Dotz Nano Limited

ABN 71 125 264 575

Annual Report - 31 December 2023

General information

The financial statements cover Dotz Nano Limited as a consolidated entity consisting of Dotz Nano Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in US dollars.

Dotz Nano Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office:

Level 14
330 Collins Street
Melbourne VIC 3000

Principal Place of Business:

1 Atir Yeda
Kefar-Sava
Israel 4464301

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024. The directors have the power to amend and reissue the financial statements.

Directors	Mr Bernie Brookes AM Mr Sharon Malka * Mr Doron Eldar Ms Kerry Harpaz Mr Glenn Kelly * Mr Mitchell Board
Chief Executive Officer	Mr Sharon Malka
Company Secretary	Mr Andrew Ritter
Registered office	Level 14 330 Collins Street Melbourne VIC 3000
Principal place of business	1 Atir Yeda Kefar-Sava Israel 4464301
Share register	Automic Registry Services Level 5, 126 Phillip Street SYDNEY NSW 2000
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street PERTH WA 6000
Stock exchange listing	Dotz Nano Limited shares are listed on the Australian Securities Exchange (ASX code: DTZ)

** Appointments as Director are pending regulatory approval.*

Dear fellow shareholders,

The 2023 financial year was a transformational year for Dotz, reflecting the significant progress we've made in laying the foundation for future growth. The business was re-set with a new focus and new priorities.

We have executed well on our strategic priorities, first and foremost bedding down the acquisition of the DotzEarth technology. The acquisition synergistically adds to our portfolio an innovative and high potential carbon capture technology. This certainly positions Dotz to deliver long-term benefits for our shareholders.

We successfully completed the transfer of the DotzEarth technology to our facility in Israel from Rice University and we formed strategic alliances with industry leaders, including a strategic development partnership with SINTEF[1]. SINTEF is a leading international industry research organisation, who will partner with us to advance our technology development as a viable solution for industrial decarbonization.

The Company is continuing discussions with potential customers for both DotzShield and DotzEarth. Our priority remains securing new commercial agreements with potential partners and product companies for DotzShield. We believe there is the opportunity for further purchase orders through a ramp up of Dotz tagging solutions within the oil & gas industry.

To support Dotz's growth ambitions through its next phase, the Company has undergone a significant transformation at the senior management level, strengthening its leadership team with the appointment of Chief Executive Officer Mr Sharon Malka and Chief Financial Officer Ms Liat Bar-Ziv Alperovitz. In addition, we strengthened our board of directors with the appointment of Mr Glenn Kelly and Mr Mitchell Board, both esteemed climate industry experts, as non-executive directors. It sets in place a high quality and experienced senior leadership team and Board to advance the execution of the Company's strategy.

Recently, the Company secured a strategic funding agreement of up to A$12 million, to support the development plan of DotzEarth carbon capture technology and building of channels for future growth.

I would like to take this opportunity to thank my Board colleagues for their hard work and support throughout the year. On behalf of the Board, I thank the management team and all our people for their outstanding efforts and contributions this year in particularly challenging circumstances.

Finally, I'd like to acknowledge our highly engaged shareholders for your ongoing support. We have an exciting year ahead as we capitalise on our new technology and priorities, with a focus on delivering value for shareholders, partners and customers.

Bernie Brookes AM

Dotz Nano Chairman

[1] *SINTEF is one of Europe's largest independent research organizations. SINTEF is Norway's largest research institute for energy and climate technology*

Dear fellow shareholders,

The year 2023 has been a milestone year for Dotz, marking our transition from a developer of tagging and tracing technology to a leading developer at the forefront of innovation in climate and industrial nanotechnologies.

Dotz's current primary focus is centered on the development of our ground-breaking carbon capture technology DotzEarth, as an enabler of carbon neutrality. Simultaneously, the Company is continuing discussions with potential customers and partners to secure commercial collaborations for our tagging solution, DotzShield.

We made significant progress in 2023, delivering against our plan and setting the foundations for our growth in 2024 and beyond. We are very encouraged as we look back at our accomplishments for the year.

We are leveraging our technical achievements to progress commercial discussions, and our priority remains securing new commercial agreements with potential partners and product companies. The Company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunities for its tagging solution, DotzShield. While these negotiations are moving forward, we have less control over timing given the size and complexity of these large corporates. However, despite taking longer than expected, we remain confident in our ability to secure these agreements.

The Company acquired an innovative CO_2 capture technology, DotzEarth, which utilises plastic waste to produce nano-porous carbon (NPC) solid sorbent to capture and store CO_2 gases. The acquisition reinforces our strategic focus of developing, scaling and commercialising innovative carbon-based nanotechnologies, and we expect it to deliver long-term value to Dotz shareholders.

The CO_2 capture industry is undergoing significant growth while playing a critical role in the energy transition and industrial decarbonisation, representing a significant scale of opportunity of over $100 billion worldwide by 2030. Developing and deploying climate technologies such as DotzEarth is critical to meeting the world's net-zero challenge and Dotz is proud of the role it can play in accelerating decarbonisation.

Following the completion of the acquisition of the DotzEarth technology, we are focused on advancing the DotzEarth development program and forming strategic alliances with industry leaders. We established a strategic development partnership with SINTEF, a leading industry research organisation, to leverage our technology as a viable solution for industrial decarbonisation. In addition, we successfully completed the technology transfer from Rice University to our facility in Israel, and we are now focusing on optimizing our unique NPC sorbent as a superior sorbent for industrial flue gas decarbonisation.

We recently secured a strategic funding agreement of up to A$12 million, providing the Company with the runway needed in the near-term so that we can accelerate the development of DotzEarth carbon capture technology and execute our plans for growth.

Looking ahead, the future of Dotz is filled with promise and potential. We have laid the foundations for our future growth, and I look forward to FY24 as we secure commercial partnership for DotzShield, advance Dotz Earth technology maturity including the establishment of a bench-scale demonstration unit in the first half of FY24 and continue discussions with leading companies to pursue licensing agreement with partners.

Our commitment to excellence, coupled with the passion of our team, positions us well for continued growth and success.

Sharon Malka,

Dotz Nano Chief Executive Officer

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 2023

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
Mr Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Mr Doron Eldar	Non-Executive Director	15 January 2020	-
Ms Kerry Harpaz	Non-Executive Director	2 September 2021	-
Mr Sharon Malka	CEO and Proposed Executive Director	*	-
Mr Glenn Kelly	Proposed Non-Executive Director	*	-
Mr Mitchell Board	Non-Executive Director	15 February 2024	-

** The appointments of Mr Sharon Malka as Executive Director and Mr Glenn Kelly as Non-Executive are pending regulatory approval.*

Principal activities
The principal continuing activities of the Group during the year is developing, manufacturing and commercialising innovate solutions addressing global environmental and industrial challenges, utilising its carbon-based nano technologies. The Group two main areas of focus are:

- In-product tagging solutions for anticounterfeiting and monitoring, primarily for the oil & gas and chemicals sectors;
- Carbon-based sorbent technology for industrial decarbonisation and sustainability.

Dividends
There were no dividends paid, recommended during the financial year ended 31 December 2023 (2022: Nil).

Financial review
Dotz Nano Limited had a loss for the year of $6,569,473 (31 December 2022: $5,373,346). This included a non-cash amount of $711,052 share-based payments (31 December 2022: ($21,001)).

The Group had a net asset position of $2,399,666 at 31 December 2023 (31 December 2022: net liability ($244,585)).

As at 31 December 2023, the Group's cash and cash equivalents balance was $1,345,529 (31 December 2022: $ 3,048,878).

The Directors are satisfied that the Group will have access to sufficient cash to fund its forecast expenditure for a period of at least twelve months from the date of signing this report. Accordingly, the Directors consider the going concern basis of preparation to be appropriate. Subsequent to the year end, funding has been secured.

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

Review of operations

The Company's significant activities in 2023 are outlined below.

Overview

Since its establishment, Dotz has identified new market opportunities that align with the Company's vision to harness nanotechnologies and advanced materials to tackle global environmental and industrial challenges.

During FY23, the Company executed a transformative acquisition of an innovative carbon dioxide (CO_2) capture technology, Dotz Earth. This highly strategic acquisition aligns with Dotz's business growth strategy and provides a valuable addition to our offering to existing target markets. This groundbreaking technology furnishes Dotz with an ideal platform to enter the carbon capture and green technology sector, with significant market opportunities into the next decade.

Dotz's primary focus is centred on the development and commercialisation of its ground-breaking carbon capture technology, DotzEarth, as an enabler of carbon neutrality. Simultaneously, the Company is continuing discussions with potential customers and partners to secure commercial collaborations for our tagging solution, DotzShield.

Strategic acquisition of carbon capture technology - Dotz Earth

On 19 May 2023, the Company entered into an asset purchase agreement with H2 Blue Tech Ltd (APA) to acquire its innovative Carbon Dioxide (CO_2) capture technology, which utilises plastic waste to produce nano-porous carbon solid sorbent to capture and store CO_2 gases from flue gas. The new technology, Dotz Earth, which was developed at Rice University, represents the next evolution in carbon capture sorbents, demonstrating several benefits over existing technologies including energy efficiency, low cost of ownership and longer lifetime.

The CO_2 capture industry is undergoing significant growth while playing a critical role in energy transition and industrial decarbonisation, representing a significant scale of opportunity of over $100 billion by 2030.

Successful completion of technology transfer and filing of patent

Dotz successfully completed a transfer of the DotzEarth technology from Rice University to the Company's facility, utilising newly installed pyrolysis reactors. This technology transfer process resulted in the filing of a patent application in the US to cover a significant simplification of the manufacturing and scale-up process of the carbon-based sorbent. The completion of the technology transfer to Dotz's facility is an important step in advancing Dotz's innovative technology development towards the design and manufacture of a bench scale unit that will establish a technology demonstration at lab scale.

Strategic collaboration with SINTEF

On 19 October 2023, the Company partnered with SINTEF, one of Europe's largest independent contract research and development organisations, to collaboratively advance the development plan of DotzEarth's solid sorbent carbon capture technology, leveraging SINTEF's extensive experience and knowledge in carbon capture technologies. The Company working closely with SINTEF's scientists to optimize its nano-porous carbon sorbent as an ideal solid sorbent for industrial flue gas, which has enhanced properties.

In-product authentication tagging solutions - Dotz Shield

Several discussions with potential customers have allowed Dotz to enter negotiations to secure new projects for the Company's authentication tagging solutions to address the challenges of anti-counterfeiting, in-field quantification, and quality assurances that companies in several sectors face.

A leading NASDAQ-listed oilfield technology and services provider successfully completed industrial-scale field trials in multiple locations across North America, utilising Dotz's solution to monitor corrosion inhibitors in-field. The Company is in advanced discussions with the customer regarding commercial supply, where there is the opportunity for further purchase orders and a ramp up of Dotz tagging solutions within the oil & gas industry.

The Company completed the first phase of the design and planning of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs) under its collaboration agreement with Theracell, for joint-development of marking disposable bioprocessing consumables, using on and in-product tagging techniques. The company reassessed the biomedical consumables tagging opportunity and concluded to discontinue the joint-development project with Theracell. The company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunities for its tagging solutions.

Strengthened executive team and Board of Directors

On 1 March 2023, the Company announced the appointment of Ms Liat Bar Ziv Alperovitz as the new Chief Financial Officer, following the departure of Mr Guy Khavia. Ms Bar Ziv Alperovitz is a Certified Public Accountant and brings more than two decades of financial management experience for a broad range of unlisted and publicly listed companies.

