



ASX and MEDIA RELEASE

31 January 2019

DECEMBER 2018 QUARTERLY REPORT

The CEO of **Dotz Nano Limited (ASX: DTZ)** (“Dotz” or “The Company”), an advanced technology company developing, manufacturing and commercialising marking, tracing and verification solutions, is pleased to provide a business update for the quarter ending 31 December 2018 (Q4 2018), along with the attached Appendix 4C.

Dear Shareholders,

During the December 2018 quarter, Dotz continued to advance its commercialisation plans with negotiations with end-customer prospects in the oil and gas, anti-counterfeiting and product liability markets. This led to Dotz receiving two purchase orders in January.

The first was for US\$100,000 of ValiDotz security markers and InSpec detectors from a Swiss-based company providing secured-plastic-packaging solutions for governing organisations. Dotz’s solution was selected from numerous anti-counterfeiting options and followed extensive migration testing of our anti-counterfeiting markers, which demonstrated ValiDotz’s accuracy and stability.

The second was for A\$300,000 of ValiDotz from an international lubricant manufacturer, to be realized during 2019 and 2020. Dotz’s security markers will be inserted directly into the customer’s lubricants, used in high-value and precision applications, as a product liability and anti-counterfeiting measure.

These purchase orders represent a significant milestone for the company, validating our new go-to-market strategy of targeting end-customers rather than distributors. It also increases commercial opportunities for Dotz within the vast plastic-polymer brand-protection market, alongside the massive lubricant sector.

Ongoing negotiations with potential customers in the oil and gas industry are advancing, and we expect these will mature and convert to business agreements in the near future.

On the technical front, our R&D team continues to test our new line of detectors with several end-customer prospects in the sectors mentioned above. We are excited as this final testing progresses, as our comprehensive end-to-end solution, enabling customers to verify and authenticate products on site and in real-time, is key to obtaining purchase orders.

While our end-to-end technology solution has been compelling to business prospects over the last few months, it has been necessary for us to demonstrate the effectiveness of our products in multiple industries, applications and markets. This involves additional field trials and migration testing. However, through this testing we have also confirmed that the ability for Dotz to customise our offering to suit individual customer needs provides us with a valuable point of difference.

As mentioned in the last quarterly report, with our strategic focus on the bulk liquid and lubricants sector, Dotz exhibited at the Union of the European Lubricants Industry’s (UEIL) Annual Congress in Budapest in late October. Attended by approximately 250 delegates, the UEIL event gave Dotz



access to key players in the European and global lubricants industry. We continue to follow-up leads from this event.

On the financial front, I met with existing and potential investors during an Australian investor roadshow in December. These meetings enabled Dotz to secure A\$800,000 funding in early January via the issue of converting loans to founding shareholders and a sophisticated Asian-based investor. The loans convert to equity upon shareholder approval at A\$0.08 per share plus 1:4 unlisted options exercisable at A\$0.12 per share. Funds raised will be used as working capital to facilitate purchase orders in target markets.

Under my leadership, Dotz has continued its strategic cost-reduction activities. Over the past six months, we have reduced costs by 30 percent, including management cost, to better utilise resources as we near full commercialisation.

I would like to thank you, the shareholders, for your patience and continued support. I am confident we now have the right go-to-market strategy and are well-placed to generate substantial commercial agreements in 2019.

Sincerely,

Uzi Breier
CEO & Executive Director
Dotz Nano Limited.

Further information:

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About Dotz Nano Limited

Dotz Nano Limited (ASX: DTZ) is a technology leader in research, production and marketing of anti-counterfeiting, authentication and tracing solutions. Dotz has strong, established distributors in North America, Europe, Japan and Australia as well as scientific collaborations and partnerships with leading academic institutes.

Its unique products ValiDotz, BioDotz, Fluorensic and InSpec are exceptional solutions for numerous applications, such as: anti-counterfeiting, brand & reputation protection, oil & gas industry, liquids tagging, lubricants and DEF authentication, polymers tagging and bio-imaging.

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

DOTZ NANO LIMITED

ABN

71 125 264 575

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	3
1.2 Payments for		
(a) research and development	(272)	(1,210)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(147)	(801)
(d) leased assets	(41)	(180)
(e) staff costs and board remuneration	(314)	(1,513)
(f) administration and corporate costs	(156)	(985)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(2)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (Bird grant)	239	239
1.8 Other - input VAT	50	255
1.9 Net cash from / (used in) operating activities	(642)	(4,202)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(124)
(b) businesses (see item 10)	-	-
(c) investments	-	(11)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
(d) intellectual property	-	-
(e) other non-current assets	-	(12)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	58
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(18)	(89)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,247
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(142)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(32)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (proceeds from unissued shares)	-	-
3.10 Net cash from / (used in) financing activities	-	2,073

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,190	2,838
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(642)	(4,201)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(18)	(89)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,073

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(21)	(112)
4.6	Cash and cash equivalents at end of quarter	509	509

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	509	1,190
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	509	1,190

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

(135)

-

The amounts included at 6.1 relate to payments for the CEO remuneration and payments for directors fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$US'000**

(44)

-

The amounts include at 7.1 relate to payments to the former CEO/ Executive Director Moti Gross.

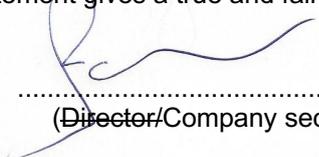
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
None		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(219)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(139)
9.4 Leased assets	(30)
9.5 Staff costs and board remuneration	(186)
9.6 Administration and corporate costs	(149)
9.7 Other	-
9.8 Total estimated cash outflows	(723)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: ...31 January 2019.....

Print name: ...Ian Pamensky.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.