

Company Announcements Office
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

28 November 2024

Section 708A(12C)(e) Cleansing Notice

Convertible Securities Agreement

Dotz Nano Limited ACN 125 264 575 (ASX:DTZ) (**Company**) provides this notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (**Cleansing Notice**).

The Company confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued upon the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**) to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. BACKGROUND

1.1 Convertible Securities Agreement

As announced on 5 February 2024, the Company entered into a convertible securities agreement with Mercer Street Global Opportunity Fund, LLC, a US-based investment fund managed by Mercer Street Capital Partners, LLC to raise up to \$12 million in aggregate via the issue of Convertible Notes (**Convertible Securities Agreement**) which was subsequently partially novated to affiliated fund Mercer Street Global Opportunity Fund II LP (**Mercer**) and varied by a deed of variation on 27 November 2024 (**Deed of Variation**).

As at the date of this Cleansing Notice, the Company has issued the following convertible notes under the Convertible Securities Agreement:

- 5 February 2024, the Company issued 2,200,000 Convertible Notes (each with a face value of \$1) (**First Tranche Convertible Notes**) to raise \$2,000,000;
- 19 March 2024, the Company issued 1,650,000 Convertible Notes (each with a face value of \$1) (**Second Tranche Convertible Notes**) to raise \$1,500,000; and
- 19 March 2024, the Company issued 1,650,000 Convertible Notes (each with a face value of \$1) (**Third Tranche Convertible Notes**) to raise \$1,500,000,



with 5,300,000 convertible notes remaining on issue following the conversion of \$200,000 of convertible notes on 21 May 2024 resulting in the issue of 1,792,115 fully paid ordinary shares.

Under the Convertible Securities Agreement the subsequent tranche 1 of funding of \$1,500,000 is to be provided to the Company via the issue of 1,650,000 Convertible Notes (each with a face value of \$1) to Mercer (or its nominee) (**Subsequent Tranche 1 Convertible Notes**). In addition to the Subsequent Tranche 1 Convertible Notes, on the issue of the Subsequent Tranche 1 Convertible Notes, the Company agreed under the Convertible Securities Agreement to issue Mercer 4,285,714 options to acquire Shares (**Options**) (the **Subsequent Tranche 1 Options**) and 666,244 subsequent commencement shares (**Subsequent Commencement Shares (Tranche A)**) each for nil consideration).

Further, a subsequent tranche 2 of funding of \$500,000 is to be provided to the Company upon the satisfaction of certain closing conditions, including obtaining certain approvals of shareholders of the Company (**Shareholders**) at an extraordinary general meeting to be held prior to 26 January 2025, via the issue of a further 550,000 convertible notes (each with a face value of \$1) to Mercer (or its nominee) (**Subsequent Tranche 2 Convertible Notes**). The Company will also seek Shareholder approval for the issue of the associated issue of 1,428,571 Options (**Subsequent Tranche 2 Options**) as required under the Convertible Securities Agreement, as well as approval to the amendment of the floor price of the existing convertible securities on issue prior to 27 November 2024 from \$0.09 to \$0.04. A cleansing notice outlining the effect of the issue of the Subsequent Tranche 2 Convertible Notes on the Company will be provided as the relevant time.

A summary of the rights, privileges and restrictions attaching to the Subsequent Tranche 1 Convertible Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the holder of the Subsequent Tranche 1 Convertible Notes (**Noteholder**).

Subject to the issue of the Subsequent Tranche 1 Convertible Notes and Subsequent Tranche 2 Convertible Notes, the Company and Mercer may agree to additional drawdowns of a further minimum of \$500,000 and up to a maximum of \$5,000,000 subject to the satisfaction of further closing conditions via the issue of further Convertible Notes to Mercer (or its nominee) (each with a face value of \$1) (**Subsequent Tranche Convertible Notes**).

For further information in relation to the Convertible Securities Agreement, please refer to the Company's announcements dated 5 February 2024 and 27 November 2024.