On 20 March 2023, the Company appointed Mr Sharon Malka as the new Chief Executive Officer, following the resignation of Mr Gideon Shmuel. Mr Malka is an accomplished senior executive with over 20 years of strategic, operational, commercial and financial leadership in innovative technology companies. Mr Malka was appointed to the Board as an Executive Director, pending regulatory approval.

On 1 November 2023, the Company appointed Mr Glenn Kelly and Mr Mitchell Board to the Board as non-executive directors. Mr Kelly and Mr Board are esteemed industry experts, bringing extensive experience and knowledge in the climate technology sector to Dotz.

Funding and capitalization

In August 2023, the Company raised AU$4 million (US$2.6 million) via private placement offering (refer to ASX Announcement 26 July 2023), enabling Dotz to pursue growth initiatives including the acquisition and fund the development and exploitation of our new carbon capture technology. The Placement was supported by existing shareholders and sophisticated investors.

As of 31 December 2023, the Company issued 18,248,415 ordinary shares at an issue price of $AU0.12-0.20 under the Funding Agreement with Lind. In January 2024, the Company issued 3,333,334 ordinary shares at an issue price of $AU0.12.

On 5 February 2024, the Company has entered into a funding agreement (Convertible Securities Agreement) with Mercer Street Global Opportunity Fund, LLC (Mercer), a US-based investment fund managed by Mercer Street Capital Partners, LLC to raise up to AU$12 million (US$8.2) via the issue of convertible notes. The funds from the placement will be used primarily to accelerate the development and exploitation of carbon capture technology – Dotz Earth, and support the Company's general working capital requirements.

Business continuity

Dotz confirms that it has a business continuity plan and procedures in place, ensuring operational and financial continuity. As a result, Dotz's operations and development activities are not impacted by the current situation in Israel.

Material Business Risks
The key risk factors affecting the Company are set out below. The occurrence of any of the risk below could adversely impact the Company’s operating or financial performance. The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manager its risks. The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company’s risk management framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board

Company's current operations risks

(a) Development and commercialisation of the technology
The Company is in the business of development and commercialisation innovate solutions addressing global environmental and industrial challenges, utilising its carbon-based nano technologies.

The success of the Company will depend upon the Company's ability to commercialise its technologies. A failure to successfully commercialise the technologies in commercial quantities, could impact the Company's operating results and financial position.

The Company continues to focus its commercialisation activities in areas that are considered new markets for its technology. There is a risk that products produced by the Company will not be accepted by market participants in these fields (or other fields) (such as anti-counterfeiting, authentication and tracing solutions). Failure to create a market in these fields will have an adverse effect on the Company's potential profitability.

The Company is seeking to develop its technologies with organisations that provide chemical production industry services. If the Company is successful in developing the technology, there may be further additional risks associated with how the technology fits within industry standards (including legal and regulatory standards), and issues faced with production.

Global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion, and sales and licensing campaigns. There is a risk that if the Company's technology is not accepted by the market or its products are not utilised in the Company's proposed markets or continuing to be utilised in the existing markets that currently use the technology, the Company will not be able to commercialise its products which could adversely impact the Company's operations.

Even if the Company does successfully commercialise its technology, there is a risk the Company will not achieve a commercial return and will not be able to sell products and services to clients at a rate which covers its operating and capital costs.

(b) Competition and new technologies
The industries in which the Company is involved are subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company's technology not being differentiated to other similar offerings.

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, the Company's ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

(c) Staff risk
There is a risk that knowledge will be lost in the event that development staff who have knowledge of the technology and business resign or retire. This involves the risk that those staff will have information in respect of the Company's intellectual property which has a commercial value to the Company as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as the Company has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by the Company to the maximum extent possible. Furthermore, the Company has taken measures to mitigate this risk by expanding its research staff so that technological intellectual property is not converged into one person but is disbursed among several people within the Company.

(d) Outsourcing
The Company outsources to consultants for expert advice and contracts organisations for some development, manufacturing, marketing and distribution services and there is no guarantee that such experts or organisations will be available as required or will meet expectations.

(e) Licensing and regulatory risks
Development, production and sale of the company’s products in most markets are subject to local laws and regulations, including personal and environmental protection existing laws or regulations, or future laws or regulations that may adversely affect the Company. Compliance with such laws or regulations may significantly increase the Company’s operating expenses.

(f) Protection of intellectual property rights
If the Company fails to protect its intellectual property rights adequately, competitors may gain access to its technology which may harm its business.

While the Company has developed its own method, process, know-how and intellectual property for manufacturing graphene and carbon quantum dots, which it believes is valuable and material to its business. It has not yet been granted patents for these methods and processes and the Company is in the process of applying for patents in respect thereof. As noted below, there can be no guarantee that such patents will ultimately be granted.

Securing rights to intellectual property is an integral part of securing potential product value from the development of information technology. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the technology may eventually be sold. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating the intellectual property.

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting future intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

In addition, unauthorised use of the "Dotz" brand in competing products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(g) Currency risk
The Company expects to derive a majority of its revenue in US dollars. The Company will also be required to pay fees in the currency for the State of Israel (shekel). Accordingly, changes in the exchange rate between the US dollar and the Australian dollar or the Israeli shekel and the Australian dollar would be expected to have a direct effect on the performance of the Company.

(h) Contractual risk
The operations of the Company necessitate involvement of a number of third parties. As with any contract generally, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

General risks relating to the Company

(i) Additional requirements for capital
The Company's activities require substantial expenditure and depend on numerous factors. The Company anticipates that it will require further financing in the future.

If the Company is unable to use debt or equity to fund its business development activities after the substantial exhaustion of its cash reserves, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities, including its ability to continue as a going concern. Unfavourable market conditions may also adversely affect the Company's ability to raise additional funding regardless of the Company's operating performance.

(j) Reliance on key management
The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

The Company is focused on ensuring the Board is of an appropriate size and collectively has the skills, commitment and knowledge of the Company and the industry in which it operates to enable it to discharge its duties effectively and add value. As part of this focus, the Company anticipates further Board changes to be made as and when appropriate.

(k)Trading price of Shares
The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(l) Litigation risks
The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims, employee claims, shareholder claims and disputes in relation to regulatory matters.

Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Report the Company is not involved in any litigation proceedings against the Company which are currently on foot.

(m) Economic risks
General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities.

(n) Force majeure
The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(o) Acquisitions and business developments
As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Similarly the Company may continue to develop its technology in a way that it may be applied to new industries and for new purposes.

Any such future transactions or business developments are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, or moving into new areas, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(p) Infectious disease pandemics
Infectious disease pandemics such as the coronavirus, whilst opening up various new opportunities for the deployment of the Company's technology, have the potential to interrupt the Company's operations, impair deployment of its products to customers and prevent suppliers or distributors from honouring their contractual obligations. Such pandemics could also cause hospitalisation or death of the Company's existing and potential customers and staff.

(q) Cyber risks and security breaches
The Company stores data in its own systems and networks and also with a variety of third-party service providers. A malicious attack on the Company’s systems, processes or people, from external or internal sources, could put the integrity and privacy of customers’ data and business systems at risk. It could prevent customers from using the products for a period of time, put its users’ premises at risk and could also lead to unauthorised disclosure of data.

(r) Effect of political situations
Political unrest and wars, such as the developing conflict between Russia and Ukraine, which could delay or disrupt business activity, and if such political unrest escalates or spills over to or otherwise impacts additional regions, it could also heighten many of the other risk factors described in this Annual Report.
Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. The reinstatement value of direct damages that are caused by terrorist attacks or acts of war that the Israeli government is currently committed to covering might not be maintained or, if maintained, might not be sufficient to compensate us fully for damages incurred. Any armed conflict involving Israel could adversely affect our operations and results of operations.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Significant events after the reporting period
In January 2024, the Company issued 3,333,334 ordinary shares at an issue price of $AU0.12 under the Funding Agreement with Lind Global Fund II LP (Lind). On 19 January 2024, the Company repaid all amounts owing under the funding agreement between the Company and Lind.

On 5 February 2024, the Company entered a funding agreement (Convertible Securities Agreement) with Mercer Street Global Opportunity Fund, LLC (Mercer) of up to $12 million. The funds of the placement will be used primarily to accelerate the development and exploration of carbon captures technology and support the Company’s general working capital requirements.

Under the Convertible Securities Agreement, the Company will issue to Mercer (or its nominees) up to 13,200,000 convertible notes at face value each of $1 (Convertible Note) as follows:

- 2,200,000 Convertible Notes on or about the date of this announcement to raise $2.0 million, including the Company granting Mercer a general security over all of its present and after acquired assets (First Investment Amount);
- 1,650,000 Convertible Notes by no later than 29 February 2024 to raise $1.5 million (Second Investment Amount);
- 1,650,000 Convertible Notes in or around March 2024 to raise a further $1.5 million, subject to obtaining the approval of the Company’s shareholders (Shareholders) at a general meeting of Shareholders to be held no later than 15 March 2024 (Third Investment Amount); and
- Subject to agreement by the Company and Mercer, further Convertible Notes to raise up to a maximum of $7 million (Subsequent Investment Amount),
  In each case subject to satisfaction of customary conditions.

On 5 February 2024, the Company signed a second amendment to the APA Dated 19 May 2023, as amended on 15 August 2023. According to this amendment, the Company will issue 3,800,000 Ordinary shares in lieu of cash upfront payment of $300,000, subject to the approval of the Company’s shareholders as required by ASX listing rule 7.1.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Information on directors

Name:	Mr Bernie Brookes AM
Title:	Non-Executive Chairman
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 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 advises to Private Equity companies, owns a number of Retail Accessories businesses and runs a number of retail awards and scholarships. 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.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	3,340,000 Ordinary Shares
Interests in options:	Nil

Name:	Mr Doron Eldar
Title:	Non-Executive Director
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.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	1,990,371 Ordinary Shares
Interests in options:	Nil

Name:	Ms Kerry Harpaz
Title:	Non-Executive Director
Qualifications:	LL.B - College of Management Academic Studies, Israel Practical Legal Training- The Collage Of law, Sydney, Australia Mind, Brain and Behaviour 1 – Psychology Course – Melbourne University, Australia Sustainability and Corporate Responsibility – Macquarie University, Australia Positive Psychology – Tel Aviv University, Israel
Experience:	Mrs Harpaz, LLB, has more than 18 years of experience in senior management and leadership with speciality in building large teams with a focus on coaching and mentoring to build successful cultures.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	26,902,690 Ordinary Shares
Interests in options:	Nil

Name:	Mr Sharon Malka
Title:	CEO and Proposed Executive Director *
Qualifications:	Certified Public Accountant, B.Sc. in Business Administration and MBA
Experience:	Mr Malka is an accomplished senior executive with over 20 years of strategic, operational, commercial and financial leadership in innovative technology companies. Prior to joining Dotz, Mr Malka served as Chief Executive Officer of MediWound Ltd, a Nasdaq-listed biopharmaceutical company. Prior to that, he was a partner at Variance Economic Consulting Ltd., a multi-disciplinary consulting boutique, specialising in financial services for international and local Hi-Tech clients. Mr. Malka now serves on various boards of biotechnology companies.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	2,000,0000 unlisted options with exercise price of AU$0.30 and expiry date of 20 March 2028 2,000,0000 unlisted options with exercise price of AU$0.37 and expiry date of 20 March 2028 2,000,0000 unlisted options with exercise price of AU$0.44 and expiry date of 20 March 2028 2,000,0000 unlisted options with exercise price of AU$0.51 and expiry date of 20 March 2028 1,375,0000 unlisted options with exercise price of AU$0.57 and expiry date of 20 March 2029

