DOTZ NANO LIMITED

ABN 71 125 264 575

ANNUAL REPORT
31 DECEMBER 2019

CONTENTS

CORPORATE DIRECTORY

Directors
Bernie Brookes – Non-Executive Chairman
Uzi Breier – CEO, Executive Director
Doron Eldar – Non-Executive Director

Company Secretary
Ian Pamensky

Registered Office
Level 14
330 Collins Street
Melbourne VIC 3000

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
PO Box 700
Subiaco WA 6008

Share Registry
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Level 29, 201 Elizabeth Street
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Securities Exchange Listing
ASX Limited
Level 4 North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX Code – DTZ

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 2019.

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
Bernie Brookes AM	Non-Executive Chairman	Appointed 15 January 2020	-
Uzi Breier	CEO and Executive Director	Appointed 18 May 2018	-
Doron Eldar	Non-Executive Director	Appointed 15 January 2020	-
Volker Mirgel	Non-Executive Chairman	Appointed 3 April 2018	Resigned 1 December 2019
John Bullwinkel	Non-Executive Director	Appointed 21 March 2018	Resigned 23 March 2020
	Interim Chairman	Appointed 1 December 2019	Resigned 15 January 2020
Ashley Krongold	Non-Executive Director	Appointed 31 October 2016	Resigned 23 March 2020
Steve Bajic	Non-Executive Director	Appointed 31 October 2016	Resigned 15 January 2019

Principal Activities

The principal continuing activities of the Group during the year is developing, manufacturing and commercialising tagging, , tracing and verification solutions.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2019 (2018: Nil).

Review of operations

Dotz Nano Limited had a loss for the year of $3,746,564 (2018: $5,736,672 loss). This included a non-cash amount of $731,308 share-based payments (2018: $1,451,763).

The net assets of the Group have increased from $731,482 at 31 December 2018 to $1,299,665 at 31 December 2019.

As at 31 December 2019, the Group's cash and cash equivalents balance was $1,371,275 (2018: $508,572) and had working capital of $1,106,596 (2018: $431,751).

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

The following events occurred during the year:

- On 14 January 2019, it was announced that the Company has secured a commercial Purchase Order (PO) of Validotz markers from a Swiss based company providing Secured-Plastic-Packaging Solutions, valued at US$100,000.
- On 15 January 2019, the Company announced the resignation of Mr Steve Bajic as a Non-Executive Director.
- On 22 January 2019, the Company announced the appointment of Mr Tomer Segev as the new Chief Financial Officer and the resignation of Mr Eran Gilboa as the Chief Financial Officer of the Group.
- On 30 January 2019, the Company announced a $300,000 PO of Validotz security-markers in lubricants sector expected to be realized during 2019 and 2020.
- On 8 February 2019, shareholders approved the issue of 10,666,632 Ordinary Fully Paid Shares and 2,666,659 Unquoted Options (exercisable at AU$0.12 each on or before 30 June 2020). The shares were issued on conversion of the Convertible Loans Facility and accrued interest **(Facility).** The AUD $0.85 million Facility was announced on the 9 January 2019. The Facility had the following terms:
    - Facility Limit AUD $1,000,000,
    - Simple Interest to accrue at 8% p.a.,

Review of operations (continued)

- 1:4 Options for each converted share, and
- Automatic conversion upon shareholders' approval

- The Company issued 1,500,000 Ordinary Shares with 12 month holding lock to 15 February 2020 and 2,000,000 Unquoted Options, exercisable at AU$0.12 each before 15 February 2024 to the CEO of the Company.
- The Company issued 1,000,000 Unquoted Options to the Chairman exercisable at AU$0.13 each on or before 15 February 2024 provided that Chairman is an employee or consultant of the Company at all times before the expiry date.
- The Company issued 1,000,000 Unquoted Options exercisable at nil on or before 15 February 2023 to an employee under the Company's Employee Share Option Plan. The options vest on 9 December 2019 and require that the option holder is an employee or consultant of the Company at all times during the period ending on the vesting date.
- On 1 May 2019, the Company announced that it had successfully raised AU$1.5 million via a share placement ("Share Placement") to sophisticated and professional investors. The placement included the issue of 25,000,000 shares at AU$0.06 per share, including 12,500,005 free attaching options. The options are exercisable at AU$0.09 on or before 7 May 2021.
- On 6 May 2019, the Company announced that it had successfully used its BioDotz security markers in an in-plant tracing and anti-counterfeiting proof of concept ("POC") to be used for the cannabis market's tracing. The Company filed a patent application for use of BioDotz in plant tagging, including cannabis, to enable increased levels of security and supply-chain monitoring. Plants with a close biological structure to cannabis were used for the testing as for legal reasons cannabis could not be used.
- On 19 June 2019, the Company issued 5,000,000 Unquoted Options to the Lead Manager who managed the Share Placement. The options are exercisable at AU$0.10 each and expiring 2 years after the date of issue.
- On 2 July 2019, the Company announced that a new study lead by Dotz's scientific advisor Prof. James Tour of Rice University in Houston Texas, has found that Graphene Quantum Dots (GQD) manufactured from coal, can fight oxidative stress to assist in treatment of conditions such as brain injuries, strokes and heart attacks. Dotz holds the exclusive licence to manufacturing of GQD from coal and has reached commercial production capacity.
- On 8 July 2019, the Company announced that it had partnered with a licenced cannabis producer Seàch Medical to develop global in-plant cannabis tagging.
- On 29 July 2019, the Company completed AU$1 million share placement AU$0.062 to sophisticated and professional investors. The placement included the issue of 16,129,045 fully paid ordinary shares and 8,064,526 free attaching options. The attaching options are exercisable at AU$0.09 on or before 29 July 2021.
- On 30 July 2019, the Company received confirmation of deregistration for DotzBlue Ltd.
- On 8 August 2019, the 10,000,000 unlisted options with exercise price of AU$0.20 expired.
- On 12 August 2019, the Company lodged a Notice of General Meeting to be held on 11 September 2019 for approval of the following resolutions:
    - Resolution 1 – Ratification of issued Placement Securities
    - Resolution 2 – Approval to issue Lead Manager Shares
    - Resolution 3 – Approval to issue Lead Manager Options
    - Resolution 4 – Approval to issue Proposed Placement Securities

  For more details on the resolutions refer to announcement made by the Company on 12 August 2019.

Review of operations (continued)

- On 15 August 2019, the Company announced that it had secured AU$296,000 to support its development of BioDotz sales in the Canada cannabis market. Subsequent to the balance sheet date, the Company has further announced that the initial payment fee of A$296,000 is currently "on hold" until market conditions improve market and the initiative can be re-examined.
- On 19 August 2019, the Company announced that it had signed an AU$500,000 conditional order for Validotz security markers.
- On 29 August 2019, the Company issued 210,000 unquoted Options exercisable at nil on or before 22 August 2024 to an employee under the Company's Employee Share Option Plan. 70,000 options vest on the date which is 12 months from the date of issue and remaining 140,000 Options shall vest in 8 consecutive equal instalments upon the lapse of each 3 months period thereafter, provided that the option holder is an employee of the Company at all times during the period ending on the vesting date
- On 12 September 2019, the Company issued the following:
  - 300,000 fully paid Ordinary Shares issued in lieu of cash for prior services provided to the Company by third party unrelated to the Company – subject to a voluntary holding lock until the earlier of 12 months from 19 August 2019 and the lodgement of cleansing prospectus by the Company.
  - 695,000 fully paid Ordinary Shares issued on exercised of Unquoted Employee Options at nil on or before 1 October 2021.
  - 1,465,000 unquoted Employee Options were cancelled.
  - 1,000,000 fully paid Ordinary Shares were issued to Lead Manager at nil consideration as per the Everblu Capital Pty Ltd mandate agreement.
  - 10,000,000 Unquoted Options to the Lead Manager as per the EverBlu Capital Pty Ltd mandate agreement exercisable at AU$0.10 each on or before 11 September 2021.
  - 100 fully paid ordinary shares at AU$0.05 as per prospectus dated 12 September 2019.
- On 19 September 2019, the Company has successfully embedded its non-toxic BioDotz™ markers in cannabis plants, creating unique in-plant security identifiers that can't be forged or removed.
- On 31 October 2019, the 4,500,000 Unlisted Options with exercise price of AU$0.40 and 1,000,000 Unlisted Options with exercise price of AU$0.30 expired.
- On 31 October 2019, Dotz Singapore Pty Ltd is in the process of de-registered.
- On 26 November 2019, the Company secured AU$3 million via placement. This includes $2m to Australian-Israeli venture capital fund SIBF, this includesAU$1 million via Deferred Share Placement from SIBF. The keys terms of the Deferred Placement are as follows:
  - Settlement date: Tranche 1 – 1 April 2020 and Tranche 2 – 1 August 2020
  - Maximum Application: AU$500,000 for each tranche
  - Deferred Placement: Each tranche amount will convert to shares at an issue price of AU$0.036 per share inclusive of a 1 for 3 option valid for 2 years and exercisable at AU$0.09 each.

  The funds raised will be used to execute the commercialisation strategy. The Company has entered into 2-year advisory agreement with SIBF to provide strategic support for a monthly fee of AU$8,000 and SIBF shall also nominate a Director to the Board of the Company.
- On 1 December 2019, the Company announced that Chairman Mr Volker Mirgel had retired from his position as Chair and Director, Mr John Bullwinkel, was appointed as Interim Chairman until a the appointment of Mr Bernie Brookes. From January 2020, the Company has appointed Mr Doron Eldar as a Non-Executive Director to the Board.

Review of operations (continued)

- On 8 December 2019, the Company issued 2,500,000 ordinary shares to consultant, Silverella at nil consideration as per the agreement.
- On 12 December 2019, the Company appointed Mr Bernie Brookes to lead the Board as Non-Executive Director and Chairman, commencing 15 January 2020.
- On 31 December 2019, the following options were cancelled:
  - 1,000,000 unquoted options exercisable at $0.13 each and expiring on 15 February 2024.
  - 1,000,000 unquoted options exercisable at $0.00 each and expiring on 1 October 2022.
- On 31 December 2019, the following shares were issued:
  - 1,000,000 ordinary shares were issued as retention bonus to Mr Uzi Breier at nil consideration, the shares are subject escrow.

Significant events after the reporting period

Since the reporting date the following significant events have occurred:

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

  Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

  Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.
- On 11 March 2020, administrative error was made on 31 December 2019 regarding the issue of 1,000,000 shares to CEO, Mr Uzi Breier. The Company subsequently entered into a holding lock deed with Mr Breier for a period from the date of the deed and ending on the date the Company receives shareholder approval.
- On 23 March 2020 the Company announced the resignation of Mr John Bullwinkel and Mr Ashley Krongol0d.

