

DOTZ NANO PRELIMINARY FINANCIAL RESULTS

Dotz Nano Limited (“Dotz Nano” or the “Company”), a nano-technology company focusing on the development, manufacture and commercialization of graphene quantum dots (GQDs), is pleased to report its Preliminary Final Results for the financial year ended 31 December 2016.

The Company reported a net loss after tax of USD\$8,089,937 for the period, this includes a one of non-cash listing fee of USD\$1,878,601 and non-cash share based payments (refer to the attached Preliminary Final Report for further information). Dotz Nano Limited listed on the ASX on 15 November 2016 through a reverse takeover by Northern Iron Limited.

Graphene quantum dots are nano-particles that allow products to achieve far greater performance levels than currently possible, with increased brightness in TVs and screens, and longer lasting energy efficiency. The Company’s technology allows it to extract GQDs from coal producing large quantities of non-toxic, inexpensive graphene quantum dots and at ten times the production yield.

Highlights during the Year include:

- Listed on the Australian Securities Exchange (“ASX”) after successfully raising the maximum amount of A\$6 million under its public offer.
- Dotz Nano and its US based manufacturing partner Pflaumer Brothers Inc. were awarded a conditional A\$1.2 million grant by the Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation. The grant is to fund the Quality Assurance Lab and Production facilities for the manufacturing of Dotz’s GQDs in the US.
- Dotz Nano signed a Memorandum of Understanding with Nanyang Technological University, Singapore (NTU Singapore) for the establishment of S\$20 million Graphene Quantum Dots Application Research Center. This is the first centre of its kind and Dotz will have exclusive licensing rights to commercialise developed applications.
- The Company also made progress on the distribution agreement front, signing a Memorandum of Understanding (MoU) with Mainami Holdings in Japan, becoming Dotz’s distributor of GQDs in the country and in other Pan-Asian territories.
- Progress was made from an R&D front. Dotz developed new cost-efficient GQDs with a significant rise in Quantum Yield (QY) (>65%). This development is applicable to the high-end users of GQDs such as displays, TVs, solar cells and biomedical imaging, a market previously not available to Dotz Nano.
- The expansion of Dotz Nano’s production capability from 50kgs to 100kgs per annum, was also a significant goal achieved in the Company’s commercialisation strategy.

The Company remains in a strong cash position following its listing with cash of USD\$2,843,980 as at 31 December 2016.

Dotz Nano made notable progress post period end:

- The Company dispatched its first shipment of graphene quantum dots to Strem Chemicals Inc. and received first sales from the distributor.
- The MoU with Mainami Holdings was converted into an exclusive distribution agreement to distribute Dotz Nano's product in Japan, as well as marketing the material in the Pan-Asian region on a non-exclusive basis.
- Completed a Proof of Concept research study with Kyung Hee University for the use of Dotz's GQDs in Flash Memory. The Company is in advanced negotiations for a comprehensive research agreement with the University and optional exclusive Licensing Rights for the development and commercialisation of GQD Flash Memory devices.
- Dotz Nano dispatched its first commercial shipment of GQDs to China to Changchun Ocean Electro-optics Co., Ltd. who will market the GQDs to the Chinese market. To the Company's knowledge this is the first commercial shipment of graphene quantum dots ever made into the Chinese market.
- Dotz Nano shipped its first commercial quantities of GQDs to South Korea to Samchun Pure Chemical Co., Ltd. a main distributor to first tier display producers.

Commenting on the results, Dotz Nano's CEO Dr. Moti Gross, stated:

"It has been a very exciting time for Dotz with our ASX listing and capital raising, and our commercial activity since then."

"We reached first sales which is a major milestone for the company. The market is very interested in our graphene quantum dots and we will continue our activities to capitalise on the interest received so far."

"We remain well funded to continue our commercialisation efforts and we look forward to updating the market as we achieve our milestones."

About Dotz Nano

Dotz Nano Limited (ASX: DTZ) is a nano-technology company focusing on the development, manufacture and commercialization of GQDs. Its vision is to be the premier producer of GQDs by producing and supplying high quality GQDs for use in various applications including medical imaging, sensing, consumer electronics, energy storage, solar cells and computer storage.