Name:	Mr Glenn Kelly
Title:	Proposed Non-Executive Director *
Qualifications:	B.Sc (Hons) in Civil Engineering, MBA
Experience:	Glenn Kelly has over 35 years of operational, business development and strategic leadership in the natural resources and clean technology sectors. He started his career in oil and gas exploration for Chevron Canada Resources. Mr. Kelly then undertook to develop underground storage of natural gas in Eastern Canada, as founder and President of Intragaz Inc. He was then named President of Rabaska Inc., a $1 billion LNG import terminal project, after which he was named President and CEO of CO2 Solutions, which developed proprietary carbon capture technologies used for greenhouse gas reductions. In 2013 he was named Vice-President and COO of Orbite Aluminae, a producer of high purity alumina used in the fabrication of lithium-ion batteries. He was promoted to President in 2014 until the sale of the company to an Australian mining company in 2019. Mr. Kelly now serves on various boards and acts as a strategic consultant to technology companies.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	1,000,0000 unlisted options with exercise price of AU$0.21 and expiry date of 28 September 2028 1,000,0000 unlisted options with exercise price of AU$0.27 and expiry date of 28 September 2028 1,000,0000 unlisted options with exercise price of AU$0.34 and expiry date of 28 September 2028

** The appointments of Mr Sharon Malka as Executive Director and Mr Glenn Kelly as Non-Executive Director are pending regulatory approval.*

Name:	Mr Mitchell Board
Title:	Non-Executive Director
Qualifications:	B.Sc (Hons) in Economic and Social Sciences, EMBA
Experience:	Mitchell Board is an experienced executive with over 15 years of experience in carbon markets, global commodities trading, and renewables infrastructure investment. He has worked at top-tier firms, including Trafigura and Mercuria across the UK, Switzerland, Singapore, and Australia. Mitchell has built and grown international businesses with experience in trading, leadership, management, analysis, investment, contract negotiation, commercial development, logistics and strategy. As Chief Investment Officer and Head of Markets at Climate Friendly, Mr. Board is responsible for the management of one of the world's leading carbon removal portfolios and growth of the company's customer base.
Other current directorships:	
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	30,000 Ordinary Shares
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Andrew Ritter (Appointed 15 October 2023)

Qualification:	B.Com, CA, FGIA, FCG (CS, GCP)
Experience:	Mr Ritter is an experienced Company Secretary, a Chartered Company Secretary and a Fellow of the Chartered Governance Institute with more than 20 years' experience, having worked with many ASX listed companies across a variety of industry sectors

Mr Ian Pamensky (Resigned 1 November 2023)

Qualification:	B.Com, BAccS (Hons), CA
Experience:	Mr. Pamensky has over 25 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:

Name	Appointed	Resigned	DIRECTORS' MEETING Number eligible to attend	DIRECTORS' MEETING Number attended
Mr Bernie Brookes AM	15 January 2020	-	14	14
Mr Doron Eldar	15 January 2020	-	14	12
Ms Kerry Harpaz	2 September 2021	-	14	14

Unissued shares under options
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
10 July 2024	10 July 2021	AU$0.200	250,000
14 September 2026	23 September 2022	AU$0.475	7,118,644
31 May 2027	30 September 2022	AU$0.400	1,035,000
31 May 2027	30 September 2022	AU$0.500	1,035,000
31 May 2027	30 September 2022	AU$0.330	1,035,000
1 March 2027	13 March 2023	AU$0.500	565,000
1 March 2027	13 March 2023	AU$0.400	565,000
1 March 2027	13 March 2023	AU$0.330	565,000
20 March 2028	20 March 2023	AU$0.298	2,000,000
20 March 2028	20 March 2023	AU$0.367	2,000,000
20 March 2028	20 March 2023	AU$0.436	2,000,000
20 March 2028	20 March 2023	AU$0.505	2,000,000
20 March 2029	20 March 2023	AU$0.573	1,375,000
1 April 2028	1 April 2023	AU$0.330	365,000
1 April 2028	1 April 2023	AU$0.400	365,000
1 April 2028	1 April 2023	AU$0.500	365,000
1 August 2025	1 August 2023	AU$0.350	9,903,750
15 August 2026	15 August 2023	AU$0.800	8,000,000
15 August 2026*	15 August 2023	AU$0.850	8,000,000
15 August 2026*	15 August 2023	AU$0.900	8,000,000
15 August 2026*	15 August 2023	AU$0.950	9,000,000
15 August 2028	28 September 2023	AU$0.210	1,000,000
15 August 2028	28 September 2023	AU$0.272	1,000,000
15 August 2028	28 September 2023	AU$0.335	1,000,000
31 January 2027	5 February 2024	AU$0.350	2,857,143
Total			71,399,537

* The vesting of these options is subject to achievement of certain milestones, as defined in the Asset Purchase Agreement

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

Shares Issue on Exercise of Options
During the year ended 31 December 2023 1,000,000 shares were issued on exercise of options (31 December 2022: 19,194,260)

Convertible Notes
At the date of this report, there are 2,200,000 Convertible Notes on issue, which have a face value each of AU$1 and a maturity date of 18 months from the date of issue (5 February 2024).

Performance Shares
At the date of this report, there were no performance shares on issue.

Proceedings on behalf of the 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 regulation
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 innovative solutions for climate and industrial applications, utilising its carbon-based nano-technologies.. 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 9 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 2023 has been received and can be found on page 25 of the financial report.

Remuneration report (audited)
This remuneration report for the year ended 31 December 2023 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 set out under the following main sections:
(1) Introduction
(2) Remuneration governance
(3) Executive remuneration arrangement
(4) Non-executive Director fee arrangement
(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
Bernie Brookes AM	Non-Executive Chairman	15 January 2020	-
Doron Eldar	Non-Executive Director	15 January 2020	-
Kerry Harpaz	Non-Executive Director	2 September 2021	-
Sharon Malka	CEO & Proposed Executive Director	20 March 2023 (CEO) *	-
Glenn Kelly	Proposed Non-Executive Director	*	-
Mitchell Board	Non-Executive Director	1 November 2023	-
Michael Shtein	Chief Technology Officer	1 August 2015	-
Liat Bar Ziv Alperovitz	Chief Financial Officer	1 March 2023	
Guy Khavia	Chief Financial Officer	17 March 2022	Chief Financial Officer until 26 March 2023 and employed until 26 June 2023

** The appointments of Mr Sharon Malka as Executive Director and Mr Glenn Kelly as Non-Executive Director are pending regulatory approval.*

2. Remuneration governance
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.

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

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

During the year ended 31 December 2023 the Company had four appointed executives, being Dr Michael Shtein as the Chief Technology Officer, Mr Sharon Malka as CEO and Executive Director, Ms Liat Bar Ziv Alperovitz as the Chief Financial Officer, Mr Guy Khavia as the Chief Financial Officer (ceased on 26 March 2023). The terms of their Executive Employment Agreements with Dotz Nano Limited are summarised in the following table.

Dr Michael Shtein
- Executive compensation of US$16,800 per month for 75% position, plus company car expenses reimbursement. In January 2024, the agreement was amended to a monthly compensation of NIS 40,000 per month for 50% position;
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies; and
- This agreement may be terminated by either party with 30 days' notice from Dr Michael Shtein and 3 months' notice from the Company.

Mr Sharon Malka
- Executive gross salary is set as NIS 77,000 per month linked to CPI (approximately $21,000).
- Entitled to an annual bonus up to 30% of base remuneration, subject to the performance of the Executive.
- Long term incentives: 9,375,000 Options in accordance with the Company's Incentive Option Plan. 2,000,000 unlisted options with an exercise price of AU$29.8 cents and expiry date of 20 March 2028; 2,000,000 unlisted options with an exercise price of AU$36.7 cents and expiry date of 20 March 2028; 2,000,000 unlisted options with an exercise price of AU$43.6 cents and expiry date of 20 March 2028; 2,000,000 unlisted options with an exercise price of AU$50.5 cents and expiry date of 20 March 2028; 1,375,000 unlisted options with an exercise price of AU$57.3 cents and expiry date of 20 March 2029.
- The agreement may be terminated by either party at any time, by giving the other party 6 months advance notice.

Ms Liat Bar Ziv Alperovitz
- Executive gross salary is set at NIS 45,000 (approximately $12,325) plus NIS 4,500 (approximately $1,233) per month to cover transportation.
- Entitled to an annual bonus of up to 20% of base remuneration, subject to the performance of the Executive.
- Long term incentives: 565,000 unlisted options with an exercise price of AU$33 cents and expiry date of 1 March 2027; 565,000 unlisted options with an exercise price of AU$40 cents and expiry date of 1 March 2027; 565,000 unlisted options with an exercise price of AU$50 cents and expiry date of 1 March 2027.
- The agreement may be terminated by either party at any time, by giving the other party 60 days advance notice.

Mr Guy Khavia (resigned)
- Executive gross salary is set at NIS45,000 (approximately $12,325) plus NIS3,500 (approximately $959) per month to cover transportation.
- Entitled to an annual bonus of up to 20% of his salary, according to the Company's sole discretion.
- The agreement was terminated, effective on 26 June 2023.

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.

Performance Conditions Linked to Remuneration

The incentive payments for the year ended 31 December 2023 have yet to be finalised.

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 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 result 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 Options granted under the Plan are granted under tranches at increasing exercise prices and are subject to Eligible Participants remaining with the Company. The terms of the Options granted to KMP are noted above under Section 3.

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.
During the year ended 31 December 2023 a total of 12,165,000 options have been issued under this plan, out of which 11,070,000 were issued to KMP (31 December 2022: 5,562,500 options).

Group Performance

The table below shows the performance of the Group over the last 5 reporting periods:

Financial year	**2023**	**2022**	**2021**	**2020**	**2019**
Loss for the year	6,569,473	5,373,346	7,935,940	3,968,996	3,746,564
Loss per share (cents)	1.37	1.21	1.98	1.24	1.72
Share price	0.17	0.30	0.46	0.24	0.062

4. Non-executive Director fee arrangement
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 $332,861 (31 December 2022: $467,213) and cover Board activities and interim management of the business operations prior to appointment of new CEO. Non-executive Directors may receive additional remuneration for other services provided to the Group.

5. Details of remuneration

31 December 2023	**Short Term Salary, Fees & Commissions**	**Post-Employment Superannuation**	**Other***	**Share-based Payments[5]**	**Total**	**Performance based remuneration**
	US$	**US$**	**US$**	**US$**	**US$**	**%**
Directors:						
Bernie Brookes AM	141,525	-	-	-	141,525	-
Doron Eldar	98,470	-	-	-	98,470	-
Kerry Harpaz	79,732	-	-	-	79,732	-
Glenn Kelly [6]	10,000	-	-	-	10,000	-
Mitchell Board	13,134	-	-	-	13,134	-
Key management:					-	
Sharon Malka [6]	262,354	-	6,862	287,382	556,599	-
Michael Shtein	209,701	-	3,362		213,063	-
Liat Bar Ziv Alperovitz	170,002	-	1,854	59,665	231,521	-
Guy Khavia	115,649	-	679	39,542	155,870	-
	1,100,567	-	12,758	386,589	1,499,914	

31 December 2022	Short Term Salary, Fees & Commissions	Post-Employment Superannuation	Other*	Share-based Payments[5]	Total	Performance based remuneration
	US$	US$	US$	US$	US$	%
Directors:						
Bernie Brookes AM	150,087	-	-	80,325	230,412	-
Doron Eldar	104,227	-	-	80,325	184,552	-
Kerry Harpaz	78,865	-	-	-	78,865	-
Gideon Shmuel[1]	250,767	-	1,673	(271,630)	(19,190)	-
Ian Pamensky[2]	10,221	-	-	40,163	50,384	-
Garry Browne[3]	123,812	-	-	-	123,812	-
Key management:						
Michael Shtein	200,642	-	-	25,146	225,788	-
Guy Khavia[4]	170,824	-	2,091	37,590	210,505	-
Tomer Segev[4]	75,453	-	4,013	(41,906)	37,560	-
	1,164,898	-	7,777	(49,987)	1,122,688	-

* Other includes benefits such as car lease, fuel and etc paid to KMP.
[1] Resigned on 6 April 2022.
[2] Resigned on 11 August 2022.
[3] Resigned on 24 August 2022.
[4] Mr Guy Khavia appointed as CFO and Mr Tomer Segev resigned as CFO on 17 March 2022.
[5] Equity settled share-based payment expense is recorded pro-rata over the vesting period. Refer to Section 6 Additional disclosures relating to equity instruments for further information.
[6] The appointments of Mr Sharon Malka as Executive Director and Mr Glenn Kelly as Non-Executive Director are pending regulatory approval, however their information has been included for the purposes of KMP disclosure of remuneration.