Other than these matters, no matters have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Information on Directors

Mr Uzi Breier	CEO and Executive Director
Qualifications	B.Sc, MBA
Experience	Mr. Breier has held senior positions at fortune-500 companies and served as CEO for both technology start-ups and established companies. He currently dedicates efforts to promote some of the exciting characteristics of Israel – entrepreneurship, innovation and leadership.
Interest in Shares and Options	2,500,000 Ordinary Shares 2,000,000 Unquoted Options
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Nil

Mr Bernie Brookes	Non-Executive Chairman (Appointed 15 January 2020)
Qualifications	BA, Dip Ed
Experience	Mr. Brookes is an experienced Australian executive, CEO and Chairman with substantial expertise in retail, supply chain management, wholesale operations and IT systems. He has more than four decades of business management experience. Previously he was a senior Executive at Woolworths, CEO of Myer Holdings Limited for nine years and Edcon South Africa for three years. Mr. Brookes's strengths include expertise in business management, displaying energy and self-confidence with the ability to find solutions to complex situations through analytical, conceptual and entrepreneurial skills. Ultimately, he is motivated by results. Mr Brookes is on the Advisory Board of the World Retail Congress as Australia's representative and is on the Grand Jury for the World Retail Awards. He was awarded an Order of Australia for his efforts in retail and Philanthropy and for over 30 years has been the Patron of Australia's largest retail industry award.
Interest in Shares and Options	Nil
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Funtastic Limited (current)

Information on Directors

Mr Doron Eldar	Non-Executive Director (Appointed 15 January 2020)
Qualifications	BA in Business Economics
Experience	Mr. Eldar brings more than a decade of experience in senior leadership roles and is currently a Melbourne-based partner at venture capital fund SIBF and Oxen9. Mr Elder has extensive experience within start-up and pre-revenue companies, executing the development of new business models, channel growth and effective go-to-market strategies.
Interest in Shares and Options	277,778 Ordinary Shares 92,593 Unquoted Options
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil

Mr John Bullwinkel	Non-Executive Director (Resigned 23 March 2020) interim Chairman (Resigned 15 January 2020)
Qualifications	Dip.FS, FIPA
Experience	Mr. Bullwinkel is Managing Director of Business Partners 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	Nil
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil

Mr Ashley Krongold	Non-Executive Director (Resigned 23 March 2020)
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	1,875,032 Ordinary shares 544,946 Performance shares
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Weebit Nano Limited (current) G-Medical Innovations Ltd (resigned 23 April 2018)

Information on Directors

Mr Steve Bajic	Non-Executive Director (Resigned 15 January 2019)
Qualifications	Dip.FM
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	100,000 Ordinary Shares (at resignation date)
Special Responsibilities	Nil
Directorships held in other listed entities (last 3 years)	Nil

Dr Volker Mirgel	Non-Executive Chairman (resigned 1 December 2019)
Qualifications	PhD Organic Chemistry
Experience	Dr. Mirgel is a former Bayer Senior Vice President and member of the Bayer's Global Leadership Team. After receiving his PhD in Organic Chemistry from University of Cologne he joined the German chemical and pharmaceutical company Bayer AG. During his 34-year career with Bayer he has served in multiple technical, marketing and general management functions, in Europe, Asia Pacific and United States. In 2013, Dr. Mirgel retired from Bayer to serve as an independent consultant for executive clients in the chemical and advance materials industry.
Interest in Shares and Options	1,000,000 Unquoted Options (at resignation date)
Special Responsibilities	Nil
Directorship held in other listed entities (last 3 years)	Nil

Information on Key Management

Dr Michael Shtein	Chief Technology Officer (appointed 1 August 2015)
Qualifications	Ph.D. 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 Tomer Segev	Chief Financial Officer (appointed 1 January 2019)
Qualifications	BA, MBA, CPA
Experience	Mr. Segev is an experienced executive with extensive knowledge of investment banking and international finance. He has previous CFO experience with various commercialised start-up companies, including APPFRONT, RoundForest and NorthBit. Mr Segev has worked in the United States as an Associate Vice President at CSG Partners and as a Senior Analyst at PWC. Later he was Head of M&A for investment bank Rosario Capital.
Mr Yoni Engel	VP Business Development (appointed 1 November 2019)
Qualifications	PhD Chemistry and Nanotech, M.Sc. Energy engineering
Experience	Dr. Engel brings a unique mix of broad scientific and technical expertise, both in academia and in industry. He developed an ultrasensitive system for the detection of explosives which was later commercialized (Tracesense ltd.) and lead the scientific development for several mega engineering projects for ICL Fertilizers. He was a post-doctoral research fellow in the University of Massachusetts, and holds a PhD in Chemistry from Tel-Aviv University and a M.Sc in Energy engineering (O&NG) from the Technion.
Mr Avigdor Kaner	VP Business Development (Resigned 31 December 2019)
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.

Information on Company Secretary

Mr Ian Pamensky	Company Secretary
Qualifications	B.Com, BAccS (Hons), CA
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.

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**
Uzi Breier	Appointed 18 May 2018	7	7
Volker Mirgel	Appointed 3 April 2018, Resigned 1 December 2019	6	6
Ashley Krongold	Appointed 31 October 2016, Resigned 23 March 2020	7	7
John Bullwinkel	Appointed 21 March 2018, Resigned 23 March 2020	7	7
Steve Bajic	Appointed 31 October 2016, Resigned 15 January 2019	-	-

Note: Bernie Brookes AM and Doron Eldar were appointed on 15 January 2020

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
14 June 2020	13 May 2016	AU$0.20	5,000,000
1 November 2020	10 May 2018	Nil	1,000,000
20 April 2020	10 May 2018	Nil	1,000,000
20 April 2020	10 May 2018	AU$0.105	425,000
20 April 2020	10 May 2018	AU$0.20	1,000,000
1 August 2020	1 August 2018	AU$0.20	1,500,000
1 October 2021	27 November 2018	Nil	2,025,000
1 October 2021	27 November 2018	Nil	2,000,000
15 February 2023	13 February 2019	Nil	1,000,000
30 June 2020	8 February 2019	AU$0.12	2,666,659
15 February 2024	8 February 2019	AU$0.13	2,000,000
7 May 2021	7 May 2019	AU$0.085	12,500,005
19 June 2021	19 June 2019	AU$0.10	5,000,000
29 July 2021	29 July 2019	AU$0.09	8,064,526
22 August 2024	22 August 2019	Nil	210,000
11 September 2021	12 September 2019	AU$0.10	10,000,000
11 December 2021	3 December 2019	AU$0.09	10,000,000
11 December 2021	26 November 2019	AU$0.09	18,333,337
		AU$0.20	**83,724,527**

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

During the year ended 31 December 2019 910,000 ESOP options exercisable at nil were exercised and converted to ordinary shares (2018: Nil).

Performance Shares

At the date of this report, the performance shares of the Company are as follows:

Expiry Date	Grant Date	Milestone	Number of Performance Shares
31 October 2020	31 October 2016	Milestone 3	22,000,000
			22,000,000

Class	Expiry	Milestone
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.

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. Other BDO firms and divisions provided tax services to the Group. Details of their remuneration can be found within the financial statements at Note 6 Auditor's Remuneration.

In the event that non-audit services are provided by BDO Audit (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 2019 has been received and can be found on page 21 of the financial report.

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2019 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
9. Voting of shareholders at last year's annual general meeting

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.
Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Uzi Breier	CEO and Executive Director	Appointed 18 May 2018	-
Doron Eldar	Non-Executive Director	Appointed 15 January 2020	-
Bernie Brookes AM	Non-Executive Chairman	Appointed 15 January 2020	-
Michael Shtein	Chief Technology Officer	Appointed 1 August 2015	-
Tomer Segev	Chief Financial Officer	Appointed 1 January 2019	-
Yoni Engel	VP Business Development	Appointed 1 November 2019	-
Steve Bajic	Non-Executive Director	Appointed 31 October 2016	Resigned 15 January 2019
Avigdor Kaner	VP Business Development	Appointed 1 November 2016	Resigned 31 December 2019
Volker Mirgel	Non-Executive Chairman	Appointed 3 April 2018	Resigned 1 December 2019
John Bullwinkel	Non-Executive Director Interim Chairman	Appointed 21 March 2018 Appointed 1 December 2019	Resigned 23 March 2020 Resigned 15 January 2020
Ashley Krongold	Non-Executive Director	Appointed 31 October 2016	Resigned 23 March 2020

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.

Remuneration Report (Audited)

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 four appointed executives, being Mr Uzi Breier as the Executive Director and CEO, Dr Michael Shtein as the Chief Technology Officer, Mr Yoni Engel as the VP of Business Development, and Mr Tomer Segev 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
Mr Uzi Breier	• Executive salary of US$240,000 per annum, plus company leased car. • Annual bonus of 25% of yearly salary based upon the performance targets established by the Board (No bonus was payable for the year ended 31 December 2019); and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies • This agreement commenced on 7 May 2018 and may be terminated by either party on 6 months' notice, but it is for a minimum period of three years.
Dr Michael Shtein	• Executive salary of US$20,000 per month for the period until 30 April 2019, for the period from 1 May 2019 until 31 December 2019 the Executive Salary and position capacity was reduced to 50%, plus company leased car; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies • This agreement commenced on 1 August 2015 and may be terminated by either party with 30 days notice from Dr Michael Shtein and 3 months' notice from the Company.
Mr Tomer Segev	• Executive gross salary of ILS 22,500 (~$6,510) per month for 50% position and from 1 April 2019 ILS 27,000 (~$7,812) per month for 60% position. In addition, employee is entitled to full social benefits (Pension fund, study fund and disability insurance) plus Company leased car from 1 December 2019; and • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and • This agreement commenced 9 December 2018 with position commencement on 1 January 2019 and may be terminated by either party on 3 months' notice.
Mr Yoni Engle	• Executive gross salary of ILS 34,000 (~$9,838) per month for full time position. In addition, employee is entitled to full social benefits (Pension fund, study fund and disability insurance) plus Company leased car or replacement benefit of ILS 2,750 (~$796) per month; and • One time bonus of ILS 15,000 on January 2020; and • This agreement, as it relates to Mr. Engle's officer position commenced on 1 November, 2019 and may be terminated by either party on 1 month notice • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies

*Amounts stated in USD are based on the exchange rate at the date of the report.

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.

Remuneration Report (Audited)

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 $195,946 (2018: $237,605) and cover main Board activities only. Non-executive Directors may receive additional remuneration for other services provided to the Group.

Performance Conditions Linked to Remuneration

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

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

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

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer-term goals. At 31 December 2019 a total of 4,210,000 options have been issued under this plan.

Remuneration Report (Audited)

5. Details of Remuneration

31-Dec-19	Short Term Salary, Fees & Commissions US$	Post-Employment Superannuation US$	Other* US$	Share-based payments US$	Total US$	Performance based remuneration
Directors:						
Uzi Breier	237,470	-	25,507	197,185	**460,162**	0%
Volker Mirgel[1]	100,000	-	25,000	34,593	**159,593**	0%
John Bullwinkel[2]	34,765	-	-	-	**34,765**	0%
Steve Bajic[3]	1,414	-	-	-	**1,414**	0%
Ashley Krongold[3]	34,768	-	-	-	**34,768**	0%
Key management:						
Michael Shtein	160,046	-	21,328	79,541	**260,915**	0%
Avigdor Kaner	110,917	-	17,038	43,714	**171,669**	5.68%
Tomer Segev[4]	116,007	-	3,628	63,115	**182,750**	0%
Yoni Engle[5]	26,335	-	427	2,849	**29,611**	0%
Total	**821,722**	**-**	**92,928**	**420,997**	**1,335,647**	

* Other includes termination benefits to Volker Mirgel US$25,000 and other benefits such as car lease, fuel and etc paid to KMP.