To learn more about Dotz Nano please view the website and our corporate video via the following link: www.dotznano.com



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Appendix 4E

Preliminary final report

1. Details of reporting period

Name of entity	DOTZ NANO LIMITED
ABN	71 125 264 575
Reporting Year	Year ended 31 DECEMBER 2016
Previous Corresponding Year	Year ended 31 DECEMBER 2015

2. Results for announcement to the market

Key information	12 months ended 31 December 2016* US \$	12 months ended 31 December 2015** US \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	-	-	-	-
Profit/(Loss) from ordinary activities after tax attributable to members	(8,089,937)	(1,047,460)	644%	(7,042,477)
Net Profit/ (Loss) for the period attributable to members	(8,089,937)	(1,047,460)	644%	(7,042,477)
Net tangible asset/(deficiency) \$ per share	0.027	(14.15)	-	-

* During the year the Company was subject to a deed of company arrangement. The Company was successfully recapitalised in October 2016 and completed a re-compliance transaction in November 2016, pursuant to which the Company changed the nature of its activities from resource exploration to technology (see 13. Commentary on Results for period and explanatory information). Due to the Company's new classification as a technology company this is the first Appendix 4E the Company is required to release.

** Comparisons to the previous corresponding period are comparisons to the historical financial information extracted from the financial report of Dotz Nano Ltd for the year ended 31 December 2015.

3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached preliminary final report.

4. Consolidated statement of financial position

Refer to attached preliminary final report.

5. Consolidated statement of cash flows

Refer to attached preliminary final report.

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6. Consolidated statement of changes in equity

Refer to attached preliminary final report.

7. Dividends/Distributions

No dividends declared in current or prior year.

8. Details of dividend reinvestment plans

N/A

9. Details of entities over which control has been gained or lost during the period

On 31 October 2016 the Company acquired 100% share capital of Dotz Nano Ltd, the acquisition was deemed to be a reverse acquisition. Refer to the attached preliminary final report for additional information.

10. Details of associate and joint venture entities

N/A

11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer to 13. Commentary for results for period and Explanatory information and additional Notes following the preliminary report.

12. Foreign entities

Dotz Nano Limited

Controlled entity	Country of Incorporation	Percentage Owned	
		2016	2015
Dotz Nano Ltd	Israel	100%	-
Graphene Materials Ltd	Israel	100%	-

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13. Commentary on results for period and explanatory information

Financial Review

Dotz Nano Limited had a loss for the year of \$8,089,937 (2015: \$1,047,460 loss). The loss included a one off non-cash listing fee of US\$1,878,601 and non-cash share based payments of US\$3,596,204.

The net assets of the Group have increased from \$1,209,992 from 31 December 2015 to \$4,223,358 at 31 December 2016.

As at 31 December 2016, the Group's cash and cash equivalents increased from a balance at 31 December 2015 of \$537,972 to a balance of \$2,843,980 and had working capital of \$2,703,061 (2015: \$282,987).

Recapitalisation and Reverse Acquisition

Reverse Acquisition

On 31 October 2016, Dotz Nano Limited (ASX:DTZ) (formerly Northern Iron Limited) completed the acquisition of Dotz Nano Ltd (Dotz), a company registered in Israel aimed at developing and commercialising technology in the Graphene Quantum Dotz (GQD) market. The acquisition of Dotz has been accounted as a reverse takeover transaction under the Australian Accounting Standards. The terms of the transaction are as follows:

- The issue of 66,000,000 Ordinary Shares and 66,000,000 Performance Shares in DTZ to the shareholders of Dotz in exchange for 100% of the issued Capital of Dotz;
- The issue of 1,750,000 Lead Manager Shares, 4,500,000 Lead Manager Options and 1,000,000 Transaction Options to parties that have assisted with facilitating the transaction and completing the capital raising;
- The issue of 30,000,000 Ordinary Shares through a public offer at AUD\$0.20 to raise AUD\$6,000,000 (which resulted in raising of US\$4,587,600); and
- The deemed consideration for the acquisition was US\$1,860,273 and a non-cash listing fee expense of US\$1,878,601 was recognised in the profit and loss for the financial year ended 31 December 2016 in accordance with the Australian Accounting Standards.