6. Additional disclosures relating to key management personnel
KMP shareholdings
The number of ordinary shares in Dotz held by each KMP of the Group during the financial year is as follows:

	Balance at the start of the year No.	Granted as Remuneration during the year No.	Issued on exercise of options during the year No.	Other changes during the year* No.	Balance at the end of the year No,
Directors:					
Bernie Brookes AM	2,665,000	-	-	675,000	3,340,000
Doron Eldar	1,965,371	-	-	25,000	1,990,371
Kerry Harpaz	26,902,690	-	-	-	26,902,690
Glenn Kelly	-	-	-	-	-
Mitchell Board	-	-	-	30,000	30,000
Ian Pamensky	705,000			(705,000)	-
Garry Browne	288,550			(288,550)	-
Key Management:					
Sharon Malka	-	-	-	-	-
Michael Shtein	8,146,201	-	-	-	8,146,201
Liat Bar Ziv Alperovitz	-	-	-	-	-
Guy Khavia	-	-	-	-	-
Tomer Segev	3,000,000			(3,000,000)	-
	43,672,812	-	-	(3,263,550)	40,409,262

* Other charges during the year include on market acquisition of shares for Mr Brookes and Mr Eldar and for Mr Pamensky, Mr Browne and Mr Segev these are movements in balance

Options awarded, vested and lapsed during the year
The table below discloses the number of share options granted, vested or lapsed during the year. Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

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

31 December 2023	Balance at the start of the year	Granted as remuneration	Exercised	Other changes*	Balance at the end of the year	Vested and exercisable	Unvested and un-exercisable
	No.	No.	No.	No.	No.	No.	No.
Directors:							
Bernie Brookes	500,000	-	-	(500,000)	-	-	-
Doron Eldar	500,000	-	-	(500,000)	-	-	-
Kerry Harpaz	-	-	-	-	-	-	-
Glenn Kelly	-	-	-	3,000,000	3,000,000	1,000,000	2,000,000
Mitchell Board	-	-	-	-	-	-	-
Ian Pamensky	250,000	-	-	(250,000)	-	-	-
Key Management:							
Sharon Malka	-	9,375,000	-	-	9,375,000	-	9,375,000
Michael Shtein	1,000,000	-	-	(1,000,000)	-	-	-
Liat Bar Ziv Alperovitz	-	1,695,000	-	-	1,695,000	-	1,695,000
Guy Khavia	1,817,500	-	-	(1,817,500)	-	-	-
	4,067,500	11,070,000	-	(1,067,500)	14,070,000	1,000,000	13,070,000

* Other charges during the year include expiry of options for Mr Brookes, Mr Eldar, Mr Pamensky and Mr Shtein. The other change for Mr Kelly relates to options granted under Consultancy Agreement prior to his proposed appointment to the Board. For Mr Khavia movement relates to lapse in options on ceasing employment with the Company.

The following options were granted and issued to KMP during the year ended 31 December 2023:

Terms and conditions of the share-based payment arrangements
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Number of options	Risk-free rate	Fair value at grant date (AU$)	Fair value at grant date (US$)
13/03/2023	01/03/2027	AU$0.230	AU$0.330	75%	565,000	3.21%	AU$63,854	US$42,510
13/03/2023	01/03/2027	AU$0.230	AU$0.400	75%	565,000	3.21%	AU$58,066	US$38,657
13/03/2023	01/03/2027	AU$0.230	AU$0.500	75%	565,000	3.21%	AU$51,411	US$34,226
20/03/2023	20/03/2028	AU$0.230	AU$0.298	75%	2,000,000	2.95%	AU$264,948	US$177,585
20/03/2023	20/03/2028	AU$0.230	AU$0.367	75%	2,000,000	2.95%	AU$245,150	US$164,315
20/03/2023	20/03/2028	AU$0.230	AU$0.436	75%	2,000,000	2.95%	AU$228,522	US$153,170
20/03/2023	20/03/2028	AU$0.230	AU$0.505	75%	2,000,000	2.95%	AU$214,273	US$143,273
20/03/2023	20/03/2029	AU$0.230	AU$0.573	75%	1,375,000	2.95%	AU$159,013	US$106,581
28/09/2023	15/05/2028	AU$0.190	AU$0.210	73%	1,000,000	4.11%	AU$111,005	US$70,986
28/09/2023	15/05/2028	AU$0.190	AU$0.272	73%	1,000,000	4.11%	AU$110,264	US$64,117
28/09/2023	15/08/2028	AU$0.190	AU$0.355	73%	1,000,000	4.11%	AU$94,936	US$60,710

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

On 28 December 2022 Company entered into a Loan Agreement of up to A$416,667 (excluding interest) with Southern Israel Bridging Fund LP (SIBF), related to Director Doron Eldar. The purpose of the loan was for funding the payment of the exercise of up to 4,629,630 Options each with an exercise price of AU$0.09. The loan was unsecured, accrued 6% interest per annum and matured on 14 June 2023.

	2023	2022
Balance at the start of year	284,017	-
Loan advanced	-	284,017
Interest paid and payable from SIBF for the year	(7,403)	187
Repayment received	(276,614)	-
Balance at the end of the year	-	284,204
Highest indebtedness during the year	284,017	284,204

No write-downs or allowances for doubtful receivables have been recognised in relation to this loan.

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

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

Some Directors 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 company secretarial and advisory services 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 2023 US$	Total Transactions 2022 US$	Payable Balance 2023 US$	Payable Balance 2022 US$
CFO 2 Grow	Company secretarial services	Ian Pamensky	-	50,029	-	4,090
Kerry Harpaz	Loan payable	Kerry Harpaz	51,041	-	51,041	-

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

At the AGM held on 30 May 2023, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Bernie Brookes AM
Chairman

29 February 2024

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF DOTZ NANO LIMITED

As lead auditor of Dotz Nano Limited for the year ended 31 December 2023, 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.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

29 February 2024

Dotz Nano Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	31 December 2023 US$	31 December 2022 US$
Revenue from contracts with customers	4	53,025	191,900
Cost of revenue		(12,517)	(139,593)
Gross profit		40,508	52,307
Expenses			
Research and development expenses	5	(1,224,635)	(1,266,705)
General, administrative, selling and marketing expenses	6	(3,585,608)	(3,683,816)
Share based compensation (expense)/ reversal		(711,052)	21,001
Operating loss		(5,480,787)	(4,877,213)
Finance costs		(1,088,686)	(496,133)
Loss before income tax expense		(6,569,473)	(5,373,346)
Income tax expense	7	-	-
Loss after income tax expense for the year		(6,569,473)	(5,373,346)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		69,312	(68,515)
Other comprehensive income (loss) for the year, net of tax		69,312	(68,515)
Total comprehensive income loss for the year		(6,500,161)	(5,441,861)
		Cents	**Cents**
Basic and diluted loss per share (cents)	10	(1.37)	(1.21)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dotz Nano Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 US$	31 December 2022 US$
Assets			
Current assets			
Cash and cash equivalents	11	1,345,529	3,048,878
Trade and other receivables		187,069	34,321
Loans to related parties	13	-	284,017
Inventories		7,319	7,543
Other assets	16	132,165	747,598
Total current assets		1,672,082	4,122,357
Non-current assets			
Plant and equipment	14	250,490	189,296
Right-of-use assets	15	469,755	264,613
Intangibles	17	4,265,100	-
Total non-current assets		4,985,345	453,909
Total assets		**6,657,427**	**4,576,266**
Liabilities			
Current liabilities			
Trade and other payables	18	852,655	1,202,875
Lease liabilities	15	256,250	276,560
Financial liability	19	2,875,324	-
Provisions		46,352	38,013
Total current liabilities		4,030,581	1,517,448
Non-current liabilities			
Lease liabilities	15	227,180	-
Financial liability	19	-	2,612,463
Derivative financial instrument	20	-	690,940
Total non-current liabilities		227,180	3,303,403
Total liabilities		**4,257,761**	**4,820,851**
Net assets/(liabilities)		**2,399,666**	**(244,585)**
Equity			
Issued capital	21	40,701,153	33,718,491
Reserves	22	8,932,389	6,701,327
Accumulated losses		(47,233,876)	(40,664,403)
Total equity/(deficiency)		**2,399,666**	**(244,585)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Dotz Nano Limited
Consolidated statement of changes in equity
For the year ended 31 December 2023

	Issued Capital	Options Reserve	Foreign Currency Reserve	Accumulated losses	Total in equity
	US$	US$	US$	US$	US$
Balance at 1 January 2022	32,864,049	6,443,623	45,856	(35,291,057)	4,062,471
Loss after income tax expense for the year	-	-	-	(5,373,346)	(5,373,346)
Other comprehensive income loss for the year, net of tax	-	-	(68,515)	-	(68,515)
Total comprehensive income loss for the year	-	-	(68,515)	(5,373,346)	(5,441,861)
Transactions with owners in their capacity as owners:					
Exercise of options (note 21)	854,442	-	-	-	854,442
Share-based payments (note 23)	-	280,363	-	-	280,363
Balance at 31 December 2022	33,718,491	6,723,986	(22,659)	(40,664,403)	(244,585)

	Issued Capital	Options & SBP Reserve	Foreign Currency Reserve	Accumulated losses	Total in equity
	US$	US$	US$	US$	US$
Balance at 1 January 2023	33,718,491	6,723,986	(22,659)	(40,664,403)	(244,585)
Loss after income tax expense for the year	-	-	-	(6,569,473)	(6,569,473)
Other comprehensive income for the year, net of tax	-	-	69,312	-	69,312
Total comprehensive income loss for the year	-	-	69,312	(6,569,473)	(6,500,161)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	4,958,190	-	-	-	4,958,190
Exercise of options (note 21)	92,712	-	-	-	92,712
Share-based payments (note 23)	1,931,760	2,161,750	-	-	4,093,510
Balance at 31 December 2023	40,701,153	8,885,736	46,653	(47,233,876)	2,399,666

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	31 December 2023 US$	31 December 2022 US$
Cash flows from operating activities			
Receipts from customers		61,746	188,588
Payments to suppliers and employees		(4,682,271)	(5,015,945)
Interest received		18,443	31,965
Interest paid		(12,366)	(14,142)
Net cash used in operating activities	12	(4,614,448)	(4,809,534)
Cash flows from investing activities			
Payments for plant and equipment		(138,706)	(2,000)
Payment for technology-based assets		(562,294)	-
Proceeds from disposal of investments		7,000	15,000
Loans to related parties		-	(284,017)
Net cash used in investing activities		(694,000)	(271,017)
Cash flows from financing activities			
Proceeds from issue of shares	21	2,597,763	-
Proceeds from exercise of options	21	92,712	854,441
Proceeds from issue of funding arrangement	19	-	3,386,115
Proceeds from repayment of related party loan	13	277,250	218,227
Proceeds from borrowings		1,003,812	-
Repayment of lease liabilities		(276,560)	(304,019)
Transaction costs relating to borrowings		(73,375)	(98,375)
Net cash from financing activities		3,621,602	4,056,389
Net decrease in cash and cash equivalents		(1,686,846)	(1,024,162)
Cash and cash equivalents at the beginning of the financial year		3,048,878	4,137,046
Effects of exchange rate changes on cash and cash equivalents		(16,503)	(64,006)
Cash and cash equivalents at the end of the financial year	11	1,345,529	3,048,878

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Reporting entity

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 29 February 2024.

