
Issue of Lead Manager Options	4,500,000	335,186
Issue of Facilitator Options	1,000,000	83,439
Balance at 31 December 2016	**10,500,000**	**418,625**
Opening balance at 1 January 2017	**10,500,000**	**418,625**
Issue of Lead Manager Options	10,000,000	437,440
Closing balance at 31 December 2017	**20,500,000**	**856,065**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 16: RESERVES (CONTINUED)

c) Foreign currency translation reserve	**US$**	**US$**
Opening balance	(268,858)	-
Difference arising on translation	368,141	(268,858)
Balance at the end of the year	**99,283**	**(268,858)**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE17: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2017:

2016 SHARE BASED PAYMENTS

- 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

2017 SHARE BASED PAYMENTS

- 10,000,000 Broker Options

The details of the Options on issue as at 31 December 2017 are summarised below.

2016 SHARE BASED PAYMENTS

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.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 17: SHARE BASED PAYMENTS (CONTINUED)

2017 SHARE BASED PAYMENTS

Broker Options

10,000,000 Broker Options were issued on 8 August 2017 with exercise price of AUD $0.20 each expiring on 8 August 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**	**Broker Options**
Financial year	2016	2016	2016	2016	2016	2016	2017
Exercise price	US$Nil	US$Nil	US$Nil	AU$Nil	AU$0.40	AU$0.30	AU$0.20
Price at issue date	US$3,014	US$2,585	US$1,973	AU$0.20	AU$0.20	AU$0.20	AU$0.13
Grant date	6-Apr-16	6-Jul-16	10-Oct-15	31-Oct-16	31-Oct-16	31-Oct-16	8-Aug-17
Expected volatility (i)	n/a	n/a	n/a	n/a	100%	100%	100%
Expiry date	6-Apr-23	6-Jul-23	10-Oct-22	n/a	31-Oct-19	31-Oct-19	8-Aug-19
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	n/a	n/a	n/a	n/a	1.70%	1.70%	1.74%
Value per option or share	US$3,014	US$2,585	US$1,973	AU$0.20	AU$0.0745	AU$0.0834	AU$0.055
Number of options	495	277	355	1,750,000	4,500,000	1,000,000	10,000,000
Total value in AUD	**n/a**	**n/a**	**n/a**	**AU$350,000**	**AU$438,380**	**AU$109,128**	**AU$552,431**
Total value in USD	**US$1,493,265**	**US$716,146**	**US$700,558**	**US$267,610**	**US$335,185**	**US$83,439**	**US$438,241**

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

	Note	**2017**	**2016**
Share based compensation comprises of the following:		**US$**	**US$**
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)
Options issued to brokers on 8-Aug-17	4	438,241	-
		438,241	(3,596,204)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 18: 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 Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

NOTE 19: 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:

	Floating Interest Rate	Non-interest bearing	2017 Total	Floating Interest Rate	Non-interest bearing	2016 Total
	US$	US$	US$	US$	US$	US$
Financial assets						
- Within one year						
Cash and cash equivalents	2,835,485	-	2,835,485	2,843,980	-	2,843,980
Other receivables	-	177,495	177,495	-	127,706	127,706
Total financial assets	2,835,485	177,495	3,012,979	2,843,980	127,706	2,971,686
Weighted average interest rate	0.13%			1.16%		
Financial Liabilities						
- Within one year						
Trade and other Payables	-	655,148	655,148	-	245,825	245,825
Other liabilities	-	10,790	10,790	-	86,713	86,713
Total financial liabilities	-	665,938	665,938	-	332,538	332,538
Weighted average interest rate				n/a		
Net financial assets	2,835,485	(488,443)	2,347,041	2,843,980	(207,832)	2,639,148

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

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 US$	Movement in Equity US$
Year ended 31 December 2017		
+/-1% in interest rates	28,397	28,397
Year ended 31 December 2016		
+/-1% in interest rates	16,910	16,910

(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	2017 US$	2016 US$
Cash and cash equivalents - AA Rated	9a	2,835,485	2,843,980

(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.

