

19 March 2024

DOTZ RECEIVES ADDITIONAL \$3 MILLION FUNDING UNDER CONVERTIBLE SECURITIES AGREEMENT

Dotz Nano Limited (ASX: **DTZ**, **Dotz** or the **Company**) is pleased to confirm that it has received \$3,000,000 from Mercer Street Global Opportunity Fund II LP (**Mercer**) in accordance with the convertible securities agreement announced on 5 February 2024 (**Convertible Securities Agreement**) via the issue of 3,300,000 convertible notes (**Convertible Notes**) following the partial novation of the Convertible Securities Agreement to Mercer from an affiliated fund, Mercer Street Global Opportunity Fund, LLC.

Investment Details

The \$3,000,000 in funding is in respect of the second and third tranches of funding under the Convertible Securities Agreement as follows:

- 1,650,000 Convertible Notes to raise \$1.5 million (**Second Investment Amount**); and
- 1,650,000 Convertible Notes to raise a further \$1.5 million, following shareholder approval obtained on 12 March 2024 (**Third Investment Amount**).

The Company notes that, in addition to the issue of 3,300,000 Convertible Notes, the following additional securities will also be issued to Mercer today in connection with the Convertible Securities Agreement:

- 2,142,857 options for nil cash consideration each with an exercise price of \$0.35 and expiry date that is 36 months after the date of issue (**Mercer Options**), in connection with the Second Investment Amount; and
- 2,142,857 Mercer Options and 475,889 fully paid ordinary shares (**Shares**) for nil cash consideration in connection with the Third Investment Amount.

An Appendix 2A, Appendix 3G, Cleansing Notice (Convertible Notes) and Cleansing Notice (Shares) have been released to the market in respect of the above issues of securities.

Summaries of the key terms and conditions of the Convertible Notes, Mercer Options and Convertible Securities Agreement are set out in the announcement dated 5 February 2024.

Pursuant to the Convertible Securities Agreement, and subject to agreement by the Company and Mercer, Dotz may raise up to a maximum of \$7 million via the issue of additional Convertible Notes.

The Company advises that it has consulted with ASX and been advised that in ASX's opinion the Convertible Notes are appropriate and equitable for the purposes of ASX Listing Rule 6.1.

-ENDS-



This announcement has been authorised for release by the Board of Dotz Nano Limited.

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About Dotz Nano Limited

Dotz Nano Limited (ASX: DTZ) is a nanotechnology company developing innovative climate and industrial nano-technologies.

The Company's primary focus is centered around ground-breaking carbon dioxide (CO₂) management technologies leading towards carbon-neutral future. The company's proprietary carbon-based solid sorbent, offering an efficient and sustainable approach, facilitating industrial deep decarbonization.

To learn more about Dotz, please visit the website via the following link: www.dotz.tech.



ANNEXURE A – MATERIAL TERMS OF CONVERTIBLE NOTES

Number of Convertible Notes	<p>2,200,000 First Tranche Convertible Notes.</p> <p>1,650,000 Second Tranche Convertible Notes.</p> <p>1,650,000 Third Tranche Convertible Notes.</p> <p>Up to 7,700,000 Subsequent Convertible Notes (subject to agreement by Mercer and the Company).</p>
Subscription Price	\$0.909 per Convertible Note.
Face Value	Each Convertible Note will have a face value of \$1.00.
Maturity Date	18 months from the date of issue.
Interest Rate	Upon an event of default occurring, the Company must pay interest at a rate of 18% per annum on the amount of the face value of all Convertible Notes issued which have not been converted or repurchased, calculated daily and compounded monthly. Interest is not otherwise payable on the Convertible Notes.
Conversion of Convertible Notes	<p>Mercer may (at its absolute discretion) convert the Convertible Notes (in a minimum parcel with a face value of at least \$50,000) at any time prior to the date which is 18 months from their date of issue, by giving the Company a conversion notice. The conversion will occur within three business days of receipt of the notice.</p> <p>The number of Shares to which the Noteholder is entitled upon conversion of the Convertible Notes is determined by the following formula:</p> <p>Number of Shares = RA / Conversion Price</p> <p>where:</p> <p>RA means the Repayment Amount of the Convertible Note being converted.</p> <p>Conversion Price means the applicable conversion price per Convertible Note. The applicable conversion price is set out below.</p> <p>Upon conversion of the Convertible Notes:</p> <ul style="list-style-type: none"> (a) those Convertible Notes are cancelled and may not be reissued; and (b) the face value of the Convertible Notes which have been converted will be deemed satisfied.