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 2. Significant accounting policies

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.

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 2023 of US$6,569,473 (31 December 2022: US$5,373,346) and net cash outflows from operating activities of US$4,614,448 (31 December 2022 : US$4,809,534). The ability of the Group to continue as a going concern is dependent on successfully raising further debt and/ or equity.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are sufficient funds available to continue to meet the Group’s working capital requirements as at the date of this report 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.
- Subsequent to year end the Company has secured a financing facility with Mercer Street Global Opportunity Fund, LLC of up to $12 million (refer to Note 30)
- 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.
- 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.

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 interim 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.

Note 2. Significant accounting policies (continued)

Adoption of new and amended accounting standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2023. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the year.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

Other income

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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 Group's presentational 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.

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.

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Revenue from contract with customer
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations
The Group provides marking units, being the marker technology implemented as a sticker or by embedding into a material; to include an encrypted QR code and Carbon Dots based marker with detection capability all aimed for personal protective equipment. The obligation is satisfied at a point in time which is the date of delivery of the product.

Determining amount to be recognised over time
Where contracts include multiple deliverables that are separate performance obligations, judgement is required in determining the allocation of the transaction price to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Share based payments
The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market based vesting conditions.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23 'Share-based payments'

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. As the Company currently does not expect to generate revenues from the development under this grant the fair value of the liability at reporting date was determined to be nil. The Company will continue from time to time to evaluate the probability of revenue generation from the development made under this grant.

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.

Financial liability
Included in Note 18 is a financial liability in relation to share subscription arrangements. There are significant estimates and judgements involved in determining the fair value of the various components of the hybrid instrument.

Acquisition of technology based assets

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The Group initially measured the cost of equity-based contingent consideration, with regards to the acquisition of technology-based assets, by reference to the fair value of the equity instruments at the date of the acquisition. This estimate requires determination of the probability of future events to occur or conditions to be met.

Note 4. Revenue from contracts with customers

	31 December 2023 US$	31 December 2022 US$
Revenue recognised at a point of time:		
- Revenue from contract with customers	53,025	191,900

Accounting policy for revenue from contracts with customers
Revenue from contracts with customers
The Group provides in-product authentication solution to various customers as agreed per terms agreed in individual contracts. The revenue associated with authentication solution is recognised in accordance with AASB 15, that is in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. Revenue from customer contracts is recognised upon satisfaction of a performance obligation under those contracts either over time or a point in time when control passes the customer under those contracts.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Contract assets and liabilities
AASB 15 uses the terms "contract asset" and "contract liability" to describe what is commonly known as "accrued revenue" and "deferred revenue." Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised on satisfaction of the performance obligation.

Note 5. Research and development expenses

	31 December 2023 US$	31 December 2022 US$
Wages and benefits	571,408	728,462
Consulting fees	413,458	335,662
Lab expenses	24,604	129,918
SRA, patent & Licence fee	154,619	7,825
Other expenses	60,546	64,838
Total	1,224,635	1,266,705

Accounting policy research and development expenses
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.

Note 6. General, administrative, selling and marketing expenses

	31 December 2023 US$	31 December 2022 US$
Wages and benefits	1,164,635	960,598
Consulting fees	356,899	305,891
Sales and marketing expenses	1,046,964	919,916
Director fees	341,462	467,213
Depreciation of right-of-use-asset	285,038	264,614
Other expenses	390,610	765,584
Total	3,585,608	3,683,816

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

Note 7. Income tax

The financial accounts for the year ended 31 December 2023 comprise the results of Dotz Nano Limited ("Dotz Australia") and Dotz Nano Ltd ("Dotz Israel"). The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 25% (2022: 25%). The applicable tax rate in Israel is 23% (2022: 23%).

	31 December 2023 US$	31 December 2022 US$
(a) Income tax expense	-	-
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense/(benefit) on operating loss at 25% (2022: 25%)	(1,642,368)	(1,343,336)
Non-deductible items	-	-
Non-deductible expenditure	384,005	118,984
Adjustment for difference in tax rates	(115,242)	(55,175)
Temporary differences not recognised	1,373,605	1,279,527
Income tax attributable to operating income/(loss)	-	-
Deferred tax assets	-	-
Tax losses	1,401,259	1,300,477
Black hole expenditure	37,674	36,496
Unrecognised deferred tax asset	1,438,932	1,336,973
Set-off deferred tax liabilities	-	-
Less deferred tax assets not recognised	(1,438,932)	(1,336,973)
Net assets	-	-

Note 7. Income tax (continued)

Deferred tax liabilities	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
Tax losses	-	-
Unused tax losses for which no deferred tax asset has been recognised	8,517,986	6,841,599

Carry forward losses
As at 31 of December 2023, the Dotz Nano Ltd. had carried forward losses and other temporary differences amounting to $20,190,327 and a capital loss of $494,120. Dotz Nano Limited had carried forward losses and other temporary differences of A$7,043,877.

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2023, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Accounting policy for 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.

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.

Note 8. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 29.

a) Key management personnel compensation
Details of key management personnel compensation are disclosed in audited remuneration reports and the totals of remuneration paid to KMP during the year are summarised below:

	31 December 2023 US$	31 December 2022 US$
Short-term salary, fees and commissions	1,100,567	1,164,898
Other	12,578	7,777
Share based payments (Refer Note 23)	386,589	(49,987)
Total KMP Compensation	1,499,914	1,122,688

b) Other related party transactions
Details of other related party transactions is provided in remuneration report and summarised below:

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2023 US$	Total Transactions 2022 US$	Payable Balance 2023 US$	Payable Balance 2022 US$
CFO 2 Grow	Company secretarial services	Ian Pamensky	-	50,029	-	4,090
Kerry Harpaz	Loan payable	Kerry Harpaz	51,041	-	51,041	-

c) Loans to related parties
As disclosed in note 13, the Company provided loans to entities related to directors Kerry Harpaz and Doron Eldar.

Note 9. Auditor's remuneration

	31 December 2023 US$	31 December 2022 US$
Remuneration of the auditor of the Group for:		
- Auditing and reviewing the financial reports (BDO) - Australia	51,198	34,187
- Auditing and reviewing the financial reports (BDO) - Israel	44,625	48,125
	95,823	82,312
Non-assurance services		
- Tax (BDO) - Australia	3,350	2,432
- Tax (BDO) - Israel	2,964	282
	6,314	2,714

Note 10. Loss per share

	31 December 2023 US$	31 December 2022 US$
Loss after income tax attributable to the owners of Dotz Nano Limited	(6,596,473)	(5,373,346)
	Number	**Number**
Weighted average number of ordinary shares used in calculating diluted and diluted loss per share	478,844,807	443,711,096
	Cents	**Cents**
Basic and diluted loss per share	(1.37)	(1.21)

Accounting policy for loss per share
Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to the owners of Dotz Nano Limited, 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 financial year.

Diluted loss per share
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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 11. Cash and cash equivalents

	31 December 2023 US$	31 December 2022 US$
Cash at bank	1,345,529	3,048,878

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash on hand that is not used for ongoing operations is invested in bank deposits in Australian Dollar.

Note 12. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	31 December 2023 US$	31 December 2022 US$
Loss after income tax expense for the year	(6,569,473)	(5,373,346)
Adjustments for:		
Depreciation	68,385	82,359
Share-based payments expense (benefit)	711,053	(21,001)
Foreign exchange	49,604	35,967
Amortisation of right of use asset	285,038	276,128
Finance expense	1,050,681	424,779
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(150,086)	59,267
Decrease/(increase) in prepayments	615,433	(674,585)
Decrease/ (increase) in inventory	225	-
Increase/(decrease) in trade and other payables	(683,646)	391,290
Increase in other provisions	8,338	40,200
Increase in unearned revenue	-	(50,592)
Net cash used in operating activities	(4,614,448)	(4,809,534)

Non-cash investing and financing activities
During the year ended 31 December 2023 Dotz Nano Ltd acquired the technology assets of H2 Blue Tech Limited, with part of the consideration being settled in issue of shares and options, refer to Note 17 for further information. For 31 December 2022, there were no non-cash investing and financing activities.

Other
For risk exposure refer to Note 25.

Note 13. Loans to related parties

	31 December 2023 US$	31 December 2022 US$
Current assets		
Loan to related party	-	284,017

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	31 December 2023 US$	31 December 2022 US$
Opening balance	284,017	218,227
Loan advanced to Southern Israel Bridging Fund LP	-	284,017
Interest paid and payable	(7,403)	4,902
Repayment received	(276,614)	(223,129)
Closing balance	-	284,017

Note 13. Loans to related parties (continued)

On 10 December 2021 Company entered into a Loan Agreement of up to A$300,000 (US$218,227) (excluding interest) with Marzameno Ltd (Marzameno), related to Director Kerry Harpaz. The purpose of the loan was for funding the payment of the exercise of up to 1/3 of 10,000,000 Options (each with an exercise price of $0.09 and exercisable on or before 11 December 2021). The loan was unsecured, accrued interest at 6% per annum and was payable on 31 March 2022. The loan and the accrued interest were repaid on 10 June 2022.

On 28 December 2022 Company entered into a Loan Agreement of up to A$416,667 (US$284,017) (excluding interest) with Southern Israel Bridging Fund LP (SIBF), related to Director Doron Eldar. The purpose of the loan was for funding the payment of the exercise of up to 4,629,630 Options each with an exercise price of $0.09. The loan is unsecured, accrues 6% interest per annum and matured on 14 June 2023.
Accounting policy for loans to related parties

Loans at amortised cost

A financial asset is classified at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI) on the principal outstanding.

At each reporting date, the Group measures the loss allowance on loans at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

Note 14. Plant and equipment

	31 December 2023 US$	**31 December 2022 US$**
Non-current assets		
Plant and equipment - at cost	751,951	622,372
Less: Accumulated depreciation	(501,461)	(433,076)
	250,490	189,296
Opening balance at reporting date	189,296	235,380
Additions	129,579	36,275
Disposal	-	-
Depreciation	(68,385)	(82,359)
Balance at the end of the year	250,490	189,296

Accounting policy for property, 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 property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

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

Note 14. Plant and equipment (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Note 15. Right-of-use assets

	31 December 2023 US$	31 December 2022 US$
i. AASB 16 related amounts recognised in the statement of financial position		
Office space - right-of-use	469,755	264,613

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.

	31 December 2023 US$	31 December 2022 US$
ii. Lease liabilities included in the statement of financial position		
Current	256,250	276,560
Non-current	227,180	-
Total lease liabilities	**483,430**	**276,560**
iii. AASB 16 related amounts recognised in the statement of profit and loss		
Depreciation charge related to right-of-use assets	285,038	276,128
Interest expense on lease liabilities (under finance cost)	12,504	44,254
	297,542	320,382
iv. AASB 16 related amounts recognised in the statement of cash flows		
Cash outflows in financing activities	276,560	304,019
Cash outflows in operating activities	12,504	(14,142)
	289,064	289,877

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 ($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 15. Right-of-use assets (continued)

Accounting policy for 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.