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

2017	Interest rate	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
		US$	US$	US$	US$	US$	US$	US$
Financial liabilities at amortised cost								
Trade and other payables		(655,148)	-	-	-	-	(655,148)	(655,148)
Borrowings	n/a%	-	-	-	-	-		-
		(655,148)	-	-	-	-	(655,148)	(655,148)

2016	Interest rate	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
		US$	US$	US$	US$	US$	US$	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)

(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 2017 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.

	2017		2016	
Cash and cash equivalents	**Foreign Currency**	**USD Equivalent**	**Foreign Currency**	**USD Equivalent**
New Israeli Shekels	204,781	58,995	107,749	28,034
Australian Dollar	3,260,497	2,544,779	3,893,320	2,805,794
Singapore Dollar	130,904	97,917	10,999	7,607

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 20: PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the legal parent Dotz Nano Limited (formerly Northern Iron Limited) which have been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in note 1.

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

	2017	2016
	US$	US$
ASSETS		
Current assets	4,445,246	1,243,284
Non-current assets	1,150,512	2,878,840
TOTAL ASSETS	**3,294,734**	**4,122,124**
LIABILITIES		
Current liabilities	341,358	61,823
TOTAL LIABILITIES	341,358	**61,823**
NET ASSETS	**2,953,374**	**4,060,301**
SHAREHOLDERS' (DEFICIT)/ EQUITY		
Issued capital	331,182,110	327,737,669
Reserves	1,502,054	687,076
Accumulated Losses	(329,730,790)	(324,364,444)
SHAREHOLDERS' (DEFICIT)/ EQUITY	**2,953,374**	**4,060,301**

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

Profit / (Loss) for the year	(5,335,749)	(934,570)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(5,335,749)	(934,570)

(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 2017 (2016: Nil).

(e) Commitments by Dotz Nano Limited

Known commitments as at 31 December 2017 are disclosed in the consolidated entities in Note 22 below.

NOTE 21: CONTROLLED ENTITIES

Dotz Nano Limited

Controlled entity	Country of Incorporation	Percentage Owned 2017	Percentage Owned 2016
Dotz Nano Ltd	Israel	100%	100%
Dotz Singapore Pte Ltd	Singapore	100%	-
Graphene Materials Ltd	Israel	100%	100%
DotzBlue Ltd	Israel	100%	-

NOTE 22: COMMITMENTS

	2017 US$	2016 US$
Operating lease commitments:		
No longer than 1 year	141,590	17,828
Longer than 1 year and not longer than 5 years	11,799	-
Longer than 5 years	-	-
	153,389	17,828
Other expenditure commitments:		
No longer than 1 year	136,738	80,400
Longer than 1 year and not longer than 5 years	76,959	69,258
Longer than 5 years	-	-
	213,697	149,658

NOTE 23: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2017 (2016: Nil).

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Since the reporting date the following significant events have occurred:

- On 8 January 2018 the Company executed an agreement for distribution and sale of GQDs in China valued at $15 million. The distribution and sales agreement signed with China Israel (hengqin) Science Technology Innovation Centre Ltd. (“CisticPoly”). Sale minimums are conditional on CisticPoly’s or third-party approval of product specifications.
- On 11 January 2018 the Company was awarded AUD$750,000 grant from SIIRD foundation for the development of new GQDs based on lithium ion battery cathode. The Singapore Israel R&D Foundation (SIIRD) aims to facilitate R&D between Singapore and Israeli companies.
- On 18 January 2018 the Company executed a MoU with Recochem Inc. of Australia for the appointment of Recochem as an Exclusive Distributor of GQDs for Australia and New Zealand.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