Conversion by the Company	<p>The Company has no right to require the Noteholder to convert any Convertible Notes at any time.</p>
Conversion Price	<p>In respect of the First Tranche Convertible Notes, the Second Tranche Convertible Notes and Third Tranche Convertible Notes, the conversion price will be the higher of:</p> <p>(a) if the Conversion Notice is given on or before the date that is three months after the First Closing, 120% of the VWAP during the preceding ten (10) Trading Days on which Shares were traded in the ordinary course of business on the ASX immediately prior to the Execution Date (Conversion Price A); or</p> <p>(b) if the Conversion Notice is given after the date that is three months following the First Closing, the lesser of:</p> <ul style="list-style-type: none"> • Conversion Price A; and • 90% of the two lowest daily VWAPs during the preceding twenty (20) Trading Days on which Shares were traded in the ordinary course of business on the ASX immediately prior to the relevant Conversion Notice; and <p>(c) \$0.09.</p> <p>In respect of the Subsequent Convertible Notes, the higher of:</p> <p>(a) the lesser of:</p> <ul style="list-style-type: none"> • 100% of the VWAP during the preceding 20 trading days on which Shares traded in the ordinary course of business on ASX immediately prior to the closing date; and • 95% of the two lowest daily VWAPs during the preceding 20 trading days on which Shares traded in the ordinary course of business on ASX ending on the date immediately prior to the relevant Conversion Notice; and <p>(b) \$0.13.</p>
Security Interest	<p>The Convertible Notes are secured against all of the Company's present and after-acquired assets in favour of Mercer.</p>
Repurchase	<p>So long as:</p>



	<p>(a) the Company is in compliance with its obligations under the Convertible Securities Agreement;</p> <p>(b) there is no existing event of default; and</p> <p>(c) Mercer has not issued a conversion notice,</p> <p>the Company may elect in writing to repurchase all of the Convertible Notes on issue at a 1.03 times premium, subject to compliance with the law and ASX Listing Rules.</p> <p>If the Company issues notice with respect to the repurchase of Convertible Notes, Mercer may elect to convert up to 100% of the Convertible Notes set out in such notice.</p>
<p>Redemption</p>	<p>If the Noteholder has not notified the Company in writing by the day that is 10 business days prior to the Maturity Date that it will be converting the Convertible Notes (in whole or in part), the Company is to pay in full to the holder of the Convertible Notes, the face value of the Convertible Notes (and any accrued but unpaid interest).</p> <p>If an event of default is subsisting after the Company has notice from the Noteholder requiring repayment, the Company must repay the face value of the outstanding Convertible Notes held by the Noteholder together with any accrued by unpaid interest. The Convertible Securities Agreement contains various events which constitute events of default which are standard for agreements of this nature.</p> <p>If there occurs a Change of Control Event, a Qualifying Capital Raising Event or a Delisting Event, the Noteholder may require repayment by the Company of some or all of the Convertible Notes.</p> <p>Change of Control Event means each of:</p> <p>(a) a takeover bid being made to acquire all of the Company's shares and:</p> <ul style="list-style-type: none"> • the offer under the takeover bid is, or becomes, unconditional; and • either: <ul style="list-style-type: none"> ○ the bidder has acquired at any time during the offer period (or after the close of the offer period) a relevant interest in more than 50 per cent of the Shares on issue; or ○ the directors of the Company recommend acceptance of the offer under the takeover bid;



	<p>(b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue in the Company (where the requisite shareholder approval has also been obtained),</p> <p>Delisting Event means where the Shares are no longer quoted on ASX, the Shares are suspended from trading on ASX for a period of 20 consecutive business days, or in any case, other than as a result (directly or indirectly) of a Change of Control Event.</p> <p>Qualifying Capital Raising Event means capital raises under which the Company raises in aggregate \$15m or more during the term of the Convertible Securities Agreement.</p>
Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
Reconstruction of Capital	In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Notes will be reconstructed to the extent necessary to comply with the ASX Listing Rules.
Participation Rights	The Convertible Notes will not carry any entitlement to participate in future issues of securities by the Company prior to any conversion of the Convertible Notes into Shares.
No Voting Rights	Except as required by the Corporations Act, the Convertible Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Notes.