31-Dec-18	Short Term Salary, Fees & Commissions US$	Post-Employment Superannuation US$	Other* US$	Share-based payments US$	Total US$	Performance based remuneration
Directors:						
Uzi Breier	162,068	-	14,428	-	176,496	0%
Volker Mirgel[1]	74,167	-	-	-	74,167	0%
John Bullwinkel[3]	28,030	-	-	-	28,030	0%
Faldi Ismail[6]	3,737	-	-	-	3,737	0%
Moti Gross	117,000	-	148,867	55,032	320,899	17%
Steve Bajic[2]	37,373	-	-	-	37,373	0%
Menashe Baruch[7]	18,009	-	3,926	-	21,935	0%
Ashley Krongold[3]	37,373	-	-	-	37,373	0%
Antony Sormann[6]	5,224	-	-	-	5,224	0%
Key management:						
Ariel Malik[8]	198,184	-	16,787	132,983	347,954	31%
Eran Gilboa[7]	214,803	-	29,820	163,247	407,870	37%
Michael Shtein	285,248	-	16,407	85,119	386,774	0%
Avigdor Kaner	182,543	-	25,040	159,927	367,510	0%
Tomer Segev	5,534	-	-	-	5,534	0%
Total	**1,369,293**	**-**	**255,275**	**596,308**	**2,220,876**	

* Other includes termination benefits to Moti Gross US$135,113 and other benefits such as car lease, fuel and etc paid to KMP.

[1] Resigned 1 December 2019
[2] Resigned 23 March 2020
[3] Resigned 15 January 2019
[4] Appointed as Chief Financial Officer on 22 January 2019
[5] Appointed as VP Business Development on 1 November 2019. Remuneration disclosed above is from the date of becoming a KMP.
[6] Resigned 1 February 2018
[7] Resigned 21 March 2018
[8] Resigned 31 December 2018

Remuneration Report (Audited)

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-19	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:					
Uzi Breier**	-	1,000,000	-	1,500,000	**2,500,000**
Volker Mirgel*	-	-	-	-	-
John Bullwinkel	-	-	-	-	-
Steve Bajic*	100,000	-	-	-	**100,000**
Ashley Krongold	1,884,838	-	-	(9,806)	**1,875,032**
Key management:					
Michael Shtein	2,446,201	-	-	-	**2,446,201**
Avigdor Kaner	-	-	-	-	-
Tomer Segev	-	-	-	-	-
Yoni Engle	-	-	-	-	-
Total	**4,431,039**	**1,000,000**	**-**	**1,490,194**	**6,921,233**

31-Dec-18	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:					
Uzi Breier	-	-	-	-	-
Volker Mirgel	-	-	-	-	-
John Bullwinkel	-	-	-	-	-
Faldi Ismail*	2,916,667	-	-	-	**2,916,667**
Moti Gross*	3,260,687	-	-	-	**3,260,687**
Steve Bajic	100,000	-	-	-	**100,000**
Menashe Baruch*	242,198	-	-	-	**242,198**
Ashley Krongold	1,884,838	-	-	-	**1,884,838**
Antony Sormann	-	-	-	-	-
Key management:					
Ariel Malik[1]	11,746,611	1,530,000	-	(1,530,000)	**11,746,611**
Eran Gilboa[1]	1,816,486	2,080,000	-	(2,080,000)	**1,816,486**
Michael Shtein	2,446,201	-	-	-	**2,446,201**
Avigdor Kaner	-	-	-	-	-
Tomer Segev	-	-	-	-	-
Total	**24,413,688**	**3,610,000**	**-**	**(3,610,000)**	**24,413,688**

[1] Resigned 31 December 2018.
* Balances are at resignation date.
** Refer to note 16 Share Based Payment for details

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.

Remuneration Report (Audited)

6. Additional disclosures relating to equity instruments (continued)

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-19	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:							
Uzi Breier	-	2,000,000	-	-	2,000,000	2,000,000	-
Volker Mirgel*	-	1,000,000	-	-	1,000,000	-	-
John Bullwinkel	-	-	-	-	-	-	-
Steve Bajic *	-	-	-	-	-	-	-
Ashley Krongold	-	-	-	-	-	-	-
Key management:							
Michael Shtein	3,700,000	-	-	(1,000,000)	2,700,000	2,700,000	-
Avigdor Kaner	3,500,000	-	-	(652,023)	2,847,977	2,847,977	-
Tomer Segev	-	1,000,000	-	-	1,000,000	1,000,000	-
Yoni Engle **	-	-	-	495,000	495,000	495,000	-
Total	**7,200,000**	**4,000,000**	**-**	**(1,157,023)**	**10,042,977**	**9,042,977**	**-**

KMP Options Holdings

31-Dec-18	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:							
Uzi Breier	-	-	-	-	-	-	-
Volker Mirgel	-	-	-	-	-	-	-
John Bullwinkel	-	-	-	-	-	-	-
Faldi Ismail*	1,333,334	-	-	-	1,333,334	1,333,334	-
Moti Gross	-	-	-	-	-	-	-
Steve Bajic	-	-	-	-	-	-	-
Menashe Baruch	-	-	-	-	-	-	-
Ashley Krongold	-	-	-	-	-	-	-
Antony Sormann	-	-	-	-	-	-	-
Key management:							
Ariel Malik*	-	1,500,000	-	-	1,500,000	1,000,000	-
Eran Gilboa	-	-	-	-	-	-	-
Michael Shtein	-	3,700,000	-	-	3,700,000	1,200,000	-
Avigdor Kaner	-	3,500,000	-	-	3,500,000	2,000,000	-
Tomer Segev	-	-	-	-	-	-	-
Total	**1,333,334**	**8,700,000**	**-**	**-**	**10,033,334**	**5,533,334**	**-**

* Balances are at resignation date.
** Balances are at appointment date.
*** Refer to note 16 Share Based Payment for details

KMP performance rights holdings

22,000,000 performance rights on issue as at 31 December 2019, (2018: 44,000,000 performance rights). 22,000,000 performance rights were expired during the current financial year (2018: Nil).

Remuneration Report (Audited)

6. Additional disclosures relating to equity instruments (continued)

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-19	Balance at the start of the year	Granted as Remuneration during the year	Other changes during the year	**Balance at end of Year**
Directors:				
Uzi Breier	-	-	-	**-**
Volker Mirgel*	-	-	-	**-**
Steve Bajic*	-	-	-	**-**
Ashley Krongold	1,089,892	-	(544,946)	**544,946**
John Bullwinkel	-	-	-	**-**
Key management:				
Michael Shtein	1,630,801	-	(815,400)	**815,401**
Avigdor Kaner	-	-	-	**-**
Tomer Segev	-	-	-	**-**
Total	**2,720,693**	**-**	**(1,360,346)**	**1,360,347**

* Balances are at resignation date.

KMP performance shares holdings

31-Dec-18	Balance at the start of the year	Granted as Remuneration during the year	Other changes during the year	**Balance at end of Year**
Directors:				
Uzi Breier	-	-	-	**-**
Volker Mirgel	-	-	-	**-**
John Bullwinkel	-	-	-	**-**
Faldi Ismail*	1,866,667	-	-	**1,866,667**
Moti Gross*	3,160,687	-	(1,053,562)	**2,107,125**
Steve Bajic	-	-	-	**-**
Menashe Baruch*	242,198	-	(80,733)	**161,465**
Ashley Krongold	1,634,838	-	(544,946)	**1,089,892**
Key management:				
Ariel Malik*	11,746,611	-	(3,915,537)	**7,831,074**
Eran Gilboa	1,816,486	-	(605,495)	**1,210,991**
Michael Shtein	2,446,201	-	(815,400)	**1,630,801**
Avigdor Kaner	-	-	-	**-**
Antony Sormann	-	-	-	**-**
Total	**22,913,688**	**-**	**(7,015,673)**	**15,898,015**

* Balances are at resignation date.

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

There were no loans made to key management personnel during the financial year (2018: nil).

Remuneration Report (Audited)

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. In the last financial 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	
			2019 US$	2018 US$	2019 US$	2018 US$
Otsana Capital Pty Ltd*	Capital raising fee	Faldi Ismail	-	-	-	-
Otsana Capital Pty Ltd*	Corporate advisor retainer	Faldi Ismail	-	22,424	-	7,047
Adamantium Holdings Pty Ltd	Rent and registered office fee	Faldi Ismail	-	2,990	-	-
Sharon Malik	Marketing fee	Ariel Malik	-	114,075	-	-

*Otsana Pty Ltd is a company controlled by former Director Faldi Ismail.

On 26 November 2019, the Company secured AU$2 million via placement by Australian-Israeli venture capital fund SIBF and AU$1 million via Deferred Share Placement from SIBF. Of which, AU$10,000 was receipt from Doron Eldar and AU$1.1 million from SIBF who Doron Eldar has significant influence.

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

At the AGM held on 31 May 2019, 93% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. 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.

Bernie Brookes
Non-Executive Chairman

30 March 2020

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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 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 March 2020

	Note	2019	2018
		US$	US$
Revenue		33,731	15,395
Other income		770	1,408
Cost of Sales		(21,041)	(5,388)
Administrative expenses		(184,262)	(187,958)
Consulting fees		(29,869)	(73,902)
Depreciation and amortisation of expenses	2	(213,547)	(74,024)
Directors fees		(186,747)	(237,605)
Executive remuneration	2	(237,470)	(609,250)
Administrative remuneration		(101,901)	(239,752)
Finance expenses	2	(21,626)	(38,521)
Insurance		(90,650)	(72,462)
Intangible write off expense	2,11	(190,000)	-
Legal and professional fees		(87,803)	(142,570)
Finance and accounting expenses		(227,179)	(305,298)
Motor vehicle expense		(75,255)	(173,778)
Occupancy costs		(10,787)	(90,203)
Marketing and Investor relations		(527,920)	(593,225)
Research and development	2	(707,647)	(1,025,675)
Share based compensation	16	(731,308)	(1,451,763)
SRA and patent expense		(22,962)	(107,309)
Travel and accommodation		(113,091)	(324,792)
Loss before income tax		(3,746,564)	(5,736,672)
Income tax expense	3	-	-
Loss for the year		(3,746,564)	(5,736,672)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	15	(26,880)	(117,014)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(3,773,444)	(5,853,686)
Basic loss per share (cents per share)	6	(1.72)	(3.59)