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
- 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 asset
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 16. Other assets

	31 December 2023 US$	31 December 2022 US$
Prepayments	132,165	61,456
Customer fulfilment costs (see note 4)	-	686,142
	132,165	747,598

Note 17. Intangible assets

	31 December 2023 US$	31 December 2022 US$
Intangible assets - at cost	4,265,100	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	US$	Total US$
Balance at 1 January 2022	-	-
Balance at 31 December 2022	-	-
Additions on acquisition	4,265,100	4,265,100
Balance at 31 December 2023	4,265,100	4,265,100

On 19 May 2023, the Company entered into an asset purchase agreement with H2 Blue Tech Ltd to acquire its innovative Carbon Dioxide (C02) capture technology ("*Asset Purchase Agreement*"). The transaction was subject to shareholder approval which was granted on 31 May 2023. The Asset Purchase Agreement was amended and completed on August 15, 2023.

Under the terms of the amended Asset Purchase Agreement, Dotz will acquire H2 Blue's Assets and Technology for upfront consideration of 15,700,000 Shares and 8,000,000 Options in Dotz as well as US$750,000 in cash plus additional deferred consideration of up to a further 24,300,000 Shares and 25,000,000 Options in Dotz and US $1,630,000 in cash, which may be payable for achievement of certain performance milestones, outlined below. These milestones can be satisfied at any time within 3 years of completion and in any order.

		Shares	Options	Cash ($'000)
	Total Max. consideration payable upon achievements of certain performance milestones[1]	**40.0m**	**33.0m**	**$2.380**
On closing		15.7m	8.0m (e.p[2] $0.80)	$750
Earn out A	upon successful scale-up production of Carbon-based Sorbent from recycled plastic that meets pre-defined performance parameters	7.5m	8.0m (e.p $0.85)	-
Earn out B	upon lab scale pilot unit with a capacity of capturing 1 tonne per day of CO_2, capturing at an efficiency rate of 90%	7.5m	8.0m (e.p $0.90)	$550

Note 17. Intangibles (continued)

Earn out C	upon (i) a non-diluting and non-refundable grant funding of $5m and (ii) partnership with at least US$3 million investment in the CO2 captured activity with a major strategic partner	7.9m	9.0m (e.p $0.95)	$550
Earn out D	upon successful recruitment of carbon capture leadership team and special matter experts	1.4m		$530

Under the agreement the consideration comprised of the following:

- Cash consideration of $450,000 and associated costs of $141,731, paid upon closing.
- Issue of consideration ordinary shares (15,700,000 at A$0.19) valued at $1,931,761 (refer to Note 21)
- Issue of consideration options (8,000,000 @ exercise price of A$0.80) valued at $159,598 using Black and Scholes option valuation (refer to Note 23)
- Payable upfront payment balance of $300,000. On February 5, 2024, the company signed a second amendment to the Asset Purchase Agreement, according to which the Company will issue 3,800,000 Ordinary shares in lieu of cash upfront payment of $300,000 (see Note 30).
- Non-cash consideration being settled by issuance of shares and option measured as of the acquisition date valued at $1,282,010.

The achievement of the milestones has been assessed to have a probability of between 30-50% in the next few years. This judgement is based on the early stage development and uncertainty with regards to the time the key milestones will be achieved.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The Group tests whether carrying value of intangible assets not yet ready for use have suffered any impairment on an annual basis in accordance with AASB 136. For the 2023 reporting period, the recoverable amount of the intangible asset was determined based on the fair value less costs of disposal methodology.

Accounting policy for variable payments in an asset acquisition:
Contingent cash consideration in an asset acquisition is recognised as a financial liability only when the consideration is contingent upon future events that are beyond Dotz's control. In cases where the payment is within Dotz's control, the liability is recognised only as from the date when the contingent payment crystallises.

Contingent non-cash consideration, settled by equity instruments, are measured by refence to the fair value of the equity instruments at the date of the acquisition.

Note 18. Trade and other payables

	31 December 2023 US$	31 December 2022 US$
Current liabilities		
Trade payables	150,550	651,429
Accruals	702,105	551,446
	852,655	1,202,875

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

All amounts are short-term. The carrying values are considered to approximate fair value. For risk exposure refer to Note 25.

Note 19. Financial liability

	31 December 2023 US$	31 December 2022 US$
Current liabilities		
Financial liability – Other	1,003,811	-
Financial liability – Lind	1,871,513	-
	2,875,324	-
Non-current liabilities		
Non-current liabilities	-	2,612,463

Financial Liability – Other

On 28 December 2023, the Company entered into short term loan agreements with various parties totaling to AU$1,475,000, out of which AU$75,000 is with a related party (director Kerry Harpaz). The loan term is for one month or such longer time as determined by the Lender. The interest rate applicable is 5% of the principal loan amount for each month the loan remains outstanding.

On 8 February 2024, AU$1,400,000 loan and accrued interest was repaid and the AU$75,000 loan was extended.

Financial Liability – Lind

On 15 September 2022, Dotz Nano Limited ("Company") entered into an agreement with Lind Global Fund II, LP, a fund managed by The Lind Partners ("Lind"), for an investment of A$5,150,000 (US$3,386,115) ("Funding Agreement"). The Funding Facility provided by Lind a hybrid instrument which includes a combination of 'debt' financial liability that represents the contractual cashflows and a derivative financial liability that represents the conversion feature. The conversion feature is an embedded derivative liability which is required to be recognised at fair value through profit or loss (Refer to note 20)
The key terms of the Funding Agreement are detailed below:

● On 23 September 2022, the Company received $3,386,115 (AU$5,150,000) ("Advance Payment") in return for the Options and a credit amount worth $3,714,864 (AU$5,650,000) ("Advance Payment Credit"), which may be used to subscribe to shares during the term.

● On Advance Payment date, the Company paid a fee of $98,625 (AU$150,000) ("Commitment Fee") to Lind and issued 5,500,000 ordinary fully paid shares ("Initial Shares").

Note 19. Financial liability (continued)

● On 23 September 2022, the Company also issued to Lind 7,118,644 options, with an exercise price of AU$0.475 per share, expiring 48 months after the date of issue. The options were issued on 23 September 2022.

● The Placement Shares may be issued at two different prices, being:
· AU$0.45 per share ("Fixed Subscription Price"); or
· 90% of the average of the five lowest daily VWAPs during the 20 days the Company's shares trade on the ASX prior to the date on which the price is to be determined, rounded down to the lowest 0.01 ("Variable Subscription Price").

● Lind can subscribe for Placement Shares during the term at:
· Until 28 February 2023, the Fixed Subscription Price;
· From 1 March 2023 until 31 August 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind may only subscribe for shares at the Variable Subscription Price up to a maximum amount of $197,249 (AU$300,000) during this period; and
· From 1 September 2023 until 31 August 2024; the lesser of the Fixed Subscription Price and the Variable Subscription Price.

Financial Liability – Lind (continued)

● Unused Advance Payment Credit (initially $3,714,864 (AU$5,650,000)) will be depleted by the value of shares subscribed for by Lind during the term.

● The term is 24 months after the Advance Payment Date, subject to Lind's right to extend for 6 months.

● Following a subscription request by Lind, the Company has the right to pay an amount to Lind instead of issuing shares, with this amount being the number of shares applied for multiplied by the daily VWAP on the trading day immediately prior to the subscription request.

● The Company may elect to repay the entire Unused Advance Payment Credit at any time by providing notice to Lind. If the Company does so, Lind has the right to apply to subscribe to shares to the aggregate value of one-third of the Unused Advanced Payment Credit, at either the Fixed Subscription Price or the Variable Subscription Price.

● If any amount of the Advance Payment Credit is unused at the end of the Term, the Company will issue shares to Lind to the extent that no amount of the Advance Payment Credit remains unused.

● During FY2023 the Company has issued 18,248,417 fully paid ordinary shares in the capital of the Company as a deemed issue price of AU$0.12 - A$0.20 in connection the Funding Agreement, amounting to a total value of $1,972,000 (AU$2,900,000).

● As of December 31, 2023, the balance of prepayment facility was $1871,513 (AU$2,750,000).

● The Unused balance was repaid after the reporting period (see note 30).

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The component of the financial liability that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 19. Financial liability (continued)

The funding arrangement is a hybrid financial instrument which includes a combination of debt financial liability, a derivative financial liability that represents the conversion feature to convert the debt instrument into a variable number of equity instruments and a derivative equity component representing the options issued.

On initial recognition, the embedded derivatives are recognised at fair value and the debt host liability is initially recognised based on the residual value from deducting the fair value of the embedded derivatives from the amount of consideration received from issuing the instruments.

The debt component is subsequently recognised as a financial liability at amortised cost, net of transaction costs. The difference between the fair value of the debt component on initial recognition and the redemption amount, is recognised in profit or loss over the period of the instrument using the effective interest method.

The derivative liability is subsequently measured at fair value through profit or loss, with all gains or losses in relation to the movement of fair value being recognised in the profit or loss.

Transaction costs are apportioned to the debt liability, the embedded derivative and equity component in proportion to the allocation proceeds. The transaction costs attributed to the conversion feature are expensed immediately and the transaction costs attributed to the debt and equity components are offset against these components.

Financial liabilities are removed when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as other income or finance costs.

Note 20. Derivative financial instrument

	31 December 2023 US$	31 December 2022 US$
Embedded derivative - financial liability at fair value through P&L	-	690,940

Refer to note 19 for further information.

Note 21. Issued capital

(a) Share Capital

	31 December 2023 Shares	31 December 2022 Shares	31 December 2023 US$	31 December 2022 US$
Ordinary shares - fully paid	513,884,881	458,878,964	40,701,153	33,718,491

(b) Reconciliation of Share Capital	No.	US$
Opening balance at 1 January 2022	**434,184,704**	**32,864,049**
Shares issued on exercise of options	19,194,260	854,442
Shares issued to Lind Partners	5,500,000	-
Closing balance at 31 December 2022	**458,878,964**	**33,718,491**
Shares issued on exercise of options	1,000,000	92,712
Shares issued under the placement	19,807,500	2,597,763
Shares issued in lieu of payment	250,000	30,435
Shares issued to Lind Partners	18,248,417	2,403,367
Shares issued to H2 Blue Tech Limited	15,700,000	1,931,761
Less: capital raising costs	-	(73,376)
Closing balance at 31 December 2023	**513,884,881**	**40,701,153**

Note 21. 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

The were no performance shares on issue as at 31 December 2023 (31 December 2022: Nil).

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 22. Reserves

(a) Reserves

	31 December 2023 US$	31 December 2022 US$
Foreign currency reserve	46,652	(22,659)
Options reserve	8,885,736	6,723,986
	8,932,388	6,701,327

(b) Options reserve

	No.	US$
Opening balance at 1 January 2022	**36,394,260**	**6,443,623**
Options issued	13,931,144	531,537
Options exercised	(19,194,260)	-
Options cancelled	(3,000,000)	(159,960)
Reversal of exercise related to options	-	(91,214)
Closing balance at 31 December 2022	**28,131,144**	**6,723,986**
Opening balance at 1 January 2023	**28,131,144**	**6,723,986**
Options issued	25,068,750	515,249
Options issued on H2B acquisition	33,000,000	1,441,608
Options exercised	(1,000,000)	-
Options cancelled	(15,820,000)	-
Vesting of options from prior periods	-	204,893
Closing balance at 31 December 2023	**69,379,894**	**8,885,736**

(c) Foreign currency translation reserve

	US$	US$
Opening balance	(22,659)	45,856
Difference arising on translation	69,311	(68,515)
Balance at the end of the year	**46,652**	**(22,659)**

Note 22. Reserves (continued)

Accounting policy for reserves
Foreign currency reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 23. Share-based payments

The following new share-based payment arrangements existed at 31 December 2023:

Set out below are summaries of options granted under the plan:

	Number of options 2023	Average exercise price 2023	Number of options 2022	Average exercise price 2022
Outstanding at the beginning of the financial year	6,812,500	A$0.36	13,735,000	A$0.94
Granted	12,165,000	A$0.42	5,562,500	A$0.41
Forfeited	(1,620,000)	A$0.41	(3,800,000)	A$0.00
Exercised	-	-	(8,685,000)	A$0.04
Expired	(1,250,000)	A$0.20	-	A$0.00
Outstanding at the end of the financial year	16,107,500	A$0.35	6,812,500	A$0.36

For the year ending 31 December 2023 a share-based payment expense of ($711,052) (31 December 2022: US$21,001) was recognised in profit and loss in line with option vesting periods and after reversal of prior year expense relating to options not vested due to vesting conditions not being satisfied.