As part of the transaction and prior to completion of the transaction the following significant changes occurred:

- The Company changed its name from Northern Iron Limited to Dotz Nano Limited;
- The DTZ shares were consolidated on a ten (10) shares to one (1) shares basis;
- The NFE Convertible Loan Agreement converted with the issue of 5,000,000 DTZ shares at AUD\$0.20 per share;
- The Dotz Convertible Loan converted with the issue of 1,750,000 shares in DTZ at AUD\$0.20 per share; and
- On settlement date being 31 October 2016 the existing directors of DTZ (Michael Davey, Kyla Garic and Robert Jewson) resigned and the following directors were appointed; Faldi Ismail, Moti Gross, Menashe Baruch, Steven Bajic and Ashley Krongold.

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14. Audit

This report is based on financial statements which are in the process of being audited.


Non-Executive Chairman
Faldi Ismail

28 February 2017

DOTZ NANO LIMITED
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**PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 US\$	2015 US\$
Revenue		-	-
Other income		71,828	
Administrative expenses		(120,672)	(30,310)
Consulting and Management fees		(612,586)	(166,488)
Depreciation		(38,532)	-
Directors Fees		(46,429)	-
Finance expenses		(288,161)	(87,825)
Insurance		(48,646)	-
Interest expense		(69,546)	-
Legal and professional fees		(155,867)	(48,412)
Listing fee expense	2(f)	(1,878,601)	-
Motor vehicle expense		(77,389)	(12,697)
Occupancy costs		(51,766)	(23,204)
Other expenses		(185,468)	-
Research and development		(222,434)	(228,343)
Share based compensation		(3,596,204)	(132,356)
SRA and patent expense		(375,200)	(273,976)
Transaction Costs		(126,950)	-
Travel and accommodation		(267,314)	(43,849)
Profit/(Loss) before income tax		(8,089,937)	(1,047,460)
Income tax expense		-	-
Profit/(Loss) for the year		(8,089,937)	(1,047,460)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		-	-
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(8,089,937)	(1,047,460)
Basic earnings/(loss) per share (cents per share)		(7.36)	(9.15)
Diluted earnings/(loss) per share (cents per share)		(7.36)	(9.15)

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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 US\$	2015 US\$
CURRENT ASSETS			
Cash and cash equivalents		2,843,980	537,972
Trade and other receivables		127,706	38,990
Other assets		63,913	-
TOTAL CURRENT ASSETS		3,035,599	576,962
NON-CURRENT ASSETS			
Trade and other receivables		48,961	25,664
Property, plant and equipment		144,230	23,937
Investments		23,237	89,600
Goodwill		831,684	831,684
Intangible assets	3	472,185	422,185
TOTAL NON-CURRENT ASSETS		1,520,297	1,393,070
TOTAL ASSETS		4,555,896	1,970,032
CURRENT LIABILITIES			
Trade and other payables		247,538	208,975
Deferred tax liability		85,000	85,000
TOTAL CURRENT LIABILITIES		332,538	293,975
NON-CURRENT LIABILITIES			
Borrowings		-	431,810
Derivatives		-	34,255
TOTAL CURRENT LIABILITIES		-	466,065
TOTAL LIABILITIES		332,538	760,040
NET ASSETS/ (LIABILITIES)		4,223,358	1,209,992
SHAREHOLDERS' EQUITY/ (DEFICIT)			
Issued capital	4	12,456,472	1,370,688
Reserves		937,873	920,354
Accumulated losses		(9,170,987)	(1,081,050)
SHAREHOLDERS' EQUITY/ (DEFICIT)		4,223,358	1,209,992

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PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Issued Capital	Option Reserve	Foreign Currency Reserve	Other Reserves	Accumulated Losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2015	41,000	-	-	-	(33,590)	7,410
Loss for the year	-	-	-	-	(1,047,460)	(1,047,460)
Other comprehensive income	-	-	-	-	-	-
<i>Total comprehensive loss for the year</i>	-	-	-	-	(1,047,460)	(1,047,460)
Transactions with owners, recognised directly in equity						
Conversion of convertible loan	41,000	-	-	-	-	41,000
Shares issued	1,288,688	-	-	-	-	1,288,688
Options issued	-	132,356	-	-	-	132,356
Reserve on acquisition of Graphene Materials Ltd	-	-	-	787,998	-	787,998
Balance at 31 December 2015	1,370,688	132,356	-	787,998	(1,081,050)	1,209,992
Balance at 1 January 2016	1,370,688	132,356	-	787,998	(1,081,050)	1,209,992
Profit for the year	-	-	-	-	(8,089,937)	(8,089,937)
Other comprehensive income	-	-	-	-	-	-
<i>Total comprehensive loss for the year</i>	-	-	-	-	(8,089,937)	(8,089,937)
Transactions with owners, recognised directly in equity						
Issue of Dotz shares before transaction	4,219,617	-	-	-	-	4,219,617
Options converted	132,356	(132,356)	-	-	-	-
Issue of shares under the public offer	4,855,210	-	-	-	-	4,855,210
Acquisition of Dotz Nano Ltd	1,878,601	-	-	-	-	1,878,601
Issue of lead manager options	-	335,293	-	-	-	335,293
Issue of transaction options	-	83,440	-	-	-	83,440
Foreign currency translation	-	-	(268,858)	-	-	(268,857)
Balance at 31 December 2016	12,456,472	418,733	(268,858)	787,998	(9,170,987)	4,223,358

