

CEO Letter to Shareholders

Dear Fellow Shareholders

With the publication of our Annual Report and Quarterly Financials, I thought it would be important to share my views on Dotz Nano's current position and the path forward.



***Dotz Nano CEO
Dr. Moti Gross***

It is with a sense of gratitude and pride to look back and see how Dotz Nano has grown into the world's premier and sole commercial supplier of Graphene Quantum Dots (GQDs).

It was only six months ago that we listed on the ASX, and what is so pleasing is that we're moving forward on many fronts that we didn't think would happen until late 2019. I know some of our shareholders are worried about the recent drop in Dotz Nano's share price, but let me assure all our shareholders that nothing has changed in our fundamentals and the strategy set by our Executive and Board. As I mentioned on the webinar in the beginning of April, Dotz Nano's foundations and fundamentals are excellent and are improving every day. We remain firmly on track with our commercialisation plans.

We've done much since re-listing, but let me share just a little of what we've done that in my opinion, is game changing:

- Our Research Team broke through an extremely important technical barrier, raising our Quantum Yield to over 65%. In plain terms, this means we have achieved a significant increase in the fluorescent intensity of our GQDs which is an essential requirement for high-end applications such as high definition TVs and medical imaging. This means we can effectively compete not only with metallic QDs in the display market, but also now effectively compete with many other materials in a variety of markets. This is a very unique selling point that is allowing us to penetrate a significant number of global industries.
- In continuation of the above point, we are effectively targeting a variety of applications including optical brighteners (in detergent, shampoo and pigment/dye markets), anti-counterfeiting applications (fuels, foodstuffs, pharmaceuticals, inks, plastics), and the display and screen market, with samples and testing/evaluating programs with a number of first-tier companies in each of these markets. One point I want to emphasise is that major companies will not transfer to using GQDs unless they are 100% sure that it is efficient, there is enough production capacity and it is cost effective. For each of the companies we are dealing with now and in the future, it will take some time to satisfy their varying requirements. We remain confident that significant commercial contracts will eventuate in the near term and in my opinion it's not a question of "if", but a question of "when".

- To handle the required production capacity, we now have capacity to produce 100 kilos per annum in Israel (for specialised product and commercial samples) and approximately 1,500 kilos per annum in our new facility in New Jersey, USA with expansion continuing until we reach 30,000 kilos production capacity per annum. This should be reached by the last quarter of 2017.
- Whilst we work with large companies towards achieving bulk sales, in order to increase revenue now, we've launched a campaign to target the Research Market, which is a low volume, high cost market. We've also signed several agreements with chemical distributors who have easy access to the research market and can facilitate sales, shipping and handling to this market. We've achieved first sales through our distributors and sales are continuing at a pleasing rate. So far, we've shipped material to the USA, China, South Korea, Germany, Japan, France, Singapore, Malaysia and India. These shipments are aimed at assisting the Company with its revenue generation strategy.
- We've protected our technology with various patent applications and even expanded it to include additional Intellectual Property that is solely Dotz Nano owned and not shared with anyone. These new patents (if granted) will be instrumental in the use of GQDs in everyday applications and are a potential source of major revenue streams in the future.
- Although our focus is the large scale commercialisation of our GQD's, we continue to conduct research, via several venues, on a variety of applications. Right now, we have five different research applications/technologies of which we hold the option for exclusive commercialisation rights to them.

I'm sure you are all aware of the recent share price decline over the past week, which is disappointing to me as well. As a publicly listed company we cannot control the market trading of our shares and the price will often be influenced by global factors as well as the personal trading requirements of individual shareholders. Many of your fellow shareholders have asked me what has happened to justify the changes in the share price. In fact, there is probably no single explicit reason. I can only say that in my opinion several factors contributed to such a price drop. These are:

1. Current global events contributed to the share price drop (the recent North Korean nuclear missile testing, global macroeconomic factors etc.). Try as I might, I can't do anything about that.
2. Share trading requirements of certain individual shareholders. Each shareholder has their own private share trading requirements that are, regardless of what we think, out of our control and we certainly can't question any shareholder's decision to realise their investment.

3. Recent speculation in several internet forums on the possibility of a capital raise. Let me address this issue the same way I did on the webinar. Any entrepreneur knows that cash is the life blood of any company. Early stage companies are always likely to require capital during the commercialisation period. The questions our Executive team and Board of Directors must consider is when, how much and from who do we raise capital. Dotz Nano is in the fortunate position to be dealing with several major global companies evaluating our GQDs and part of those discussions includes broader considerations around funding our exciting future. The only form of capital raising we would consider at present is a private placement to a strategic investor with industry knowledge and experience in the GQD sector and/or the financial sector. Further, we would only consider such a move if the funds could be effectively utilised, most likely as complementary finance for non-dilutive grant funding. The funds we raised at the time of re-listing are being spent in accordance with our plans and budget and are delivering excellent commercial progress.
4. Certain rumors surrounding some Top 20 shareholders selling their stock. Some did, and it is not for us or anyone else to fault them as it's their money and their investment. Perhaps they needed the funds for other reasons. However, I can tell you for certain, that none of them sold all their holdings. In fact, some of these Top 20 shareholders who it seemed as though they had sold all their holdings had in fact not done so. This is evidenced from checking the Top 20 shareholders on the day of the listing and subsequently the Top 20 shareholders released in the annual report last week.

Fellow shareholders, nothing has changed! The same fundamentals last week are still current, and getting better with each passing week. Dotz Nano is the premier GQD company in the world today and will continue to be so. We are changing the market in so many ways with our disruptive world first applications.

I would encourage shareholders whom haven't done so, to view our recent webinar dated 4 April 2017 that clearly outlines and addresses shareholder's questions in relation to our future strategy and funding requirements. The webinar is available via the following link <http://www.dotznano.com/#media>.

To our Dotz shareholders who decided to sell their holdings, I thank you for your investment in our company. And to our Dotz shareholders who have decided to hold on to their shares considering the recent disappointing share price, I thank you for your support. We will continue to strive to make Dotz Nano's market cap one that far surpasses all your expectations.

Dotz Nano – the next BIG small thing.

incerely, and with all my respect,

Moti Gross, PhD, LLB
CEO
Dotz Nano Ltd.



About Dotz Nano

Dotz Nano Limited (ASX: DTZ) is a technology company focusing on the development, manufacture and 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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