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

	Note	2019 US$	2018 US$
CURRENT ASSETS			
Cash and cash equivalents	7(a)	1,371,275	508,572
Trade and other receivables	8	144,592	230,722
Other assets		34,141	117,626
Inventory		4,312	-
TOTAL CURRENT ASSETS		**1,554,320**	**856,920**
NON-CURRENT ASSETS			
Trade and other receivables	8	27,914	44,575
Property, plant and equipment	10	283,239	322,592
Intangible assets	11	-	175,000
Right-of-use assets	9	174,663	-
TOTAL NON-CURRENT ASSETS		**485,816**	**542,167**
TOTAL ASSETS		**2,040,136**	**1,399,087**
CURRENT LIABILITIES			
Trade and other payables	12	270,432	410,718
Provisions		28,967	14,451
Lease liabilities	9	148,325	-
TOTAL CURRENT LIABILITIES		**447,724**	**425,169**
NON-CURRENT LIABILITIES			
Borrowings	13	257,481	242,436
Lease liabilities	9	35,266	-
TOTAL CURRENT LIABILITIES		**292,747**	**242,436**
TOTAL LIABILITIES		**740,471**	**667,605**
NET ASSETS		**1,299,665**	**731,482**
SHAREHOLDERS' EQUITY			
Issued capital	14	22,627,901	18,762,675
Reserves	15	2,057,885	1,608,364
Accumulated losses		(23,386,121)	(19,639,557)
SHAREHOLDERS' EQUITY		**1,299,665**	**731,482**

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

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	US$	US$	US$	US$	US$
Balance at 1 January 2018	**15,900,912**	**856,065**	**99,283**	**(13,902,885)**	**2,953,375**
Loss for the year	-	-	-	(5,736,672)	(5,736,672)
Other comprehensive income	-	-	(117,014)	-	(117,014)
Total comprehensive loss for the year	-	-	(117,014)	(5,736,672)	(5,853,686)
Transactions with owners, recognised directly in equity					
Issue of shares (net of costs)	2,861,763	-	-	-	2,861,763
Issue of options	-	770,030	-	-	770,030
Balance at 31 December 2018	**18,762,675**	**1,626,095**	**(17,731)**	**(19,639,557)**	**731,482**
Balance at 1 January 2019	**18,762,675**	**1,626,095**	**(17,731)**	**(19,639,557)**	**731,482**
Loss for the year	-	-	-	(3,746,564)	(3,746,564)
Other comprehensive income	-	-	(26,880)	-	(26,880)
Total comprehensive loss for the year	-	-	(26,880)	(3,746,564)	(3,773,444)
Transactions with owners, recognised directly in equity					
Issue of shares (net of cost)	3,597,954	-	-	-	3,597,954
Share based payments	267,272	476,401	-	-	743,673
Balance at 31 December 2019	**22,627,901**	**2,102,496**	**(44,611)**	**(23,386,121)**	**1,299,665**

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

	Note	2019	2018
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		34,792	2,820
Payments to suppliers and employees		(2,659,687)	(4,449,910)
Interest paid		(42,917)	-
Interest received		428	1,408
Net cash used in operating activities	7(b)	(2,667,384)	(4,445,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(34,739)	(123,399)
Disposal/ (acquisition) of investments		25,225	35,295
Payment for intellectual property	11	(15,000)	-
Net cash used in investing activities		(24,514)	(88,104)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds for the issue of shares		2,993,204	2,108,357
Proceeds from convertible note		604,750	-
Repayment to lenders		-	(31,730)
Grants		43,484	239,198
Repayment of the lease liabilities	9	(100,165)	-
Net cash from financing activities		3,541,273	2,315,825
Net increase/(decrease) in cash and cash equivalents		**849,375**	**(2,217,961)**
Cash and cash equivalents at the beginning of the financial year		508,572	2,835,485
Foreign exchange		13,328	(108,952)
Cash and cash equivalents at the end of the financial year	7(a)	1,371,275	508,572

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

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 of the Company on 30 March 2020.

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.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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 Group incurred a loss for year ended 31 December 2019 of US$3,746,564 (2018: US$5,736,672) and net cash outflows from operating activities of US$2,667,384 (2018: US$4,445,682).

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on Group's activities and potentially impact on being able to raise capital in an uncertain market.

In context of this operating environment, the ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and technology development activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity'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 will be sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and 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 the 12 month period from the date of signing this financial report 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 the ability to reduce its expenditure to conserve cash.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements, including securing AU$3 million as announced on 26 November 2019 in which AU$2 million has been secured via placement and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Going Concern (continued)

an additional AU$1million via a Deferred Share Placement with Southern Israel Bridging Fund (SIBF). Other capital raisings during the financial year include, AU$0.85 million by issue of convertible loans with conversion in February 2019, AU$1.5 million in May 2019 and AU$1million in July 2019 via share placements. As stated above, the Group is also expecting two investments of AUD$0.5 million each which are scheduled in 2020.

- The Directors of Dotz Nano also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products.
- Is continuing to explore alternative options in an effort to mitigate the possible impact of COVID-19.

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. 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) Adoption of new and amended accounting standards

In the current year, the Group, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases.

The group leases office space and vehicles. Rental contracts are typically made for a fixed period of 1-3 years, with extension options available on the office lease. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The lease agreements impose standard covenants such as mileage limitation, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as operating leases. Payments made under the group's operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments (including in-substance fixed payments), less any lease incentive receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets may comprise IT-equipment and small items of office furniture.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Adoption of new and revised accounting standards (Continued)

Impact of the New Accounting Policy on Amounts Recognised in the Financial Statements

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Lease liabilities – increase by US$256,088; and
- Right of use assets – increase by US$256,088;

The net impact on accumulated losses on 1 January 2019 was nil.

Impact on the statement of cash flows

The application of AASB 16 has an impact on the consolidated statement of cash flows of the Group.

Under AASB 16, leases must present

- Short-term lease payments, payments of leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities as part of the operating activities (the Group has included these payments as part of payments to suppliers and employees)
- Cash paid for the interest portion of lease liabilities as either operating activities or financing activities as permitted by AASB 107 Statement of Cash Flows (The Group has opted to include interest paid as part of operating activities)
- Cash payments for principal portion of leases liabilities, as part of financing activities.

Impact on segment disclosures and earnings per share

The adoption of AASB 16 had no impact on the group's segment disclosures.

The adoption of AASB 16 did not have significant impact on the Company's earnings per shares.

Lease liabilities

On adoption of AASB 16 the group recognised lease liabilities in relation to one office lease and 2 vehicle leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate (the discount rate) applied to the office lease liabilities on 1 January 2019 was 12.95% and average interest rate implicit in the car lease liability on 1 January 2019 was 14.61%.

The interest rate implicit in the lease has been used for car leases and the incremental borrowing rate has been used for office lease as there is no late implicit in that lease.

Lease liabilities recognised at 1 January 2019 are as follows:

	1 January 2019
	US$
Operating lease commitments on 1 January 2019	327,904
Less than one year as of 1 January 2019	(26,797)
Less: Discount applied	(38,904)
Operating lease commitments discounted using the lessee's incremental borrowing rate at the date of initial application	262,203
Add: finance lease liabilities recognised as at 31 December 2018	-
Lease liability recognised as at 1 January 2019	**262,203**

The lease liability of US$262,203 recognised at 1 January 2019 is comprised of minimum lease payments over the lease contract.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Adoption of new and revised accounting standards (Continued)

The Group had no finance leases at 31 December 2019.

As of 1 January 2019, the Group had 4 short term car leases (less than 12 months remaining on the contracts) not meeting the recognition criteria of AASB 16.

Right of use assets

The associated right of use assets for property and vehicle leases were measured on a modified retrospective basis as if the new rules had always been applied.

As of 1 January 2019, the Group had 4 short term car leases (less than 12 months remaining on the contracts) not meeting the recognition criteria of AASB 16. Other than that, there were no other right of use assets and no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

The recognised right of use assets relates to the following types of assets:

	1 January 2019
	US$
Office space	184,311
Motor vehicles	77,892
Total right of use assets	**262,203**

The value of the right of use asset at 1 January 2019 has been determined solely with direct reference to the lease liability value at the same date. There are no leases with initial direct costs or removal and restoration costs requiring an adjustment to the value of the right of use asset.

Right of use assets are subsequently measured using the cost model, that is, right of use asset less accumulated amortisation and accumulated impairment losses, adjusted for any remeasurements. Leases are to be remeasured upon occurrence of any of the following events:

- Change in original assessment of lease term or purchase/termination options;
- Change in estimate of residual guarantee; and/or
- Change in index or rate affecting payments.

Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Operating leases with remaining lease term of less than 12 months, as 1 January 2019 are treated as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Principles of Consolidation (Continued)

- The ability to use its power over the investee to affect its returns.

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

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

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

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

e) 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 income tax expense charged to 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (continued)

Current and deferred income tax expense (**income**) is charged or credited directly to equity instead of 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.

f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

From 1 January 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Leases

- Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use of assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration cost

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value asset comprise IT equipment and small items of office furniture.

g) 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 transaction 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) Financial Assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial Instruments (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.

h) Impairment of non-financial assets

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

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

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

i) **Intangible assets**

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

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

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

is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. The intangible assets are considered to be with indefinite useful life.

j) Cash and cash equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Revenue and other income

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

l) Operating expenses

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

m) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

Receivable and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of the GST or VAT recoverable from, or payable to, the ATO or ITA 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 or VAT component of investing and financing activities, which are disclosed as operating cash flows.

n) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

o) Research and development

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Employee Benefits (continued)

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 share 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, Binominal or Monte Carlo simulation model depending on the type of share-based payment.

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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Foreign currency transactions and balances (continued)

Exchange differences arising on translation of foreign operations with functional currencies other than USA 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 profit or loss in the period in which the operation is disposed.

t) Segment Information

Identification of reportable segments

The Group has identified its operating segment 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.

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. As at 31 December 2019, the management fully impaired the intangibles of the Company, refer to Note 12 for the basis of impairment. .

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 either the Black-Scholes, Binominal or Monte Carlo valuation models. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Critical Accounting estimates and judgements (continued)

Bird Grant Liability

Government grant liability reflects the grant received from the Bird Foundation. The grant is repayable upon the Group commencing product commercialisation and generating revenue from sale of product, with repayments being based on 5% of each dollar of revenue related to the grant's sponsored development. The total repayment is based on the timing of the repayment and ranges from the grant amount to 150% of the grant amount. As required by AASB 9 Financial Instruments, the liability has been recognised at fair value on initial recognition and subject to management's estimate of discount rate, and the timing and quantity of future revenues.

Lease term and discount rate used

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise option, or not exercise option a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The determination of the Group's discount rate is set by reference to the market yields at the end of the reporting period on government bonds.

NOTE 2: EXPENSES		**2019**	**2018**
	Note	**US$**	**US$**
Loss before income tax from continuing operations includes the following specific expenses:			
Executive Remuneration			
- CEO and Executive Director		(237,470)	(411,066)
- VP International Finance (Former)		-	(198,184)
		(237,470)	**(609,250)**
Finance expense:			
- Interest expense		(52,577)	(38,521)
- Gain on exchange rate differences		30,951	-
		(21,626)	**(38,521)**
Depreciation expense:			
- Depreciation charge related to right-of-use assets	9	(125,442)	-
- Depreciation charge related to fixed assets	10	(88,105)	(74,024)
		(213,547)	**(74,024)**
Intangible write off expense:			
- License write off	11	(190,000)	-
		(190,000)	-
Research and development:			
- Employee costs		(611,178)	(933,277)
- Lab expenses		(96,469)	(92,398)
		(707,647)	**(1,025,675)**

NOTE 3: INCOME TAX

The financial accounts for the year ended 31 December 2019 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% (2018: 27.5%). The applicable tax rate in Israel is 23% (2018: 23%).