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**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
 2016**

	Note	2016 US\$	2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,547,838)	(887,000)
Payments for transaction costs		(136,792)	-
Interest received		1,137	-
Net cash used in operating activities		(2,683,493)	(887,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(158,820)	(3,120)
Cash acquired on reverse takeover transaction	2 e	4,763,144 ¹	-
Acquisition of subsidiary net of cash		-	(215,585)
Sale/(Acquisition) of marketable securities		118,508	(105,800)
Restricted deposits		(22,977)	(25,664)
Net cash used in investing activities		4,699,855	(350,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds for the issue of shares		256,469	1,329,321
Proceeds from borrowings or convertible note		327,713	209,679
Payment to lenders		(74,546)	-
Net cash from financing activities		509,636	1,539,000
Net increase/ (decrease) in cash and cash equivalents		2,525,998	301,831
Cash and cash equivalents at the beginning of the financial year		537,972	236,141
Foreign exchange		(219,990)	-
Cash and cash equivalents at the end of the financial year		2,843,980	537,972

¹ The cash acquired of USD\$4,763,144 includes the capital raised of AUD\$6,000,000 under the Public Offer less any associated capital raising costs which occurred prior to the acquisition date.

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**PRELIMINARY CONSOLIDATED NOTES
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has 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. The financial statements have been prepared on an accruals basis and are based on historical costs.

a) Reverse Acquisition

On 31 October 2016 Dotz Nano Limited (formerly Northern Iron Limited) completed the acquisition of the Dotz Nano Ltd, an Israeli based technology company focusing on the development, manufacture and commercialisation of graphene quantum dots. Under the Australian Accounting Standards Dotz Nano Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Dotz Nano Ltd acquires the net assets and listing status of Dotz Nano Limited.

Accordingly the consolidated financial statements of Dotz Nano Limited have been prepared as a continuation of the business and operations of Dotz Nano Ltd. As the deemed acquirer, Dotz Nano Ltd has accounted for the acquisition of Dotz Nano Limited from 1 November 2016. The comparative information for the year ended 31 December 2015 is that of Dotz Nano Ltd. Refer to note 2 for further details.

The implications of the acquisition by Dotz Nano Ltd on the financial statements are as follows:

- i) Statement of Profit or Loss and Other Comprehensive Income
 - The statement of profit and loss and other comprehensive income comprises the total comprehensive income for the 12 months ended 31 December 2016 for Dotz Nano Ltd and the period from 1 November 2016 to 31 December 2016 for Dotz Nano Limited.
 - The statement of profit and loss and other comprehensive income for the year ended 31 December 2015 comprises of Dotz Nano Ltd balances only.
- ii) Statement of Financial Position
 - The statement of financial position as at 31 December 2016 represents the combination of Dotz Nano Ltd and Dotz Nano Limited.
 - The statement of financial position comparative represents Dotz Nano Ltd only as at 31 December 2015.
- iii) Statement of Changes in Equity
 - The Statement of Changes in Equity comprises:
 - The equity balance of Dotz Nano Ltd as at the beginning of the financial year (1 January 2016).
 - The total comprehensive income for the financial year and transactions with equity holders, being 12 months from Dotz Nano Ltd for the year ended 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Dotz Nano Limited.