ANNEXURE B – MATERIAL TERMS OF MERCER OPTIONS

1. The Mercer Options shall be issued for no cash consideration.
2. Each Mercer Option entitles the holder to subscribe for one fully paid ordinary share in the Company upon exercise of the Mercer Option.
3. The exercise price of each Mercer Option is \$0.35 (**Exercise Price**).
4. The Mercer Options will expire at 5:00pm AEST on the date being 36 months after issue (**Expiry Date**). Any unexercised Mercer Options on issue at the Expiry Date will automatically lapse on the Expiry Date and be cancelled by the Company.
5. The Mercer Options are transferable.
6. The Mercer Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Mercer Option to the Company at any time on or after the date of issue of the Mercer Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.
7. Upon the valid exercise of the Mercer Options and payment of the Exercise Price, the Company will within 3 Business Days issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares.
8. The Company must either:
 - a. within five Business Days of the issue of shares under 7 above, provide ASX with a written notice pursuant to section 708A(5) of the Corporations Act meeting the requirements of section 708A(6) of the Corporations Act, in a form, and containing the information, that is sufficient to permit secondary trading on the ASX of those shares (**Cleansing Statement**); or
 - b. where unable to issue a Cleansing Statement, as soon as is reasonably practicable and in any event within 10 Business Days of issue of the resultant shares under 7 above, issue a prospectus or other form of disclosure document to enable those shares to be freely on-sold.
9. Mercer Option holders do not have a right to vote at meetings of the Company.
10. Mercer Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Mercer Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Mercer Options, in accordance with the requirements of the Listing Rules.



11. Mercer Option holders do not participate in any dividends unless the Mercer Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend.
12. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - a. the number of Mercer Options, the Exercise Price of the Mercer Options, or both will be reorganised (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Mercer Options which are not conferred on shareholders; and
 - b. subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Mercer Options will remain unchanged.

13. If there is a pro rata issue (except a bonus issue), the Exercise Price of a Mercer Option may be reduced according to the following formula:

$$O_n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O_n = the new exercise price of the Mercer Option;
- O = the old exercise price of the Mercer Option;
- E = the number of underlying securities into which one Mercer Option is exercisable;
- P = the volume weighted average market price per security of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

14. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Mercer Option is exercisable may be increased by the number of shares which the Mercer Option holder would have received if the Mercer Option had been exercised before the record date for the bonus issue.
15. The terms of the Mercer Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, unless all necessary waivers of the Listing Rules are obtained, the terms of the Mercer Options shall not be changed to reduce the Exercise Price, increase the number of Mercer Options or change any period for exercise of the Mercer Options.



16. The Company does not intend to apply for listing of the Mercer Options on the ASX.
17. The Company shall apply for listing of the resultant Shares issued upon exercise of any Mercer Option.

ANNEXURE C – MATERIAL TERMS OF CONVERTIBLE SECURITIES AGREEMENT

1. **Overview:** Mercer will invest up to a maximum of \$12,000,000 in three or more tranches, subject to satisfaction of customary conditions precedent (including confirmation by the Company that it has performed or complied in all material respects with all obligations required to be performed or complied with under the Convertible Securities Agreement), via the issue of Convertible Notes.
2. **Conditions:** The conditions include, but are not limited to:
 - a. in respect of the First Investment Amount, the Company delivering an executed general security deed in favour of Mercer;
 - b. in respect of the Third Investment Amount, the Company obtaining Shareholder approval to issue the relevant securities;
 - c. in respect of the First Investment Amount, Second Investment Amount, Third Investment Amount and each Subsequent Investment Amount, the Company issuing a cleansing statement or lodging a prospectus (if necessary), such that following conversion of the Convertible Notes there are no restrictions for the on-sale of Shares;
 - d. in respect of each closing date for the First Investment Amount, Second Investment Amount, Third Investment Amount and each Subsequent Investment Amount, shares in the Company having remained continuously quoted on ASX without suspension for more than five trading days in the 12-month period prior to the relevant closing date; and
 - e. in respect of each Subsequent Investment Amount, Mercer and the Company agreeing to the Subsequent Investment.
3. **Shares:** Upon the issue of the:
 - a. First Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 475,889 Initial Commencement Shares (Tranche A) for nil consideration; and
 - b. Third Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 475,889 the Initial Commencement Shares (Tranche B) for nil consideration; and
 - c. initial Subsequent Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 1,332,488 Subsequent Commencement Shares for nil consideration.
4. **Mercer Options:** Upon the issue of the:
 - a. First Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 2,857,143 Mercer Options for nil consideration;
 - b. Second Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 2,142,857 Mercer Options for nil consideration;
 - c. Third Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) 2,142,857 Mercer Options for nil consideration; and
 - d. initial Subsequent Tranche Convertible Notes, the Company must issue to Mercer (or its nominee) such number of Mercer Options (for nil consideration) which is equal to 50% of the investment amount in respect of each issue of Subsequent Tranche Convertible Notes divided by \$0.35.
5. **Term:** The Convertible Securities Agreement commences on the date of execution and ends on the Business Day following repayment or conversion of all outstanding Convertible Notes, unless terminated earlier in accordance with its terms.