	2019	2018
	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% (2018: 27.5%)	(1,030,305)	(1,577,585)
Non-deductible items		
Non-deductible expenditure	225,255	419,196
Non-assessable income		
Adjustment for difference in tax rates	106,117	154,080
Temporary differences not recognised	698,933	1,004,309
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	674,966	977,429
Black hole expenditure	87,137	101,959
Unrecognised deferred tax asset	762,103	1,079,388
Set-off deferred tax liabilities	-	-
Net deferred tax assets	762,103	1,079,388
Less deferred tax assets not recognised	(762,103)	(1,079,388)
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	3,334,392	3,135,080

Carry forward losses

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2019, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

NOTE 4: RELATED PARTY TRANSACTIONS

a) Key Management Personnel Compensation

With exception of Mr Breier, and Dr Mirgel, the non-executive directors entered contracts to each be paid AUD$4,167 per month, for the year ended 31 December 2019. The salary of Mr Breier is set at US$240,000 and the salary of Dr Mirgel is set at US$100,00 (resigned 1 December 2019). The contracts remain in place until the Directors either resign or are not re-elected at an AGM.

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

	2019	**2018**
	US$	**US$**
Short-term salary, fees and commissions	821,722	1,369,293
Other	92,928	255,275
Share based payments	420,997	596,308
Total KMP Compensation	1,335,647	2,220,876

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 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, there was no related party transactions. In last financial 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**	
			2019	**2018**	**2019**	**2018**
			US$	**US$**	**US$**	**US$**
Otsana Capital Pty Ltd	Corporate advisor retainer	Faldi Ismail	-	22,424	-	7,047
Adamantium Holdings Pty Ltd	Rent and registered office fee	Faldi Ismail	-	2,990	-	-
Sharon Malik	Marketing fee	Ariel Malik	-	114,075	-	-

*Otsana Pty Ltd is a company controlled by former Director Faldi Ismail.

On 26 November 2019, the Company secured AU$2 million via placement by Australian-Israeli venture capital fund SIBF and AU$1 million via Deferred Share Placement from SIBF. Of which, AU$10,000 was receipt from Doron Eldar and AU$1.1 million from SIBF who Doron Eldar has significant influence.

NOTE 5: AUDITOR'S REMUNERATION	**2019**	**2018**
Remuneration of the auditor of the Group for:	**US$**	**US$**
- Auditing and reviewing the financial reports (BDO) – Australia	26,615	27,736
- Auditing and reviewing the financial reports (BDO) – Israel	29,070	30,600
	55,685	58,336
Non-assurance services		
- Tax (BDO) – Australia	9,179	3,756
- Tax (BDO) – Israel	3,230	6,961
	12,409	10,717

NOTE 6: LOSS PER SHARE	**2019**	**2018**
(Loss) per share (EPS)	**US$**	**US$**
a) Loss used in calculation of basic EPS and diluted EPS	(3,746,564)	(5,736,672)
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	218,410,831	159,808,324

NOTE 7 a: CASH AND CASH EQUIVALENTS	**2019**	**2018**
	US$	**US$**
Cash at bank	1,371,275	508,572
Total cash and cash equivalents in the statement of cash flows	1,371,275	508,572

NOTE 7 b: CASH FLOW INFORMATION	**2019**	**2018**
	US$	**US$**
Loss after income tax	(3,746,564)	(5,736,672)
Non-cash flows in loss after income tax		
Depreciation	213,547	74,024
Impairment expense	190,000	-
Share based payment expense	731,308	1,451,763
Foreign exchange	(22,719)	29,866
Changes in assets and liabilities		
Decrease/(Increase) in receivables	41,555	(5,149)
Decrease/(Increase) in prepayments	55,569	(18,746)
Increase in inventory	(4,312)	-
Decrease in payables	(16,040)	(162,263)
Decrease in other payables	(124,244)	(82,166)
Increase in provisions	14,516	3,661
Cash flow used in operating activities	(2,667,384)	(4,445,682)

NOTE 7 b: CASH FLOW INFORMATION (Continued)

Credit Standby Facilities

The Group has no credit standby facilities.

Non-Cash investing and financing activities

During the year ended 31 December 2019, the following were the non-cash financing activities of the Group:

- On 08 May 2019, the Company issued the following:
  - 283,672 fully paid ordinary shares issued in lieu of cash for purchase of asset;
- On 12 September 2019, the Company issued the following:
  - 1,000,000 fully paid Ordinary Shares were issued to Lead Manager at nil consideration as per the Everblu Capital Pty Ltd mandate agreement.

During the year ended 31 December 2019, the following were the non-cash investing activities of the Group:

- In February 2019 10,662,632 fully paid ordinary shares were issued on conversion of convertible loan.

NOTE 8: TRADE AND OTHER RECEIVABLES	**2019**	**2018**
	US$	**US$**
CURRENT		
Other receivables	144,592	230,722
	144,592	230,722
NON-CURRENT		
Other receivables	27,914	44,575
	27,914	44,575

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

NOTE 9: RIGHT-OF-USE ASSETS & LEASE LIABILITIES

i. *AASB 16 related amounts recognised in the statement of financial position*

	2019
	US$
Office space – right-of use	95,841
Motor vehicles – right-of-use	78,822
Net carrying amount	**174,663**

The group leases office space and vehicles. Rental contracts are typically made for a fixed period of 1-3 years, with extension options available on the office lease. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The lease agreements impose standard covenants such as mileage limitation, but leased assets may not be used as security for borrowing purposes.

NOTE 9: RIGHT-OF-USE ASSETS & LEASE LIABILITIES (CONTINUED)

ii. *Lease liabilities included in the Statement of financial position at 31 December2019*

	2019
	US$
Current	148,325
Non-current	35,266
Total lease liabilities	**183,591**

iii. AASB 16 related amounts recognised in the statement of profit or loss

	2019
	US$
Depreciation charge related to right-of-use assets (note 3)	125,442
Interest expense on lease liabilities (under finance cost)	37,079
Short-term leases expense	-
Low-value asset leases expense	-

(iii) AASB 16 related amounts recognised in the statement of cash flows

	2019
	US$
Cash outflows in financing activities	100,165
Cash outflows in operating activities	42,499
	142,664

Short -term leases and leases of low-value assets

The Group at the end of the year had non-material short-term leases.

The Group applies the low-value assets recognition exemption to leases of office equipment that are considered low value (AUD 10,000 or less). Lease payments on short-term leases and leases of low-value assets are recognised as expense on straight-line basis over the lease term.

NOTE 10: PLANT AND EQUIPMENT

	2019	2018
	US$	US$
Plant and equipment at costs	512,053	513,827
Accumulated depreciation	(228,814)	(191,235)
	283,239	322,592
Opening balance at reporting date	322,592	244,743
Additions	48,752	151,873
Depreciation (note 3)	(88,105)	(74,024)
Balance at the end of the year	283,239	322,592

NOTE 11: INTANGIBLE ASSETS	2019	2018
	US$	US$
Balance at the beginning of the year	175,000	245,000
Acquisition of License Agreement with William Marsh Rice University	-	30,000
Annual license fee	15,000	-
Adjustments to accrued license fees (a)	-	(100,000)
Intangible write off expense (note 2)	(190,000)	-
Balance at the end of the year	-	175,000

(a) At 31 December 2017, the acquisition of Licence Agreement amount $100,000 was an accrual which was payable on 1 January 2018. The agreement was amended as noted below, therefore the amount $100,000 was not paid and was reversed in year ended 31 December 2018.

In December 2014, the Company signed an exclusive technology transfer license agreement ("the License Agreement") with William Marsh Rice University ("Rice") 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 US$85,000. In the original agreement applicable to financial year ended 31 December 2017, the Company was required 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 to 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 was required to pay Rice University the following annual minimum royalties: US$10,000 on 1 January 2016, US$50,000 on 1 January 2017, US$100,000 on 1 January 2018, US$450,000 on 1 January 2019 and US$1,000,000 from 1 January 2020 and each year thereafter (the payments starting from 1 January 2018 were varied as noted below).

The Licence Agreement was amended during the financial year ended 31 December 2018. Under the amended Licence Agreement, the Company was required to make the following payments:

- A non-refundable, non-creditable, license amendment fee of US30,000 due and payable within 30 days from invoicing from Rice.
- Annual License Maintenance Fees of US$15,000 due and payable on each January 1st, starting January 1st 2019 and due annually on each January 1st thereafter; provided, however that Licensee's obligations to pay the licensee Maintenance Fee shall cease on January 1st of the calendar year following the date of first commercial sale
- Annual Minimum Royalties: if royalties paid to Rice do not reach the following minimum amounts: US$20,000 for the calendar year immediately following the year in which first commercial sale occurred: US$50,000 for second calendar year following the year in which first commercial sale occurred; and US$100,000 for each calendar year thereafter ("Annual Minimum Royalty"), Licensee shall pay to Rice on or before the quarter royalty payment deadline for the last calendar quarter of the stated calendar year an additional amount equal to the difference between the stated Annual Minimum Royalty and the actual Royalties paid to Rice in that calendar year. For clarity and avoidance of doubt, after first commercial sale of Rice Licensed Product, the corresponding Annual Minimum royalty shall continue to be due and payable (on or before the quarterly royalty payment deadline) for the last calendar quarter of the given calendar year for duration of the term, regardless of whether any sales occur in a given calendar year

The Company terminated the License Agreement by giving written notice to Rice University prior to 31 December 2019. Based on this notice at t 31 December 2019, the intangibles were fully impaired.

NOTE 12: TRADE AND OTHER PAYABLES

	2019	2018
	US$	US$
Trade and other payables	156,136	179,743
Accruals	114,296	230,975
	270,432	410,718

All amounts are short-term. The carrying values are considered to approximate fair value.

NOTE 13: BORROWINGS

	2019	2018
	US$	US$
NON-CURRENT		
Grant at fair value	257,481	242,436
	257,481	242,436

Refer to Note 1 (v) and note 18 (d) for additional information.