Share based and options compensation comprises of the following:	**31 December 2023 US$**	**31 December 2022 US$**
SBP expense for options under employee share option plan	599,187	(21,001)
SBP expense for external advisors	120,956	-
SBP issued for asset acquisition (shares) – refer to Note 21	1,931,760	-
SBP issued for asset acquisition (options)	159,598	-
SBP non issued for asset acquisition (shares & options)	1,282,010	
Total	4,093,511	(21,001)

Note 23. Share-based payments (continued)

Set out below are summaries of options granted during the year:

Grant date	Expiry Date	Spot price	Exercise price	Expected volatility	Number of options	Risk-free rate	Fair value at grant date (AU$)	Fair value at grant date (US$)
13/03/2023	1/3/2027	AU$0.230	AU$0.330	75%	565,000	3.21%	AU$63,854	US$42,510
13/03/2023	1/3/2027	AU$0.230	AU$0.400	75%	565,000	3.21%	AU$58,066	US$38,657
13/03/2023	1/3/2027	AU$0.230	AU$0.500	75%	565,000	3.21%	AU$51,411	US$34,226
20/03/2023	20/3/2028	AU$0.230	AU$0.298	75%	2,000,000	2.95%	AU$264,948	US$177,585
20/03/2023	20/3/2028	AU$0.230	AU$0.367	75%	2,000,000	2.95%	AU$245,150	US$164,315
20/03/2023	20/3/2028	AU$0.230	AU$0.436	75%	2,000,000	2.95%	AU$228,522	US$153,170
20/03/2023	20/3/2028	AU$0.230	AU$0.505	75%	2,000,000	2.95%	AU$214,273	US$143,273
20/03/2023	20/3/2028	AU$0.230	AU$0.573	75%	1,375,000	2.95%	AU$159,013	US$106,581
03/04/2023	01/04/2028	AU$0.230	AU$0.330	85%	365,000	3.03%	AU$52,199	US$34,886
03/04/2023	01/04/2028	AU$0.230	AU$0.400	85%	365,000	3.03%	AU$49,280	US$32,936
03/04/2023	01/04/2028	AU$0.230	AU$0.500	85%	365,000	3.03%	AU$45,805	US$30,613
15/08/2023	15/08/2026	AU$0.190	AU$0.800	73%	8,000,000	3.96%	AU$246,449	US$159,598
15/08/2023*	15/08/2026	AU$0.190	AU$0.850	73%	8,000,000	3.96%	AU$230,688	US$149,391
15/08/2023*	15/08/2026	AU$0.190	AU$0.900	73%	8,000,000	3.96%	AU$216,426	US$140,155
15/08/2023*	15/08/2026	AU$0.190	AU$0.900	73%	9,000,000	3.96%	AU$228,905	US$148,237
28/09/2023	15/05/2028	AU$0.190	AU$0.210	73%	1,000,000	4.11%	AU$111,005	US$70,986
28/09/2023	15/05/2028	AU$0.190	AU$0.272	73%	1,000,000	4.11%	AU$110,264	US$64,117
28/09/2023	15/08/2028	AU$0.190	AU$0.355	73%	1,000,000	4.11%	AU$94,936	US$60,710

* The vesting of these options is subject to achievement of the following operational milestones:

Earn out A – 8,000,000 (Tranche 2) upon establishing economically viable scale-up production of Carbon Sorbent from Recycled Plastic with parameters.

Earn out B – 8,000,000 (Tranche 3) upon lab scale pilot (capturing 1tpd pf CO_2 is a 12-15% CO_2 flue gas capturing 90 percent of CO_2)

Earn out C – 9,000,000 (Tranche 4) upon (i) a non-diluting and non-refundable grant of $5m and (ii) partnership with at least US$3 million investment in the CO_2 captured activity with a major strategic partner.

As at 31 December 2023, no amount has been recognised relating to Tranche 2-4 options due to uncertainty regarding the achievement of performance milestones as described above.

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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.

Note 24. Operating segments

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.

Note 25. Financial instruments

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

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

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

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

	Floating Interest Rate US$	Fixed Interest Rate (5%) US$	Non-interest bearing US$	31 December 2023 Total US$	Floating Interest Rate US$	Fixed Interest Rate (6%) US$	Non-interest bearing US$	31 December 2022 Total US$
Financial assets								
- Within one year								
Cash and cash equivalents	1,345,529	-	-	1,345,529	3,048,877	-	-	3,048,877
Trade and Other receivables	-	-	187,068	187,068	-	284,017	34,322	318,339
Total financial assets	1,345,529	-	187,068	1,532,597	3,048,877	284,017	34,322	3,367,216
Financial Liabilities								
- Within one year								
Trade and other Payables	-	-	(752,655)	(752,655)	-	-	(1,205,536)	(1,205,536)
Lease liabilities	-	-	(256,250)	(256,250)	-	-	(276,560)	(276,560)
Financial liability	-	(1,003,811)	(1,871,513)	(2,875,324)	-	-	(2,612,463)	(2,612,463)
Total financial liabilities	-	(1,003,811)	(2,880,418)	(3,884,229)	-	-	(4,094,559)	(4,094,559)
Net financial assets	1,345,529	(1,003,811)	(2,693,350)	(2,351,632)	3,048,877	284,017	(4,060,237)	(727,343)

Weighted average interest rate 31 December 2023 16.07% and 31 December 2022 16.07%

Note 25. Financial instruments (continued)

Sensitivity Analysis

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

	Movement in Profit US$	Movement in Equity US$
Year ended 31 December 2023		
+/-1% in interest rates	21,972	21,972
Year ended 31 December 2022		
+/-1% in interest rates	26,125	26,125

(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.

	31 December 2023 US$	31 December 2022 US$
Cash and cash equivalents - AA Rated	1,345,529	3,048,878
Relate party loan - BBB Rated	-	284,017
	1,345,529	3,332,895

(c) Liquidity risk

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

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

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

Note 25. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

31 December 2023	Weighted average 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 (liabilities) US$
Financial liabilities at amortised cost	-	(1,871,513)	-	-	-	-	-	(1,871,513)
Trade and other payables	-	(752,655)	-	-	-	-	(752,655)	(752,655)
Lease liabilities - Office lease	-	(130,687)	(131,238)	(245,658)	-	-	(507,583)	(507,583)
Other loans	-	(1,003,811)	-	-	-	-	(1,003,811)	(1,003,811)
Total non-derivatives		(3,758,666)	(131,238)	(245,658)	-	-	(2,264,049)	(4,135,562)

31 December 2022	Weighted average 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 (liabilities) US$
Financial liabilities at amortised cost	-	-	-	(2,612,463)	-	-	-	(2,612,463)
Trade and other payables	-	(1,205,536)	-	-	-	-	(1,205,536)	(1,205,536)
Lease liabilities - Office lease	-	(138,280)	(138,280)	-	-	-	(276,560)	(276,560)
Total non-derivatives		(1,343,816)	(138,280)	(2,612,463)	-	-	(1,482,096)	(4,094,559)
Derivatives								
Embedded derivatives	-	-	-	(690,940)	-	-	-	(690,940)
Total derivatives	-	-	-	(690,940)	-	-	-	(690,940)

(d) 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 New Israeli Shekel, the Swiss Franc and Euro.

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

Note 25. Financial instruments (continued)

	2023		2022	
Cash and cash equivalents	**Foreign Currency**	**USD Equivalent**	**Foreign Currency**	**USD Equivalent**
New Israeli Shekels	34,475	9,505	589,544	167,532
Swiss Franc	-	-	26,197	28,402
Euro	1,611	1,782	1,696	1,808

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Accounting policy for fair value measurement
Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 27. Contingent liabilities

The Company has a contingent liability related to the grant received from BIRD. As stated under Note 2 the company currently does not expect to generate revenues from the development made under this grant. As the liability is contingent on royalty payments on developed products, should this assumption change the Company will be required to pay royalties to BIRD.

Note 27. Contingent liabilities (continued)

In the year ended 31 December 2022, the Group incurred contract fulfilment costs of $660,000 under its collaboration agreement with TheraCell for joint-development of marking disposable bioprocessing consumables, expected to be recovered in 2023. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract.

In August 2023 the Company re-assessed the biomedical consumables tagging opportunity following the completion of the first phase of the design and planning of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs). The Company concluded to discontinue the joint-development with Theracell for marking disposable bioprocessing consumables, using on and in-product tagging techniques. The Company's core focus going forward is the oil & gas operators and chemical manufacturers, where Dotz has identified opportunity for its tagging solutions.

As a result, The Group recognized a loss of $100,000 in the first half of 2023 and will not recognize revenues from this collaboration agreement, and the customer fulfilment costs were offset by the respective trade payable balance.

In addition, The Group discontinued this arrangement and the related service agreement with its supplier. The services provided by the supplier were not in accordance with the statement of works and the Group's end-customer did not accept the project initial deliverable. As a result, a possible obligation of may exist however as there is a dispute over the service provided, no liability has been recognised under the service agreement.

Under the terms of the Asset Purchase Agreement, the Company has contingent cash consideration, which may be payable upon achievements of certain milestones (see note 17).

There were no other continent liabilities for the year ended 31 December 2023 and 31 December 2022.

Note 28. Parent entity information

	31 December 2023 US$	31 December 2022 US$
Assets		
Current assets	1,278,555	2,925,616
Liabilities		
Current liabilities	2,957,957	97,508
Non-current liabilities	-	3,003,403
Total liabilities	**2,957,957**	**3,400,911**
Shareholders' equity		
Issued capital	355,982,351	348,999,688
Reserves	8,784,667	6,553,605
Accumulated losses	(366,446,420)	(356,028,588)
Shareholders equity	**(1,679,402)**	**(475,295)**
(b) Statement of profit or loss and other comprehensive income		
Loss for the year	(10,417,832)	(4,648,576)
Total comprehensive loss	(10,417,832)	(4,648,576)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2022.

Note 28. Parent entity information (continued)

Contingent liabilities
The Company's subsidiary Dotz Nano Ltd has a contingent liability related to the grant received from BIRD. As stated under Note 2 the company currently does not expect to generate revenues from the development made under this grant. As the liability is contingent on royalty payments on developed products, should this assumption change the Company will be required to pay royalties to BIRD.

Capital commitments
The parent entity had no capital commitments as at 31 December 2023 and 31 December 2022.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the consolidated entity.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2023 %	Ownership interest 31 December 2022 %
Dotz Nano Ltd	Israel	100.00%	100.00%

Note 30. Events after the reporting period

<u>Lind Funding Agreement</u>

On 9 January 2024 the Company has issued 3,333,334 fully paid ordinary shares in the capital of the Company as a deemed issue price of AU$ 0.12 in connection to the Funding Agreement.