- On 1 February 2018 the Non-Executive Chairman Mr Faldi Ismail resigned and Mr Ashley Krongold was appointed an Interim Non-Executive Chairman. The Company appointed Mr Antony Sormann as an interim Non-Executive Director of the Company.
- On 5 February 2018 the Company issued of 2,777,778 ordinary shares, 500,000 Lead Manager shares and 6,000,000 unlisted Lead Manager options with exercise price of $0.30 expiring 5 February 2020 as a result of the placement shares issued 28 November 2018.
- On 7 February 2018 the Company announced the Mr Ian Pamensky has been appointed as the Company's new Company Secretary, replacing Mr Peter Webse.
- On 21 March 2018, the Company announced the appointment of Mr John Bullwinkel and Mr Uzi Breier as Non-Executive Directors to the Board of the Company, replacing Mr Menashe Baruch, a Non-Executive Director and Mr Antony Sormann, an interim Non-Executive Director.

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 2017. 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 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139	1 January 2018	1 July 2018

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 24: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 9 Financial Instruments	**Impact on Dotz Nano Limited** The company have assessed that there is no expected material impact of the above standard.	1 January 2018	1 July 2018
AASB 15 Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue –Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB117 (or AASB 16 Leases, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation **Impact on Dotz Nano Limited** The company has assessed that there is no expected material impact of the above to the existing operations due to the nature of revenue still being in early stages. Management will continue to assess the impact of these changes on any new contracts going forward.	1 January 2018	1 July 2018
AASB 16 Leases	AASB16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).	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
AASB 16 Leases	Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases **Impact on Dotz Nano Limited** The company have assessed that there is no expected material impact of the above standard.	1 January 2019	1 July 2019
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based payment transactions	This Standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations ► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. **Impact on Dotz Nano Limited** The company have assessed that there is no expected material impact of the above standard.	1 January 2018	1 July 2018

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 to 55 are in accordance with the Corporations Act 2001, including:

   a) complying with Australian Accounting Standards and Corporations Regulations 2001;

   b) giving a true and fair view, the consolidated entity's financial position as at 31 December 2017 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 2017.

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:

Moti Gross
Managing Director
29 March 2018

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Australia

INDEPENDENT **AUDITOR'S REPORT**

To the members of Dotz Nano Limited

Report on the Audit of the Financial Report

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 2017, 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 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 2017 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 opinion

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.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Intangible Asset

Key audit matter	***How the matter was addressed in our audit***
As detailed in Note 11 of the financial report, the Group has recognised an intangible asset of $245,000 at 31 December 2017. As the Intangible Asset is not yet available for use, the Group is required to test the asset for impairment in accordance with AASB 136: *Impairment of Assets*. The impairment assessment of the Intangible Asset is a key audit matter due to the estimates and judgements required in undertaking the assessment. As set out in Note 11, the director's assessment of the recoverability is supported by a fair value less costs of disposal methodology.	Our procedures included, but were not limited to: • Holding discussions with management regarding the impairment testing methodology applied; • Assessing the carrying value of Dotz Nano Limited's net assets with regards to the Group's market capitalisation as at 31 December 2017; • Challenging the appropriateness of the Capitalised Market Approach valuation method used to determine the fair value in accordance with AASB 13 Fair Value Measurement. We also assessed the adequacy of the related disclosures in Note 1(j), Note 1(k) and Note 11 to the financial report.

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 2017, 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_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

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, 29 March 2018

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 29 March 2018 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;

CORPORATE GOVERNANCE STATEMENT

- 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	30%
• Women in senior management positions	3%
• 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

Board is comprised of the following members at 29 March 2018:

Mr Ashley Krongold	Non-Executive Chairman (appointed 1 February 2018);
Dr Moti Gross	Chief Executive Officer and Managing Director (appointed 31 October 2016);
Mr Steve Bajic	Non-Executive Director (appointed 31 October2016);
Mr John Bullwinkel	Non-Executive Director (appointed 21 March 2018); and
Mr Uzi Breier	Non-Executive Director (appointed 21 March 2018).

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, four of whom are considered independent.

Dr Moti Gross is Chief Executive Officer and Managing Director.