NOTE 14: ISSUED CAPITAL		2019 US$	2018 US$
(a) Share Capital			
295,004,274 fully paid ordinary shares (31 December 2018: 180,714,622)		22,627,901	18,762,675

(b) Reconciliation of Share Capital		**No.**	**US$**
Opening balance at 1 January 2018		**140,818,135**	**15,900,912**
Shares issued under Placement, 5 February 2018		2,777,778	396,050
Shares issued to Lead Manager, 5 February 2018		500,000	71,289
Shares issued under Placement, 10 May 2018		363,108	49,312
Shares issued in lieu of cash payment, 10 May 2018		5,385,000	423,956
Shares issued in lieu of cash payment, 29 June 2018		775,000	54,372
Shares issued under Placement, 1 August 2018		27,777,778	1,848,790
Shares issued under Cleansing Prospectus, 15 August 2018		100	7
Shares issued in lieu of cash payment, 2 November 2018		2,317,723	153,354
Less: capital raising fees		-	(135,367)
Closing balance at 31 December 2018		**180,714,622**	**18,762,675**
Opening balance at 1 January 2019		**180,714,622**	**18,762,675**
Shares issued on conversion of Convertible Loan, 15 February 2019		9,791,632	554,833
Shares issued to the CEO, 15 February 2019	16a	1,500,000[1]	86,058
Shares issued on conversion of Convertible Loan, 19 February 2019		875,000	49,917
Shares issued under Placement, 7 May 2019		19,750,000	830,804
Shares issued under Placement, 8 May 2019		5,250,100	220,662
Shares issued in lieu of cash payment, 8 May 2019		283,672	13,730
Shares issued under Placement, 29 July 2019		16,129,145	690,975
Shares issued in lieu of cash payment, 12 September 2019	16g	300,000	11,324
Issue of shares on conversion of options		695,000	-
Shares issued to Lead Manager, 12 September 2019	16h	1,000,000	42,551
Shares issued under Placement, 26 November 2019		55,000,003	1,349,931
Shares issued to Consultant, 8 December 2019	16j	2,500,000	70,130
Shares issued to CEO, 31 December 2019	16k	1,000,000[2]	43,479
Shares issued under Cleansing Prospectus, 31 December 2019		100	3
Shares issued to Employee on vesting options, 31 December 2019		215,000	-
Less: capital raising fees		-	(99,171)
		295,004,274	**22,627,901**

[1]Subject to voluntary holding lock until 15 February 2020.
[2]Subject to voluntary holding lock until shareholder approval.

NOTE 14: ISSUED CAPITAL (CONTINUED)

(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.

(d) Performance Shares

In addition to the number of shares disclosed above, there are also 22,000,000 performance shares on issue as at 31 December 2019, (2018: 44,000,000 performance shares, of which 22,000,000 expired on 30 April 2019 as milestone 2 not met). The performance shares will convert to ordinary shares on 1:1 basis subject to the performance milestones being met prior to expiry date. The performance shares are summarized below:

Class	Expiry	Milestone
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.

(e) Convertible Note

On 8 February 2019, shareholders approved the issue of 10,666,632 Ordinary Fully Paid Shares and 2,666,659 Unquoted Options (exercisable at AU$0.12 each on or before 30 June 2020). The shares were issued on conversion of the Convertible Loan Facility and accrued interest (Facility).

NOTE 15: RESERVES	**Ref**	**2019**	**2018**
a) Reserves		**US$**	**US$**
91,224,527 Option Reserves (31 December 2018: 40,325,000)	15b	2,102,496	1,626,095
Foreign currency translation reserve	15c	(44,611)	(17,731)
		2,057,885	**1,608,364**

b) Options Reserve		**No.**	**US$**
Opening balance at 1 January 2018		**20,500,000**	**856,065**
Issue of Joint Lead Manager Options, 5 February 2018		6,000,000	289,873
Issue of options to employees and consultants, 10 May 2018		3,425,000	197,239
Issue of options to Lead Manager, 1 August 2018		1,500,000	38,025
Issue of options under Employee Share Option Plan, 27 November 2018		8,900,000	244,893
Closing balance at 31 December 2018		**40,325,000**	**1,626,095**
Opening balance at 1 January 2019		**40,325,000**	**1,626,095**
Issue of free attaching options on conversion of Convertible Loan, 15 February 2019		2,447,909	-
Issue of options to directors, 15 February 2019	16b	3,000,000	103,780
Issue of options to employee, 15 February 2019	16c	1,000,000	58,344
Issue of free attaching options on conversion of Convertible Loan, 19 February 2019		218,750	-
Issue of free attaching options under Placement, 7 May 2019		9,875,005	-
Issue of free attaching options under Placement, 8 May 2019		2,625,000	-
Issue of options to Lead Manager, 19 June 2019	16d	5,000,000	122,302
Issue of free attaching options under Placement, 29 July 2019		8,064,526	-
Broker options expired, 8 August 2019		(10,000,000)	-
Issue of options under Employees Share Option Plan, 22 August 2019		210,000	849
Employees Share Option Plan cancellation		(1,465,000)	(5,625)
Exercised options under Employees Share Option Plan		(695,000)	-
Issue of options to Lead Manager, 31 October 2019	16f	10,000,000	26,110
Options expired, 31 October 2019		(5,500,000)	-
Issue of options to consultant, 3 December 2019	16i	10,000,000	14,344
Issue of placement options		18,333,337	-
Conversion of options to shares, 31 December 2019		(215,000)	-
Options cancellation, 31 December 2019		(1,000,000)	-
Options cancellation of Tranche 3 options under Employees Share Option Plan		(1,000,000)	-
Vested Tranche 1 options under Employees Share Option Plan*		-	4,155
Vested Tranche 2 options under Employees Share Option Plan*		-	138,232
Vested Tranche 3 options under Employees Share Option Plan*		-	13,910
Closing balance at 31 December 2019		**91,224,527**	**2,102,496**

NOTE 15: RESERVES (CONTINUED)	Ref	2019	2018
c) Foreign currency translation reserve		**US$**	**US$**
Opening balance		(17,731)	99,283
Difference arising on translation		(26,880)	(117,014)
Balance at the end of the year		**(44,611)**	**(17,731)**

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

NOTE 16: SHARE BASED PAYMENTS

The following new share-based payment arrangements existed at 31 December 2019:

a) 1,500,000 Director's Shares

1,500,000 Director's Shares were issued on 15 February 2019 with a nil issue price have been valued using the market share price.

b) 3,000,000 Directors' Options

3,000,000 Director's Options were issued on 15 February 2019 with an exercise price of AU$0.13 per option expiring on 15 February 2024. These options have been valued using binomial valuation model taking into account the terms and conditions upon which the options were granted, which is the Option holder is an employee or consultant of the Company at all times before the expiry date. Of which, 1,000,000 options were forfeited for Mr Volker Mirgel on his resignation. Options were fully vested on grant date.

c) 1,000,000 Employee Options

1,000,000 Employee Options were issued on 15 February 2019 with a nil exercise price per option expiring on 15 February 2023 subject to vesting on 9 December 2019 provided that the Option holder is an employee or consultant of the Company at all times during the period ending on the Vesting Date. These options have been valued using market share price taking into account the terms and conditions upon which the options were granted.

d) 5,000,000 Lead Manager Options

5,000,000 Lead Manager Options were issued on 19 June 2019 with an exercise price of AU$0.10 per option expiring on 19 June 2021, as per Hunter Capital Advisor Pty Ltd mandate agreement. 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.

e) 210,000 Employee Options

210,000 Employee Options were issued on 29 August 2019 with a nil exercise price each option expires on 22 August 2024 under the Company's Employee Share Option Plan with the following vesting condition with a third of the options vested after one year and the remainder on a quarterly basis . These options have been valued using market share price taking into account the terms and conditions upon which the options were granted, additional detail follows at the end of the note in the summary of inputs.

f) 10,000,000 Lead Manager Options

10,000,000 Lead Manager Options were issued on 12 September 2019 with exercise price of AU$0.10 each expiring on 11 September 2021 as per the EverBlu Capital Pty Ltd mandate agreement. These options have been valued at fair value of AU38,000 as per the mandate.

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

g) 300,000 Shares to Unrelated party

300,000 Shares were issued on 12 September 2019 with a nil issue price have been valued based on the value of the service provided.

h) 1,000,000 Lead Manager Shares

1,000,000 Lead Manager Shares were issued on 12 September 2019 with a nil issue price. These shares have been valued using the value of the services provided.

i) 10,000,000 Consultant Options

10,000,000 Consultant Options were issued on 8 December 2019 with exercise price of AU$0.09 each expiring on 11 December 2021. As the value of the service provided could not be reliably measured therefore 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, additional detail follows at the end of the note in the summary of inputs.

j) 2,5000,000 Consultant Shares

2,500,000 Consultant Shares were issued on 8 December 2019 with issue price of AU$0.04 per share. The shares have been valued based on the value of the services provided.

k) 1,000,000 Director's Shares

1,000,000 Director's Shares were issued on 31 December 2019 with a nil issue price subject to voluntary holding lock until shareholder approval. Shares have been valued using the market share price. The shares will be revalued on the date the Company receives shareholder approval at the Company Annual General Meeting to be held before 31 May 2020.

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

Options and Shares	**Director's shares**	**Directors' Options**	**Employee Options**	**Lead Manager Options**	**Employee Options**	**Consultant Shares**	**Lead Manager Options**	**Lead Manager Shares**
Financial year	2019	2019	2019	2019	2019	2019	2019	2019
Exercise price	N/A	AU$0.13	N/A	AU$0.10	N/A	N/A	AU$0.10	N/A
Price at measurement	AU$0.081	AU$0.081	AU$0.09	AU$0.076	AU$0.09	AU$0.06	(c)	(c)
Grant date	8-Feb-19	8-Feb-19	13-Feb-19	19-June-19	22-Aug-19	12-Sep-19	12-Sep-19	12-Sep-19
Vesting date	8-Feb-19	8-Feb-19	(a)	19-June-19	(b)	12-Sep-19	12-Sep-19	12-Sep-19
Expected volatility (i)	N/A	86.95%	N/A	100%	N/A	N/A	N/A	N/A
Expiry date	N/A	8-Feb-24	15-Feb-23	19-June-21	22-Aug-24	N/A	11-Sep-21	N/A
Expected dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Risk free interest rate	N/A	1.71%	N/A	0.98%	N/A	N/A	N/A	N/A
Value per option or share	AU$0.081	AU$0.4884	AU$0.09	AU$0.035	AU$0.05	AU$0.06	(c)	AU$0.06
Number of options	1,500,000	3,000,000	1,000,000	5,000,000	210,000	300,000	10,000,000	1,000,000
Total value in AUD	**AU$121,500**	**AU$146,520**	**AU$90,000**	**AU$175,268**	**AU$10,500**	**AU$16,500**	**AU$38,000**	**AU$62,000**
Total value in USD	**US$85,747**	**US$102,897**	**US$63,516**	**US$121,873**	**US$7,410**	**US$11,473**	**US$26,423**	**US$43,112**

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

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

Options and Shares	**Consultant Options**	**Consultant Shares**	**Director's Shares** (e)
Financial year	2019	2019	2019
Exercise price	AU$0.09	N/A	N/A
Price at measurement	AU$0.044	AU$0.04	AU$0.062
Grant date	3-Dec-19	8-Dec-19	31-Dec-19
Vesting date	(d)	8-Dec-19	31-Dec-19
Expected volatility (i)	71.24%	N/A	N/A
Expiry date	3-Dec-21	N/A	N/A
Expected dividends	N/A	N/A	N/A
Risk free interest rate	0.79%	N/A	N/A
Value per option or share	AU$0.0084	AU$0.04	AU$0.062
Number of options	10,000,000	2,500,000	1,000,000
Total value in AUD	**AU$21,114**	**AU$100,000**	**AU$62,000**
Total value in USD	**US$14,681**	**US$69,535**	**US$43,755**

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

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

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

(a) Vest subject to service conditions as at 31 December 2019
(b) Vest subject to service conditions, 33% shall vest on the date which is 12 months from the date of issue provided, and remaining 66.67% shall vest in 8 consecutive equal instalments upon the lapse of each 2 months period thereafter, provided that she is an employee of the Company at all times during the period.
(c) Shares to be recorded on invoice at $62,000 (being the share price at the 23 July, the date DTZ announced the completion of the placement). Broker Options per mandate to be recorded on invoice at $38,000 being the residual left over from $100k (which was the cash to be paid if the shares/options were not issued)
(d) Vest subject to the following:
  - 25% shall vest immediately upon issue.
  - 25% shall, subject to the agreement remaining on foot, vest on the date that is 6 months following the date of execution of this agreement.
  - 25%, subject to the agreement remaining on foot, vest on the date that is 12 months following the date of execution of this agreement.
  - 25%, subject to the agreement remaining on foot, vest on the date that is 12 months following the date of execution of this agreement.
(e) As announced on 11 March 2020 in relation to administrative error regarding the issue of 1,000,000 shares to CEO, Mr Uzi Breier, the grant date of the shares will be the date the Company receives shareholder approval at the Annual General Meeting, to be held before 31 May 2020.