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**PRELIMINARY CONSOLIDATED NOTES
FOR THE YEAR ENDED 31 DECEMBER 2016**

a) Reverse Acquisition

- The equity balance of the combined Dotz Nano Ltd and Dotz Nano Limited for the year ended 31 December 2016.
- The Statement of Changes in Equity comparatives comprise the full financial year for Dotz Nano Ltd for the 12 months ended 31 December 2015.

iv) Statement of Cash Flows

- The Statement of Cash Flows comprises:
 - The cash balance of Dotz Nano Ltd at the beginning of the financial year (1 January 2016).
 - The transactions for the financial year for the 12 months for Dotz Nano Ltd, ending 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Dotz Nano Limited.
 - The cash balance of the combined Dotz Nano Ltd and Dotz Nano Limited for the year ended 31 December 2016.
- The Statement of Cash Flows comparative comprises the full financial year of Dotz Nano Ltd for the year ended 31 December 2015.

v) Equity Structure

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of Dotz Nano Limited and Dotz Nano Ltd. The comparative reflects the equity structure of Dotz Nano Ltd.

vi) Earnings Per Share

The weighted average number of shares outstanding for the year ended 31 December 2016 is based on the weighted average number of shares of Dotz Nano Limited outstanding in the period following the acquisition. The comparative weighted average number of shares is based on the legal subsidiary's (Dotz Nano Ltd) weighted average share multiplied by the exchange ratio.

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**PRELIMINARY CONSOLIDATED NOTES
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 2: REVERSE ACQUISITION

On 31 October 2016, Dotz Nano Limited (formerly Northern Iron Limited) completed the legal acquisition of Dotz Nano Ltd ("Dotz Israel").

Under the Australian Accounting Standards Dotz Israel was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Dotz Israel acquires the net assets and listing status of Dotz Nano Limited.

a) Deemed Consideration

The purchase consideration was the issue of 66,000,000 Ordinary Shares in Dotz Nano Limited (legal parent) to the shareholders of Dotz Israel deemed to have a value of \$1,860,273. AASB 3 Business Combinations was not applicable in this transaction as Dotz Nano Limited did not meet the definition of a business under AASB 3.

Dotz Nano Limited also issued 66,000,000 Performance Shares to the shareholders of Dotz Israel that convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date. No value has been allocated to the Performance Shares due to significant uncertainty of meeting the performance milestones, which are based on future events.

	Note	US\$
b) Deemed Dotz Nano Limited Share Capital		
Historical issued capital balance at acquisition date		322,882,459
Elimination of Dotz Nano Limited issued capital		(322,882,459)
Deemed consideration of acquisition		1,860,273
Total Dotz Nano Limited share capital on completion		1,860,273
c) Dotz Nano Limited Reserves		
Historical reserves balance at acquisition date		529,087
Elimination of Dotz Nano Limited reserves		(529,087)
Total Dotz Nano Limited reserves on completion		-
d) Dotz Nano Limited Accumulated Losses Pre-Completion		
Dotz Nano Limited accumulated losses at acquisition date		(323,446,891)
Elimination of Dotz Nano Limited accumulated losses		323,446,891
Total Dotz Nano Limited accumulated losses on completion		-
e) Assets and Liabilities Acquired		
Cash and cash equivalents		4,763,144
Other receivables		48,080
Loan from Dotz Nano Ltd		266,092
Prepayments		25,741
Trade and other payables		(559,833)
Other liabilities		(4,561,552)
Net assets/ (liabilities) of Dotz Nano Limited at acquisition date	2(f)	(18,328)

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**PRELIMINARY CONSOLIDATED NOTES
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 2: REVERSE ACQUISITION

	Note	US\$
f) Listing Expense		
Deemed consideration		1,860,273
Net assets/ (liabilities) of Dotz Nano Limited	2 (e)	<u>(18,328)</u>
Total Dotz Nano Limited listing expense		<u>1,878,601</u>

NOTE 3: INTANGIBLE ASSETS

	2016	2015
	US\$	US\$
Balance at the beginning of the year	422,185	70,000
Acquisition of License Agreement with William Marsh Rice University	50,000	25,000
Acquired through the acquisition of Graphene Materials Ltd	-	327,185
Balance at the end of the year	<u>472,185</u>	<u>422,185</u>

Intangible assets include the following:

- In December 2014, the Company signed an exclusive technology transfer license agreement (“the License Agreement”) with William Marsh Rice University located in Houston Texas. The License Agreement grants the Company an exclusive license, sub-license, assignable, worldwide license to make, develop, use, import, commercialise offer for sale, sell, produce, lease, distribute or otherwise transfer Rice patents covered by the agreement, specifically Rice technology “Coal as an abundant source of GQD’s” and “Bandgap Engineering of Carbon Quantum Dotz”. The License initial basic fee was \$85,000. In addition, the Company is required to pay Rice University royalties as follows:
 - Royalties of 4% of adjusted gross sales attributable to the Company;
 - Royalties of 4% of adjusted gross sales attributable to the Company’s sublicense;
 - The company will also pay Rice University 25% of any cash and non-cash consideration received for sublicense initiation fee, annual fee, sub-license milestone payments, or other such non-sale based royalty payable by a sub-licensee;
 - The Company is required to pay Rice University the following annual minimum royalties²: \$10,000 on 1 January 2016, \$50,000 on 1 January 2017, \$100,000 on 1 January 2018, \$100,000 on 1 January 2019, \$450,000 on 1 January 2020 and \$1,000,000 from the 1 January 2021 and each year thereafter; and
 - The Company may terminate the License Agreement at any time by giving written notice to Rice University. In addition, the Company is obliged to reach certain milestones with regards to research and development. Commercial and production activities. Rice University has the option to terminate the agreement upon the Company failure in reaching these milestones.
- On 20 May 2015, the Company acquired 100% of Graphene Materials Ltd from the controlling shareholder. Graphene Materials Ltd has a license agreement with B.G Negev Technologies and Applications Ltd, a company owned by Ben-Gurion University located in Israel. This License Agreement is for exclusive, sub-licensed, worldwide royalty bearing license to develop, exploit, utilise and commercialise the Licensed BGN IP and the Licensed Products. On acquisition of Graphene Materials Ltd an amount totaling to \$327,000 was allocated to technology.

The Group has assessed the intangible assets for impairment as at 31 December 2016. The recoverable amount of the intangible asset was determined considering the fair value less cost to sell.

² The annual minimums are creditable towards Royalties due in the forthcoming year.

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**PRELIMINARY CONSOLIDATED NOTES
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 4: ISSUED CAPITAL	2016	2015
	US\$	US\$
(a) Share Capital		
109,984,802 (31 December 2015: 3,101) fully paid ordinary shares	4 b	12,456,472 1,370,688
	No.	US\$
(b) Movements in fully paid Ordinary Capital		
Opening balance at 1 January 2015	2,490	41,000
Convertible note converted on 30 April 2016	108	312,480
Issue of shares on 30 April 2016	205	592,520
Issue of shares on 28 June 2016	294	412,185
Issue of shares on 29 October 2016	4	12,503
Closing balance at 31 December 2015	3,101	1,370,688
Opening balance at 1 January 2016	3,101	1,370,688
Options converted to shares	123	132,356
Issue under placement on 26 June 2016	120	224,822
Conversion of options on 6 July 2016	355	700,558
Issue under placement on 31 July 2016	149	316,545
Conversion of convertible note on 31 October 2016	334	768,281
Options converted at 31 October 2016	991	1,493,265
Options converted at 31 October 2016	277	716,146
Elimination of Dotz (Israel) shares on acquisition of Dotz Nano Ltd	(5,450)	-
Deemed consideration of acquisition of Dotz Nano Limited	-	1,878,601
Existing shares in Dotz Nano Ltd	12,234,802	-
Consideration shares	66,000,000	-
Shares issued under public offer	30,000,000	4,587,600
Shares issued to lead manager under public offer	1,750,000	267,610
Closing balance at 31 December 2016	4 a	109,984,802 12,456,472

Performance Shares

In addition to the number of shares disclosed above, there are also 66,000,000 performance shares which have been issued as part of the consideration on the reverse takeover transaction. The performance shares will convert to ordinary shares on 1:1 basis subject to the performance milestones being met prior to expiry date.

Class	Expiry	Milestone
Tranche 1 Performance Shares	30/04/2018	Upon Dotz achieving the production and distribution of an aggregate of 20 kilograms of GQ through formal off-take agreements or commercial samples with a reputable third party within an 18 month period from the date of issue of the Performance Shares.
Tranche 2 Performance Shares		Upon Dotz achieving the production and distribution of an aggregate of 50 kilograms of GQ through formal off-take agreements or commercial samples with a reputable third party within a 12-month period from the date of issue of the Performance Shares.
Tranche 2 Performance Shares	31/10/2020	Upon Dotz achieving the production and distribution of an aggregate of 100 kilograms of GQ through formal off-take agreements or commercial samples with a reputable third party within a 12-month period from the date of issue of the Performance Shares.