Following the issuance of a repayment notice pursuant to clause 3.4(a) of the Funding Agreement, on 19 January 2024 the Company repaid to Lind the remaining Unused Advance Payment Credit of AU$2,350,000 (US$1,599,293).

Note 30. Events after the reporting period (continued)

New Funding Agreement

On 22 January 2024, the Company announced that it had repaid all amounts owing under the funding agreement between the Company and Lind Global Fund II LP (Lind).

On 5 February 2024, the Company announced that it had secured up to A$12 million under a funding agreement (Convertible Securities Agreement) with Mercer Street Global Opportunity Fund, LLC (Mercer). The funds of the placement will be used primarily to accelerate the development and exploration of carbon captures technology and support the Company's general working capital requirements.

Under the Convertible Securities Agreement, the Company will issue to Mercer (or its nominees) up to 13,200,000 convertible notes at face value each of A$1 (Convertible Note) as follows:

2,200,000 Convertible Notes on or about the date of this announcement to raise A$2.0 million, including the Company granting Mercer a general security over all of its present and after acquired assets (First Investment Amount);

1,650,000 Convertible Notes by no later than 29 February 2024 to raise A$1.5 million (Second Investment Amount);

1,650,000 Convertible Notes in or around March 2024 to raise a further A$1.5 million, subject to obtaining the approval of the Company's shareholders (Shareholders) at a general meeting of Shareholders to be held no later than 15 March 2024 (Third Investment Amount); and

Subject to agreement by the Company and Mercer, further Convertible Notes to raise up to a maximum of A$7 million (Subsequent Investment Amount),
In each case subject to satisfaction of customary conditions.

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Asset Purchase Agreement

On 5 February 2024, the Company signed a second amendment to the Asset Purchase Agreement, as amended on 15 August 2023. According to the second amendment, the Company will issue 3,800,000 Ordinary shares in lieu of cash upfront payment of $300,000, subject to the approval of the Company's shareholders as required by ASX listing rule 7.1.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Bernie Brookes AM
Chairman

29 February 2024

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Dotz Nano Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dotz Nano Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 2023 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 (including Independence Standards)* (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 2 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 Financial Liability

Key audit matter	*How the matter was addressed in our audit*
During the prior financial year, Dotz Nano Limited ("Company") entered into an agreement with Lind Global Fund II, LP ("Funding Agreement"), refer to Note 19 for further details. The Funding Agreement is a hybrid instrument with the conversion feature being an embedded derivative liability which is required to be recognised at fair value through profit or loss. During the financial year, a number of share subscriptions under the facility occurred and in December 2023, the Company elected to exercise their right and repay the facility in full. We have identified the accounting for the convertible note and related transactions during the year and at year end as a key audit matter due to the complexity and judgements involved in the subsequent measurement of the identified components.	Our audit procedures regarding this matter included, but were not limited to: • Reviewing the convertible note agreement, subscription notices and correspondence around year-end to understand the key terms and conditions of the arrangement and related transactions; • Agreeing partial settlements throughout the year to shares issued and share prices as reported on the ASX; • Reviewing management's accounting treatment for the subsequent measurement of the components of the convertible instrument; and • Assessing the adequacy of the related disclosures within Note 19 of the financial report.

Intangible asset acquisition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 17 of the financial report, Dotz Nano Limited acquired the CO2 Capture Technology from H2 Blue Tech Ltd. The Group accounted for the transaction as an asset acquisition, after consideration and assessment of AASB 3 *Business Combinations* ("AASB 3"). The accounting for this acquisition is a key audit matter due to the significant value of the acquisition and the significant judgements and assumptions made by management in determining the purchase consideration for the acquisition.	Our audit procedures regarding this matter included, but were not limited to: • Reviewing key executed transaction documents to understand the key terms and conditions of the acquisition; • Evaluating management's determination of whether the transaction constituted a business or asset acquisition; • Assessing the identification of assets acquired; • Confirming the transaction settlement date to supporting documentation; • Evaluating management's determination of the fair value of purchase consideration, including assessment of contingent and deferred amounts payable under the agreement; • Verifying the transaction consideration to supporting documentation; and • Assessing the appropriateness of the related disclosures 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 2023, but does not include the financial report and the auditor’s report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor’s responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 17 to 23 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Dotz Nano Limited, for the year ended 31 December 2023, 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

Ashleigh Woodley

Director

Perth, 29 February 2024

The shareholder information set out below was applicable as at 21 February 2024.

As at 21 February 2024 there were 802 holders of Ordinary Fully Paid Shares.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement has been released as a separate document and is also located on our website at **https://www.dotz.tech/investors/**

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; and
(b) 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 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	139,993,357	26.90%
BNP PARIBAS NOMS PTY LTD	117,216,090	22.52%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	78,252,222	15.03%
MARZAMENO LTD	20,689,882	3.98%
DR ZVI GRAUBARD	11,170,337	2.15%
AVOCADO VENTURES INC	10,270,548	1.97%
IBI TRUST MANAGEMENT <ARIEL MALIK A/C>	8,496,611	1.63%
H2 BLUE TECH LTD	8,400,000	1.61%
IBI TRUST MANAGEMENT <MICHAEL SHTEIN A/C>	8,146,201	1.57%
SOUTHERN ISRAEL BRIDGING FUND LP	7,114,816	1.37%
BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS	6,857,788	1.32%
SOUTHERN ISRAEL BRIDGING FUND TWO LP	6,650,464	1.28%
ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	5,668,133	1.09%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	4,879,353	0.94%
MR YOAD REITER	3,965,824	0.76%
MR NATANEL HARPAZ	3,712,708	0.71%
MR GAREN AZOYAN SUTISY & MRS ARMINEH MOSES MINASKANIANS <GAAM SUPER FUND A/C>	3,163,158	0.61%
IBI TRUST MANAGEMENT <TOMER SEGEV A/C>	3,000,000	0.58%
IBI TRUST MANAGEMENT <INVESTJTECH LLC A/C>	2,993,461	0.58%
BT PORTFOLIO SERVICES LIMITED <HORSELAND SADDLERY S/F A/C>	2,500,000	0.48%
Total	**453,140,953**	**87.06%**
Total issued capital – Ordinary Fully Paid Shares	**520,494,104**	**100.00%**

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 21 February 2024 are:

Name	**No of Shares Held**	**% of Issued Capital**
SOUTHERN ISRAEL BRIDGING FUND	85,727,172	16.47%
KERRY HARPEZ	26,902,690	5.17%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	159	10,643	0.00%
1,001 - 5,000	177	512,931	0.10%
5,001 - 10,000	126	1,017,253	0.20%
10,001 - 100,000	227	8,255,572	1.59%
100,001 and over	113	510,697,705	98.12%
Totals	**802**	**520,494,104**	**100.00%**

Based on a share price per security of $0.155, number of holders with an unmarketable holding:
270 holders with a total of 242,168 Ordinary Fully Paid Shares, amounting to 0.05% of Issued Capital.

RESTRICTED SECURITIES

As at 21 February 2024 the following shares are subject to escrow:
- 8,400,000 - Voluntary ESCROW SHARES – to 15 August 2025

UNQUOTED SECURITIES

As at 21 February 2024, the following unquoted securities are on issue:

CONVERTIBLE NOTES

DTZABI – 2,200,000 Convertible Notes Maturity date of 31/07/25, Face Value of $1.00 – 1 Holder (DTZCN1)
Holders with more than 20%

Holder Name	Holding	% IC
MERCER STREET GLOBAL OPPORTUNITY FUND LLC	2,200,000	100%

OPTIONS – NON EMPLOYEES:
DTZAAF - 250,000 Options Expiring 10/07/24 @ $0.20 – 1 Holder (DTZOPT34)
Holders with more than 20%

Holder Name	Holding	% IC
NUBS GROUP TECHNOLOGIES LTD	250,000	100%

DTZAAL - 7,118,644 Options Expiring 14/09/26 @ $0.475 – 1 Holder (DTZOPT37)
Holders with more than 20%

Holder Name	Holding	% IC
LIND GLOBAL FUND II LP	7,118,644	100%

DTZABJ – 2,857,143 Options Expiring 31/1/27 @ $0.35 – 1 Holder (DTZOPT47)
Holders with more than 20%

Holder Name	Holding	% IC
MERCER STREET GLOBAL OPPORTUNITY FUND LLC	2,857,143	100%

DTZABB, DTZABC, DTZABD, DTZABE – 33,000,000 Options – 1 Holder
Holders with more than 20%

Holder Name	Holding	% IC
H2 BLUE TECH LIMITED (DTZOPT42) - UNL OPT @$0.85 - EXP 3YRS - Earn Out A	8,000,000	100%
H2 BLUE TECH LIMITED (DTZOPT43) - UNL OPT @$0.90 - EXP 3YRS - Earn Out B	8,000,000	100%
H2 BLUE TECH LIMITED (DTZOPT44) - UNL OPT @$0.95 - EXP 3YRS - Earn Out C	9,000,000	100%
H2 BLUE TECH LIMITED (DTZOPT45) - UNL OPT @$0.80 - EXP 3YRS - Closing	8,000,000	100%

DTZABF, DTZABG, DTZABH – 3,000,000 Options – 1 Holder
Holders with more than 20%

Holder Name	Holding	% IC
KNRG STRATEGIES INC (DTZOPT46T1) - UNL OPT @ $0.21 EXP 15/05/28	1,000,000	100%
KNRG STRATEGIES INC (DTZOPT46T2) - UNL OPT @ $0.272 EXP 15/05/28	1,000,000	100%
KNRG STRATEGIES INC (DTZOPT46T3 - UNL OPT @ $0.335 EXP 15/05/28	1,000,000	100%

DTZABA – 9,903,750 Options Expiring 1/8/25 @ $0.35 – 40 Holders (DTZOPT47)
Holders with more than 20%

Holder Name	Holding	% IC
SOUTHERN ISRAEL BRIDGING FUND TWO LP	2,793,750	28.21%

OPTIONS: EMPOYEES

Holder Name	Holding
DTZAAV - ESOP T1 VEST 20/03/24 @ $0.298 EXP 20/03/28	2,000,000
DTZAAW - ESOP T2 VEST 20/03/25 @ $0.367 EXP 20/03/28	2,000,000
DTZAAX - ESOP T3 VEST 20/03/26 @ $0.436 EXP 20/03/28	2,000,000
DTZAAY - ESOP T4 VEST 20/03/27 @ $0.505 EXP 20/03/28	2,000,000
DTZAAZ - ESOP T5 VEST 20/03/28 @ $0.573 EXP 20/03/29	1,375,000
DTZAAS - ESOP T6 VEST 15/01/2024 @ $0.33 EXP 01/04/2028	365,000
DTZAAT - ESOP T7 VEST 15/01/2025 @ $0.40 EXP 01/04/2028	365,000
DTZAAU - ESOP T8 VEST 15/01/2026 @ $0.50 EXP 01/04/2028	365,000
DTZAAP - UNL OPT @ $0.33 EXP 01/03/2027	565,000
DTZAAQ - UNL OPT @ $0.40 EXP 01/03/2027	565,000
DTZAAR - UNL OPT @ $0.50 EXP 01/03/2027	565,000
DTZAAM - ESOP U-Q EMPLOYEE OPTIONS @ $0.33 EXP 31/05/2027	1,035,000
DTZAAN - ESOP U-Q EMPLOYEE OPTIONS @ $0.40 EXP 31/05/2027	1,035,000
DTZAAO - ESOP U-Q EMPLOYEE OPTIONS @ $0.50 EXP 31/05/2027	1,035,000

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.