For the year ending 31 December 2019 a share-based payment expense of US$731,308 (2018: US$1,451,763) was recognised in line with option vesting periods, in which US$140,885 was recognised as a vesting expense from options issued in a prior period.

	2019
Share based compensation comprises of the following:	**US$**
Shares issued to Uzi Breier on 15-Feb-19	(85,747)
Options issued to Uzi Breier on 15-Feb-19	(68,936)
Options issued to Volker Mirgel on 15-Feb-19	(33,961)
Options issued under the ESOP to Tomer Segev on 13-Feb-19	(63,516)
Options issued to lease manager on 19-Jun-19	(121,873)
Options issued under the ESOP to Inna Sasson on 22-Aug-19	(7,410)
Options issued to lease manager on 12-Sep-19	(26,423)
Shares issued to unrelated party in lieu of cash payment on 12-Sep-19	(11,473)
Shares issued to lead manager on 12-Sep-19	(43,112)
Options issued to Australian Strategic Consultant on 3-Dec-19	(14,681)
Shares issued to consultant on 8-Dec-19	(69,535)
Shares issued to Uzi Breier on 31-Dec-19	(43,755)
Options issued under the ESOP on 27-Nov-18	(140,886)
	(731,308)

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

	2018
Share based compensation comprises of the following:	**US$**
Options issued to lead manager on 5-Feb-18	(273,539)
Shares issued to lead manager on 5-Feb-18	(67,272)
Options issued to employees and consultants on 10-May-18	(198,998)
Shares issued to employees, consultants and corporate advisor on 10-May-18	(419,248)
Shares issued to former CEO Moti Gross on 29-Jun-18	(55,032)
Options issued to lead manager on 1-Aug-18	(38,434)
Shares issued to consultants on 2-Nov-18	(159,383)
Options issued to employees on 27-Nov-18	(221,974)
Options issued to employees on 27-Nov-18	(17,883)
	(1,451,763)

NOTE 17: 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 18: 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:

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

	Floating Interest Rate	Non-interest bearing	2019 Total	Floating Interest Rate	Non-interest bearing	2018 Total
	US$	US$	US$	US$	US$	US$
Financial assets						
- Within one year						
Cash and cash equivalents	1,371,275	-	1,371,275	508,572	-	508,572
Trade and Other receivables	-	11,228	11,228	-	34,975	34,975
Total financial assets	1,371,275	11,228	1,382,503	508,572	34,975	543,547
Weighted average interest rate	0.08%			0.08%		
Financial Liabilities						
- Within one year						
Trade and other Payables	-	84,782	84,782	-	410,718	410,718
Other Liabilities	-	-	-	-	14,451	14,451
Lease liabilities	-	148,325	148,325	-	-	-
Bird Grant	-	257,481	257,481	-	-	-
Total financial liabilities	-	490,588	490,588	-	425,169	425,169
Weighted average interest rate						
Net financial assets	1,371,275	(479,360)	891,915	508,572	(390,194)	118,378

Sensitivity Analysis

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

	Movement in Profit	Movement in Equity
	US$	US$
Year ended 31 December 2018		
+/-1% in interest rates	17,000	17,000
Year ended 31 December 2019		
+/-1% in interest rates	9,364	9,364

(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 18: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

	Note	2019 US$	2018 US$
Cash and cash equivalents - AA Rated	7a	1,371,275	508,572

(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.

2019	Interest rate	Less than 6 months US$	6-12 months US$	1-2 years US$	2-5 years US$	Over 5 years US$	Total contractual cash flows US$	Carrying amount assets/ (liabilities) US$
Financial liabilities at amortised cost								
Trade and other payables	N/A	(84,782)	-	-	-	-	(84,782)	(84,782)
Lease liabilities								
- Office lease	12.95%	(53,240)	(53,239)	(8,873)	-	-	(115,352)	(108,577)
- Car lease	15.65%	(25,574)	(25,573)	(36,070)	(11,619)	-	(98,836)	(75,015)
Bird Grant[1]	N/A	-	-	-	(530,873)	-	(530,873)	(257,481)
		(163,596)	(78,812)	(44,943)	(542,492)	-	(829,843)	(525,855)

2018	Interest rate	Less than 6 months US$	6-12 months US$	1-2 years US$	2-5 years US$	Over 5 years US$	Total contractual cash flows US$	Carrying amount assets/ (liabilities) US$
Financial liabilities at amortised cost								
Trade and other payables	N/A	(410,718)	-	-	-	-	(410,718)	(410,718)
		(410,718)	-	-	-	-	(410,718)	(410,718)

[1] Contractual cash outflow is dependent on the generation of revenue.

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

(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.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Bird Grant	3	Income approach using discounted cash flow methodology	• Company discount rate • Future expected royalty payment

(e) Financial arrangements

The company had no other financial arrangements in place at 31 December 2019 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, the Swiss Franc and Euro.

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

	2019		2018	
Cash and cash equivalents	**Foreign Currency**	**USD Equivalent**	**Foreign Currency**	**USD Equivalent**
New Israeli Shekels	646,935	187,192	141,463	37,744
Australian Dollar	915,548	642,074	327,001	230,641
Swiss Franc	7,163	7,037	-	-
Euro	1,573	1,404	958	1,097

NOTE 19: PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the legal parent Dotz Nano 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

	2019 US$	2018 US$
ASSETS		
Current assets	1,385,967	864,148
TOTAL ASSETS	**1,385,967**	**864,148**
LIABILITIES		
Current liabilities	86,303	132,666
TOTAL LIABILITIES	**86,303**	**132,666**
NET ASSETS	**1,299,664**	**731,482**
SHAREHOLDERS' EQUITY		
Issued capital	337,962,811	334,043,873
Reserves	1,824,716	1,442,692
Accumulated Losses	(338,487,863)	(334,755,083)
SHAREHOLDERS' EQUITY	**1,299,664**	**731,482**

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

Loss for the year	(3,732,780)	(9,295,339)
Total comprehensive loss	**(3,732,780)**	**(9,295,339)**

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

There are no guarantees entered into by Dotz Nano Limited (2018: Nil).

(d) Contingent liabilities of Dotz Nano Limited

There were no known contingent liabilities as at 31 December 2019 (2018: Nil).

(e) Commitments by Dotz Nano Limited

Known commitments as at 31 December 2019 are disclosed in the consolidated entities in Note 22 below (2018: Nil).

NOTE 20: CONTROLLED ENTITIES

Controlled entity	Country of Incorporation	Percentage Owned 2019	Percentage Owned 2018
Dotz Nano Ltd	Israel	100%	100%
Dotz Blue Ltd*	Israel	-	100%
Graphene Materials Ltd**	Israel	-	100%
Dotz Nano Singapore PTE Ltd***	Singapore	100%	100%

*De-registered July 2019

**De-registered December 2019

***De-registration submitted, approval expected in 2020

NOTE 21: COMMITMENT

The Group has no commitments which are not recorded on the statement of financial position as at 31 December 2019.

	2018 US$
Operating lease commitments:	
No longer than 1 year	10,977
Longer than 1 year and not longer than 5 years	-
Longer than 5 years	-
	10,977
Other expenditure commitments:	
No longer than 1 year	62,271
Longer than 1 year and not longer than 5 years	58,315
Longer than 5 years	-
	120,271

NOTE 22: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2019 (2018: Nil).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

Since the reporting date the following significant events have occurred:

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

  Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

  Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

- On 11 March 2020, administrative error was made on 31 December 2019 regarding the issue of 1,000,000 shares to CEO, Mr Uzi Breier. The Company subsequently entered into a holding lock deed with Mr Breier for a period from the date of the deed and ending on the date the Company receives shareholder approval.

- On 23 March 2020 the Company announced the resignation of Mr John Bullwinkel and Mr Ashley Krongold,

Other than these matters, no matters have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 2019. Relevant Standards and Interpretations are outlined in the table below.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2018-6 (issued December 2018)	Amendments to Australian Accounting Standards - Definition of a Business	Clarifies the definition of a 'business' in AASB 3 to assist in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The main amendments include: • Narrowing the definition of 'outputs' and a 'business' to focus on returns from selling goods and services to customers, rather than on cost reductions • Amending guidance on inputs, processes and outputs to align with the new definition of a 'business' • Clarifying that to be considered a 'business', an acquired set of activities and assets must include, **as a minimum, an input and a substantive process**, that together significantly contribute to the ability to create outputs, and • An optional 'concentration test' as a short-cut way of concluding that certain types of acquisitions are not business combinations.	Acquisitions occurring on or after the beginning of the first annual period beginning on or after 1 January 2020	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, i.e. on or after **1 January 2020.**

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 22 to 58 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 2019 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 2019.

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:

Bernie Brookes
Non-Executive Chairman
30 March 2020

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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 2019, 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 2019 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.

Accounting for Share-Based Payments

Key audit matter	*How the matter was addressed in our audit*
During the financial year ended 31 December 2019, the Group issued equity instruments, in the form of shares and options, to eligible directors, employees and other consultants, which have been accounted for as share-based payments, as disclosed in Note 16 to the financial report. The Group's policy for accounting for share-based payments and significant judgements applied to these arrangements are disclosed in Note 1. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.	Our audit procedures in respect of this area included but were not limited to the following: • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the assumptions and inputs used in the valuation; • Assessing management's determination of achieving non-market vesting conditions of the performance shares issued; • Assessing the allocation of the share-based payment expense over management's expected vesting period; and • Assessing the adequacy of the disclosure in Note 1 and Note 16 in 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 2019, 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 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 20 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2019, 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, 30 March 2020

This Corporate Governance Statement is current as at 30 March 2020 and has been approved by the Board of the Company.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place and complied with all the ASX Corporate Governance Principles and Recommendations 3rd edition (Principles and Recommendations) for the entire year ending 31 December 2019 (reporting period).

Although the 4th edition of the ASX Corporate Governance Principles and Recommendations is not required to be reported against until the financial year ending 30 June 2021, the Company has early adopted, such that it was compliant with the 4th edition from 1 July 2019.

The Company has adopted Corporate Governance Policies (Corporate Governance Plan) 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.