Since 31 December 2017 there have been a number of Board changes, including the appointments of Mr John Bullwinkel and Mr Uzi Breier and the resignations of Faldi Ismail on 1 February 2018 and Menashe Baruch and Antony Sormann on 21 March 2018. Antony joined the Board on an interim basis on 1 February 2018

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.

CORPORATE GOVERNANCE STATEMENT

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 16 MARCH 2018

The shareholder information set out below was applicable as at 16 March 2018.

As at 16 March 2018 there were 1,476 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	8.32%
102 CAPITAL MANAGEMENT <ARIEL MALIK A/C>	11,746,611	8.15%
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,814,207	2.65%
102 CAPITAL MANAGEMENT <MOTI GROSS A/C>	3,160,687	2.19%
102 CAPITAL MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	2.08%
CITICORP NOMINEES PTY LIMITED	2,656,597	1.84%
MR TONY PETER VUCIC & MRS DIANE VUCIC <VUCIC FUTURE FUND A/C>	2,500,000	1.74%
102 CAPITAL MANAGEMENT <MICHAEL SHTEIN A/C>	2,446,201	1.70%
102 CAPITAL MANAGEMENT <KOBI BEN SHABAT A/C>	2,051,855	1.42%
102 CAPITAL MANAGEMENT <TALAL YASSIN A/C>	2,000,000	1.39%
102 CAPITAL MANAGEMENT <SUKHMOHAN ATHWAL A/C>	2,000,000	1.39%
102 CAPITAL MANAGEMENT <ROMFAL SIFAT PTY LTD A/C>	1,866,667	1.30%
102 CAPITAL MANAGEMENT <BUZZ CAPITAL PTY LTD A/C>	1,866,666	1.30%
102 CAPITAL MANAGEMENT <ERAN GILBOA A/C>	1,816,486	1.26%
ACN 159 817 802 PTY LTD <LEES FAMILY A/C>	1,735,379	1.20%
MARLION SUPERANNUATION PTY LTD	1,634,838	1.13%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,535,800	1.07%
BART SUPERANNUATION PTY LIMITED <4F INVESTMENTS SUPERFUND A/C>	1,506,670	1.05%
FELTRIM PASTORAL CO PTY LTD <STAUGHTON EXEC S/FUND A/C>	1,287,000	0.89%
102 CAPITAL MANAGEMENT <ATTOLLO INVESTMENTS A/C>	1,266,667	0.88%
102 CAPITAL MANAGEMENT <GABRIEL HEWITT A/C>	1,247,320	0.87%
Total	**63,121,921**	**43.81%**

ADDITIONAL ASX INFORMATION
AS AT 16 MARCH 2018

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 16 March 2018 are:

Name	No of Shares Held	% of Issued Capital
Amiram Bornstein	11,988,809	8.32%
Ariel Malik	11,746,611	8.15%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	135	8,117	0.01%
1,001 - 5,000	237	803,898	0.56%
5,001 - 10,000	249	2,110,701	1.46%
10,001 - 100,000	654	24,408,680	16.94%
100,001 - 9,999,999,999	206	116,764,517	81.03%
Totals	**1,481**	**144,095,913**	**100.00%**

Unmarketable Parcels – 278 Holders (based on share price of $0.13)

RESTRICTED SECURITIES

As at 16 March 2018 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 16 March 2018, 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 – 12 Holders

Holders with more than 20%

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

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

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

ADDITIONAL ASX INFORMATION
AS AT 16 MARCH 2018

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%

10,000,000 Options Expiring 08/08/2019 @ $0.20 – 14 Holders
Holders with more than 20%

Holder Name	Holding	% IC
SUNSET TIDAL PTY LTD	4,000,000	40.00%

6,000,000 Options Expiring 05/02/2020 @ $0.30 – 7 Holders
Holders with more than 20%

Holder Name	Holding	% IC
LTL CAPITAL PTY LTD	5,600,000	93.33%

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.