The Company will issue the Subsequent Tranche 1 Convertible Notes, Subsequent Tranche 1 Options, Subsequent Commencement Shares (Tranche A) today.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Subsequent Tranche 1 Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Subsequent Tranche 1 Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Subsequent Tranche 1 Convertible Notes, and



- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules;
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the Subsequent Tranche 1 Convertible Notes on the Company will be:

- (a) to increase the Company's cash reserves by up to \$1,500,000 (before costs associated with the Subsequent Tranche 1 Convertible Notes);
- (b) to increase the number of Convertible Notes on issue from 5,300,000 to 6,950,000;
- (c) the issue of the Subsequent Tranche 1 Options and Subsequent Commencement Shares (Tranche A), which will occur concurrently with the issue of the Subsequent Tranche 1 Convertible Notes;
- (d) the Company having a liability for the aggregate face value of the Subsequent Tranche 1 Convertible Notes (being \$1,500,000); and
- (e) if the remaining First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes are converted at the lowest possible conversion price (being \$0.09¹), and the Subsequent Tranche 1 Convertible Notes are converted at the lowest possible conversion price (being \$0.04) a maximum increase in the number of Shares on issue from 544,472,090 (being the number of Shares currently on issue but excluding the issue of the Subsequent Commencement Shares (Tranche A)) to 645,277,224.

3.2 Pro Forma Consolidated Statement of Financial Position

To illustrate the effect of the issue of the Subsequent Tranche 1 Convertible Notes on the Company, a pro forma Consolidated Statement of Financial Position (**Pro-forma Accounts**) which is set out below has been prepared based on the financial position of the Company's reviewed accounts for the half year ended 30 June 2024.

The Pro-forma Accounts show the effect of the issue of the Subsequent Tranche 1 Convertible Notes as if they had been issued on 30 June 2024.

¹ As announced on 27 November 2024, pursuant to the Deed of Variation, the Company will seek Shareholder approval at an extraordinary general meeting to be held prior to 26 January 2025 to amend the minimum conversion price of the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes from \$0.09 to \$0.04, refer to the announcement for further details.



The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 30 June 2024 reviewed accounts.

The historical and Pro-forma Accounts are presented in an abbreviated form, insofar as they don't include all of the disclosures required by Australian Accounting Standards applicable to Annual Financial Statements. The Proforma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the Subsequent Tranche 1 Convertible Notes were issued on 30 June 2024.

The Company advises that the Pro-forma Accounts do not show the current financial position of the Company as at the date of this Cleansing Notice, and that the information is provided for illustrative purposes only.

The Pro-forma Accounts show the impact that the issue of the Subsequent Tranche 1 Convertible Notes and associated securities would have had on the Company's financial position as at 30 June 2024, if these securities were issued on that date, taking into account the issue of the:

- (a) Subsequent Tranche 1 Convertible Notes to Mercer for \$1,500,000 in cash;
- (b) Subsequent Tranche 1 Options; and
- (c) Subsequent Commencement Shares (Tranche A).

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Half year 30 June 2024 unaudited US\$	Tranche 1 adjustment US\$	Half year 30 June 2024 Pro-forma US\$
Assets			
Current assets			
Cash and cash equivalents	268,974	940,329	1,209,303
Trade and other receivables	81,411		81,411
Inventory	7,062		7,062
Other assets	32,654		32,654
Total current assets	390,101	940,329	1,330,430
Non-current assets			
Plant and equipment	280,001		280,001
Right-of-use assets	347,211		347,211
Intangible assets	4,265,100		4,265,100
Total non-current assets	4,892,312		4,892,312
Total assets	5,282,413	940,329	6,222,742
Liabilities			
Current liabilities			
Trade and other payables	578,534		578,534
Lease liabilities	250,314		250,314
* Financial liability	2,099,536	679,952	2,779,488
* Derivative financial instruments	668,350	260,377	928,727
Provisions	46,730	24,650	71,380
Total current liabilities	3,643,464	964,979	4,608,443
Non-current liabilities			
Lease liabilities	101,033		101,033
Total non-current liabilities	101,033		101,033
Total liabilities	3,744,497	964,979	4,709,476
Net assets	1,537,916	(24,650)	1,513,266
Equity			
Issued capital	42,186,315	10,896	42,197,211
Reserves	9,359,739	9,984	9,369,723
Accumulated losses	(50,008,138)	(45,529)	(50,053,667)
Total equity	1,537,916	(24,649)	1,513,267

(*) Financial liability and derivative instrument amounts before valuation

3.3 Potential Effect on Capital Structure

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 544,472,090.



- (b) The capital structure of the Company will be affected by conversion of Subsequent Tranche 1 Convertible Notes by the Noteholder.
- (c) Subject to limits on the conversion under the Convertible Securities Agreement:
 - (i) the Subsequent Tranche 1 Convertible Notes can be converted into Shares (at the relevant conversion price) at any time after their issue and prior to 18 months from the date of issue of the Subsequent Tranche 1 Convertible Notes (**Maturity Date**);
 - (ii) if Mercer has not notified the Company in writing by 5:00 pm on the day that is 10 business days prior to the Maturity Date that it will be converting the Subsequent Tranche 1 Convertible Notes (in whole or in part), to the extent not already converted or repurchased prior to the Maturity Date, the Company must pay in full to Mercer the face value of the remaining Subsequent Tranche 1 Convertible Notes (and any accrued interest but unpaid interest) within 20 business days of the Maturity Date.
- (d) The effect on the capital structure of the Company upon the issue and conversion of the Subsequent Tranche 1 Convertible Notes is outlined below.