6. **Termination:** The Convertible Securities Agreement may be terminated:
 - a. by the mutual consent of the parties, at any time;
 - b. by the Company only after completion of the issue of the First Tranche Securities and either:
 - i. the Second Tranche Securities and the Third Tranche Securities have been issued; or
 - ii. Shareholder approval for the issue of the Third Tranche Securities has not been obtained at a duly convened meeting of Shareholders, on giving written notice to Mercer, provided that the Company has paid Mercer (or given evidence of payment) all money due and payable or which may become due for payment to Mercer at any specified time, including without limitation the Face Value of the Convertible Securities issued; and
 - c. by Mercer, if a condition precedent has not been satisfied or waived (if capable of waiver) or where an event of default occurs and is continuing.
7. **Use of Proceeds:** The parties agree that the Company will use all proceeds under the Convertible Securities Agreement for general working capital purposes and repaying unsecured debt.
8. **Other Terms:** the Convertible Securities Agreement contains customary investor protections such as negative covenants, representations and warranties.
9. **Broker Fee:** A third party broker fee of 6% is also payable by the Company.
10. **Definitions:** For the purpose of this Annexure C, capitalised terms have the following meanings:
 - a. **Convertible Note** means a convertible Security issued on the terms summarised in Annexure A.
 - b. **Convertible Securities Agreement** means the agreement entered into by the Company and Mercer to raise in aggregate a maximum of \$12,000,000 via the issue of Convertible Notes, Mercer Options and Shares in various tranches as announced by the Company on 5 February 2024.
 - c. **First Tranche Convertible Notes** means the Convertible Notes issued on 5 February 2024 to Mercer (or its nominee) under the Convertible Securities Agreement.
 - d. **First Tranche Options** means the Mercer Options issued on 5 February 2024 to Mercer (or its nominee) under the Convertible Securities Agreement.
 - e. **First Tranche Securities** means the First Tranche Convertible Notes, First Tranche Options and Initial Commencement Shares (Tranche A).
 - f. **Initial Commencement Shares (Tranche A)** means the Shares issued to Mercer (or its nominee) on [insert date] under the Convertible Securities Agreement.
 - g. **Initial Commencement Shares (Tranche B)** means the Shares to be issued to Mercer (or its nominee) which are the subject of Shareholder approval, being equal to \$75,000 divided by a deemed issue price per Share equal to the VWAP of Shares for the 5 Trading Days prior to the date of execution of the Convertible Securities Agreement.
 - h. **Mercer Option** means an option issued on the terms summarised in Annexure B.
 - i. **Second Tranche Convertible Notes** means the Convertible Notes to be issued to Mercer (or its nominee) by no later than 29 February 2024.

- j. **Second Tranche Options** means the Mercer Options to be issued to Mercer (or its nominee) by no later than 29 February 2024.
- k. **Second Tranche Securities** means the Second Tranche Convertible Notes and Second Tranche Options.
- l. **Share** means a fully paid ordinary share in the capital of the Company.
- m. **Shareholder** means a holder of a Share.
- n. **Subsequent Tranche Convertible Notes** means the Convertible Notes which may be issued, in accordance with the Convertible Securities Agreement and subject to agreement of both Mercer and the Company, following the issue of the First Tranche Securities, Second Tranche Securities and Third Tranche Securities.
- o. **Third Tranche Convertible Notes** means the Convertible Notes to be issued to Mercer (or its nominee) which are the subject of Shareholder approval.
- p. **Third Tranche Securities** means the Third Tranche Convertible Notes, Third Tranche Options and Initial Commencement Shares (Tranche B).