During 2020, the Company plans to review its Corporate Governance policies and charters with a view to ensuring the Company's Corporate Governance is fit for purpose and reflects the Company's strategies and development plans.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at https://www.dotz.tech/investors/

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

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

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

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

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

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

- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
  - Corporate Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;
  - Performance Evaluation;
  - Risk Management;
  - Trading Policy;
  - Shareholder Communication Strategy; and
  - Whistleblower Policy.

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 https://www.dotz.tech/investors/

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 their 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.

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.

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 does not presently intend to set measurable gender diversity objectives because:

a) it is the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans;

b) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and

c) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive's" for these purposes) for each financial year will be disclosed in the Company's Annual Report.

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

- Women employees in the Company 40%
- Women in senior management positions 0%
- Women on the Board 0%

The Company's Diversity Policy is contained within the Corporate Governance Plan on the Company's website at https://www.dotz.tech/investors/

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.

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 and there have been a number of Board changes over the last few years, 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 be effective and add value

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 Composition

Board is comprised of the following members at 30 March 2020:

Mr Uzi Breier	Chief Executive Officer and Managing Director (appointed 18 May 2018);
Mr Bernie Brookes AM	Independent - Non-Executive Chairman (appointed 15 January 2020); and
Mr Doron Eldar	Independent - Non-Executive Director (appointed 15 January 2020).

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, two of whom are considered independent.

Details of the Directors interests, positions, associations and relationships have been included in the 2019 Annual Report.

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 Company does not comply with the recommendation as the Company's Board was not of a relevant size to consider formation of a separate Nomination Committee to deal with the selection and appointment of new directors or executives and as such a Nomination Committee has not been formed.

Nominations of new Directors or executives are considered by the full Board. If any vacancies arise on the Board or at executive level, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The full Board also assesses its balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

The Board has developed a specific skill matrix. The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. This role will be performed by the Nomination Committee (or, in its absence, the Board). The Company will disclose the Board skill matrix in, or in conjunction with, its Annual Reports.

The Board Skills Matrix will includes the following areas of knowledge and expertise:

- strategic expertise;
- specific industry knowledge;
- executive management;
- human capital;
- sales and marketing;
- external communication
- Going global;
- 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.

New Directors are provided with key materials such as the Code of Business Conduct and the Company's Security Trading Policy. The Company will consider site visits and professional development where appropriate.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Company Values

The Board has approved the Company's statement of values, the Code and related policies, and charged the Executive Team with the responsibility of instilling those values across the organisation. This includes ensuring that all employees receive appropriate training on the values and senior executives continually reference and reinforce those values in their interactions with staff (i.e. setting the "tone at the top"), in order to instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

All directors of the Company also agree to comply with the Board governance protocols which outline, amongst other matters, the directors' duties and the conduct expected of them as directors

Code of Conduct

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.

Whistleblower Policy, Securities Trading and Antibribery & Corruption Policy

Supporting good corporate governance and strengthening the Company's core values, the Company's Whistleblower, Securities Trading and Antibribery & Corruption policies apply to all directors and employees, as well as contractors, consultants and any other person who might be engaged by the Company to perform services for or on behalf of the Company where appropriate. The Company encourages employees to report known or suspected instances of inappropriate conduct, including breaches of the Code or any of the Company's policies. The Company will protect a whistleblower, including their identity to the extent permitted by law, and will not allow any detrimental treatment to happen to a whistleblower because of the whistleblower's report of any misconduct or improper state of affairs or circumstances. A copy of these policies is available on the Company's website along with other corporate governance policies of the Company.

The Company adopted a Whistleblower Policy on 7 January 2020.

The Company adopted an Antibribery & Corruption Policy on 27 March 2020.

Any material breaches of the Code of Conduct, Whistleblower policy, Securities Trading policy or Antibribery & Corruption Policy, are to be reported to the Board immediately. For non-material breaches/matters, reporting to the Board/ Audit & Risk Committee is scheduled on a six-monthly basis.

Principle 4: Safeguard integrity in corporate reporting

Given the size and scale of the Company's operations, the full Board undertakes the role of the Audit Committee as detailed in the Audit Committee Charter.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members.

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 Board also reviews annually the performance of the external auditor, the appointment of the external auditor, their independence and their fees.

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.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

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.

External Corporate Reports

Non-audited corporate reports receive extensive management review prior to release to the market, whilst the Corporate Governance Statement is reviewed and endorsed by Board prior to approval.

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 Company's practice on disclosure is consistent with the Principles and Recommendations. The Board strictly adheres to the Company's Continuous Disclosure Policy and procedures are in place to ensure compliance with ASX Listing Rule disclosure requirements, which includes the requirement that any new or substantive information is released on the ASX Market Announcements Platform ahead of being provided to analysts and investors during a one-on-one or group briefing

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.

The Continuous Disclosure Policy and the Shareholder Communication Policy are available on the Company's website.

The Board and the Executive Team are included in an email distribution list to receive a copy of all ASX market announcements made by the Company to ensure they have visibility of the nature and quality of the information being disclosed to the market, and the frequency of such disclosures.

All material presentations by the Company are released to the ASX and posted on the Company's website.

Principle 6: Respect the rights of security holders

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

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

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

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

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

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

From 1 January 2020, the Company will ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands, allowing all shareholders to vote based on of the number of shares held by them, also providing access to register their vote regardless of whether they attend or not.

The Company's policies and procedures, and in particular the Shareholder Communication Policy, comply with the Principles and Recommendations in relation to the rights of shareholders.

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 risk committee is combined with the audit committee and is subject to the same Charter.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework (Further information is disclosed in Principle 2 and 4 above). 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.

During the reporting period, the Board determined that it did not have any material exposure to economic, environmental and social sustainability risks. The Board does note however that the Company is subject to general economic risks, and economic risks associated with the Company's proposed products seeking to develop new markets. In addition, there are inherent risks associated with the Company's research and development facilities and team being located in Israel, due to the political and military instability, obligations of Israeli citizens to perform military service, and the potential for other countries to impose boycotts over Israeli produced products and companies.

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.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation a dedicated internal audit function. The Company may consider to periodically engages external consultants to perform internal control reviews.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils to the functions normally delegated to the Remuneration Committee (Further information is disclosed in Principle 2 above) 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 calibre 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.

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.

There is currently no minimum holding of the Company's securities required by a non-executive director.

The Company's equity-based incentive schemes to which the Executive Team and other employees are eligible to participate in are presented to shareholders for approval at the AGM every three years, the last approval having been received on 2 March 2020.

The Securities Trading Policy contains a prohibition against directors and employees altering the economic benefit derived by the director or employee in relation to an equity-based incentive award or grant made by the Company.

Detailed information on remuneration of directors and other Key Management Personnel is contained in the Remuneration Report.

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

The shareholder information set out below was applicable as at 19 March 2019.

As at 19 March 2019 there were 1,170 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 Fully Paid Shares

Holder Name	Holding	% IC
CITICORP NOMINEES PTY LIMITED	38,951,708	20.19%
IBI TRUST MANAGEMENT <DR BORENSTEIN LTD A/C>	11,988,809	6.22%
IBI TRUST MANAGEMENT <ARIEL MALIK A/C>	11,746,611	6.09%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,432,832	4.89%
ORNA SIMA LUBLINER	6,270,548	3.25%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,945,409	3.08%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,341,256	2.25%
IBI TRUST MANAGEMENT <MOTI GROSS A/C>	3,160,687	1.64%
BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C>	3,000,000	1.56%
102 CAPITAL MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	1.55%
MR TONY PETER VUCIC & MRS DIANE VUCIC <VUCIC FUTURE FUND A/C>	2,500,000	1.30%
IBI TRUST MANAGEMENT <MICHAEL SHTEIN A/C>	2,446,201	1.27%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	2,363,333	1.23%
BNP PARIBAS NOMS PTY LTD <DRP>	2,315,025	1.20%
ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	2,266,667	1.18%
DANNY EDGAR	2,222,222	1.15%
IBI TRUST MANAGEMENT <KOBI BEN SHABATH A/C>	2,051,855	1.06%
SUKHMOHAN ATHWAL	2,000,000	1.04%
MR BRUNO NOSEK	1,963,200	1.02%
NOAM COHEN	1,889,795	0.98%
Total	**119,849,619**	**62.14%**
Total issued capital - selected security class(es)	**192,881,254**	**100.00%**

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 19 March 2019 are:

Name	No of Shares Held	% of Issued Capital
Amiram Bornstein	11,988,809	6.22%
Ariel Malik	11,746,611	6.09%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	134	5,788	0.00%
1,001 - 5,000	174	581,211	0.30%
5,001 - 10,000	191	1,592,113	0.83%
10,001 - 100,000	510	18,794,367	9.74%
100,001 - 9,999,999,999	161	171,907,775	89.13%
Totals	**1,170**	**192,881,254**	**100.00%**

Unmarketable Parcels – 323 Holders (based on share price of $0.09)

RESTRICTED SECURITIES

As at 19 March 2019 the following shares are subject to escrow:

- Nil

UNQUOTED SECURITIES

As at 19 March 2019, the following unquoted securities are on issue:

44,000,000 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

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

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%

2,666,659 Options Expiring 30/06/2020 @ $0.12 – 6 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ORNA SIMA LUBLINER	1,567,637	58.79%

3,700,000 Options Expiring 01/10/2021 @ $nil – 11 Holders

Holders with more than 20%

Holder Name	Holding	% IC
MICHAEL SHTEIN	1,200,000	32.43%

3,200,000 Options Expiring 01/10/2021 @ $nil – 6 Holders

Holders with more than 20%

Holder Name	Holding	% IC
MICHAEL SHTEIN	1,500,000	46.88%

2,000,000 Options Expiring 01/10/2022 @ $nil – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
TALSBAR CONSULTING LTD	1,000,000	50%
MICHAEL SHTEIN	1,000,000	50%

3,000,000 Options Expiring 01/10/2022 @ $0.13 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
KNAZ-BREIER LTD	2,000,000	66.67%
VMCONNECT LLC	1,000,000	33.33%

1,000,000 Options Expiring 15/02/2023 @ $nil – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
TOMER SEGEV	1,000,000	100%

1,000,000 Options Expiring 20/04/2020 @ $nil – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
TALSBAR CONSULTING LIMITED	1,000,000	100%

1,000,000 Options Expiring 01/11/2020 @ $nil – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
TALSBAR CONSULTING LIMITED	1,000,000	100%

500,000 Options Expiring 20/04/2020 @ $0.20 – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
CHANGING THE WORLD TECHNOLOGIES LTD	500,000	100%

212,500 Options Expiring 20/04/2020 @ $0.105 – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
KANAYAMA CORPORATION LTD	212,500	100%

212,500 Options Expiring 20/04/2020 @ $0.105 – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
KANAYAMA CORPORATION LTD	212,500	100%

500,000 Options Expiring 20/04/2020 @ $0.20 – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
COREY PATTEN	500,000	100%

1,500,000 Options Expiring 01/08/2020 @ $0.20 – 1 Holders

Holders with more than 20%

Holder Name	Holding	% IC
GLENEAGLE SECURITIES (AUST) PTY LTD	1,500,000	100%

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.