Upon issue:

Convertible Notes	Number
Number of Convertible Notes on issue as at the date of this Cleansing Notice	5,300,000
Number of Subsequent Tranche 1 Convertible Notes to be issued under the Convertible Securities Agreement	1,650,000
Total Number of Convertible Notes on issue following the issue of the Subsequent Tranche 1 Convertible Notes under the Convertible Securities Agreement	6,950,000

Upon conversion:

Shares	Number
Number of Shares on issue as at the date of this Cleansing Notice	544,472,090
Number of Shares issued pursuant to the Subsequent Commencement Shares (Tranche A)	666,244



Number of Shares issued upon conversion of the First Tranche Convertible Notes ²	22,222,222
Number of Shares issued upon conversion of the Second Tranche Convertible Notes ¹	18,333,334
Number of Shares issued upon conversion of the Third Tranche Convertible Notes ¹	18,333,334
Number of Shares issued upon conversion of the Subsequent Tranche 1 Convertible Notes ¹	41,250,000
Total Number of Shares	645,277,224

3.4 Other securities currently on issue

The Company currently has 107,768,626 Options on issue. The Company has agreed to issue 4,285,714 Subsequent Tranche 1 Options in accordance with the Convertible Securities Agreement. The Subsequent Tranche 1 Options will be issued concurrently with the Subsequent Tranche 1 Convertible Notes.

In addition to the Subsequent Tranche 1 Options, the Company has agreed to issue Mercer up to 15,714,286 Options in connection with the issue of the Subsequent Tranche Convertible Notes following a drawdown (**Subsequent Options**).

In connection with the proposed issue of the Subsequent Tranche Convertible Notes, the Company has agreed to issue Mercer such number of Shares for nil cash consideration equal to \$105,000 divided by a deemed issue price per Share equal to the VWAP of Shares for the five trading days prior to the date of execution of the Convertible Securities Agreement, being 666,244 shares, after the aggregate subsequent investment amount equals or exceeds \$2,500,000 (**Subsequent Commencement Shares (Tranche B)**).

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF SUBSEQUENT TRANCHE 1 CONVERTIBLE NOTES

The Shares issued to the Noteholder on the conversion of the Subsequent Tranche 1 Convertible Notes under the Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares.

Under the Convertible Securities Agreement, the Company is required to apply to ASX for quotation of the Shares issued on conversion of any Subsequent Tranche 1 Convertible Notes.

² On the basis that the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes are converted at the lowest possible conversion price (being \$0.09), and the Subsequent Tranche 1 Convertible Notes are converted at the lowest possible conversion price (being \$0.04). The actual number of Shares to be issued on conversion will be calculated in accordance with the formula set out in Schedule 1. As announced on 27 November 2024, pursuant to the Deed of Variation, the Company will seek Shareholder approval at an extraordinary general meeting to be held prior to 26 January 2025 to amend the minimum conversion price of the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes from \$0.09 to \$0.04, refer to the announcement for further details.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Shareholders.

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Company's constitution (Constitution), the Corporations Act or the ASX Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid ordinary Shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a Share and more than one of them is present at a meeting and tenders a vote in respect of the Share, the Company will count only the vote cast by the Shareholder whose name appears first in the Company's Share register.

(c) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(d) Transfer of Shares

Subject to the Constitution, the Corporations Act and ASX Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal.



The Directors must decline to register a transfer of Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(e) Dividends

The Directors may from time to time determine dividends to be distributed to Shareholders according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each Share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(f) Winding-up

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, the liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(g) Shareholder liability

As the Shares to be issued on the conversion of the Second Tranche Convertible Notes will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(h) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:



- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2023;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
27 November 2024	US Institutional Shareholder Invests a Further A\$2.0 million
14 November 2024	Change of Director's Interest Notice - G Kelly
14 November 2024	Change of Director's Interest Notice - M Board
14 November 2024	Change of Director's Interest Notice - S Malka
14 November 2024	Change of Director's Interest Notice - K Harpaz
14 November 2024	Change of Director's Interest Notice - D Eldar
14 November 2024	Change of Director's Interest Notice - B Brookes
14 November 2024	Notification regarding unquoted securities - DTZ
14 November 2024	Notification regarding unquoted securities - DTZ
14 November 2024	Application for quotation of securities - DTZ
14 November 2024	Cleansing Statement
4 November 2024	Notification regarding unquoted securities - DTZ
4 November 2024	Application for quotation of securities - DTZ
4 November 2024	Cleansing Statement
31 October 2024	Quarterly Activities/Appendix 4C Cash Flow Report
9 October 2024	Dotz develops Innovative Sorbent for Direct Air Capture
9 October 2024	Dotz to present at Small Cap Virtual Investor Conference



3 October 2024	Cleansing Statement
3 October 2024	Notification regarding unquoted securities - DTZ
3 October 2024	Application for quotation of securities - DTZ
30 September 2024	Dotz commences trading on OTCQB Market
26 September 2024	Results of Meeting
25 September 2024	Updated Investor Presentation
24 September 2024	Successful completion of lab-scale pilot of DotzEarth
16 September 2024	Change of Director's Interest Notice - S Malka
16 September 2024	Application for quotation of securities - DTZ
16 September 2024	Notification regarding unquoted securities - DTZ
16 September 2024	Cleansing Statement
26 August 2024	Notice of Extraordinary General Meeting/Proxy Form
20 August 2024	Dotz Interim Report 2024 Results Announcement
20 August 2024	Appendix 4D & Half Year Accounts - 30 June 2024
12 August 2024	Cleansing Statement
12 August 2024	Application for quotation of securities - DTZ
12 August 2024	Notification regarding unquoted securities - DTZ
6 August 2024	Cleansing Statement
6 August 2024	Notification regarding unquoted securities - DTZ
6 August 2024	Application for quotation of securities - DTZ
31 July 2024	Quarterly Activities/Appendix 4C Cash Flow Report
31 July 2024	Update - Proposed issue of securities - DTZ
30 July 2024	Proposed issue of securities - DTZ
30 July 2024	Dotz announces Private Placement offering
26 July 2024	Trading halt



25 July 2024	Investor Presentation at Webinar
15 July 2024	Notification of cessation of securities - DTZ
2 July 2024	Dotz completes scale-up & appoints Head of Engineering
31 May 2024	Results of Meeting
28 May 2024	Correction to Cleansing Statement
27 May 2024	Cleansing Statement
27 May 2024	Application for quotation of securities - DTZ
30 April 2024	Notice of Annual General Meeting/Proxy Form
30 April 2024	Quarterly Activities/Appendix 4C Cash Flow Report
19 April 2024	Change of Auditor
8 April 2024	Date of AGM and Director Nominations
25 March 2024	Investor Presentation
25 March 2024	Initial Director's Interest Notice - S Malka
19 March 2024	Dotz receives additional \$3m under funding agreement
19 March 2024	Cleansing Notice - Convertible Notes
19 March 2024	Notification regarding unquoted securities - DTZ
19 March 2024	Notification regarding unquoted securities - DTZ
19 March 2024	Cleansing Notice
19 March 2024	Application for quotation of securities - DTZ
14 March 2024	Application for quotation of securities - DTZ
14 March 2024	Cleansing Statement
12 March 2024	Results of Meeting
7 March 2024	Dotz achieves technology milestone for CO2 Capture
7 March 2024	Initial Director's Interest Notice – G Kelly
29 February 2024	FY23 Results Announcement



6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Subsequent Tranche 1 Convertible Notes.

-ENDS-

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

For further information, please contact:

Investor Enquiries:

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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 centred 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.



Schedule 1 – Terms and Conditions of Subsequent Tranche 1 Convertible Notes

Number of Convertible Notes	1,650,000 Subsequent Tranche 1 Convertible Notes
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> $\text{Number of Shares} = \text{RA} / \text{Conversion Price}$ <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	The Company has no right to require the Noteholder to convert any Convertible Notes at any time.
Conversion Price	<p>In respect of the Subsequent Tranche 1 Convertible Notes, the conversion price will be the higher of:</p> <ul style="list-style-type: none"> (a) the lesser of:



	<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) \$0.04.</p> <p>In respect of the First Tranche Convertible Notes, 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 (as that term is defined in the Convertible Securities Agreement), 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 after the First Closing, the lesser of: 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> <p>(c) \$0.09³.</p>
Security Interest	The Convertible Notes are secured against all of the Company's present and after-acquired assets in favour of Mercer.
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>

³ See footnote above amend concerning the proposed variation of the minimum conversion price of the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes from \$0.09 to \$0.04.



	<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>
Redemption	<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>In this Cleansing Notice:</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.