ASX ANNOUNCEMENT 31 October 2017

DOTZ NANO QUARTERLY ACTIVITIES REPORT

- **Dotz Nano enters Polymers and Surface Modifications market via signing a MOU with Colorplastics SA.**
- **Dotz Nano enters Petroleum and Fuel anti-counterfeit Market with new patent pending fuel taggants application with GQDs**
- **Dotz Nano enters Lithium Ion Battery Market with Ulvac Technologies Inc to produce coated/embedded cathodes.**
- **Dotz Nano's Graphene Quantum Dots approved for sale on Sigma Aldrich's website**
- **A$1,500,000 million capital raising undertaken to access up to a further A$2 million in non-dilutive grant funding**
- **Dotz Nano remains on track for second half of 2017 goals: transitioning companies from testing and validation to purchasing GQDs.**

Dotz Nano Limited ("Dotz Nano" or the "Company"), a nano-technology company focusing on the development, manufacture, and commercialisation of graphene quantum dots (GQDs), is pleased to provide an update on its activities for the three-month period ended 30 September 2017.

In the third quarter, Dotz made progress on various fronts including expanding into three new markets; Surface Modifications & Polymers, Anti-counterfeiting/Brand Protection including Petroleum & Fuel market and Lithium Ion batteries as well as successfully displaying Dotz Nano's GQDs for sale on the Sigma Aldrich website. In the anti-counterfeiting market, Dotz has successfully presented GQDs to over 25 different anti-counterfeiting companies, for a variety of different products. Several of these companies have already implemented GQDs in pilot production in their end products for testing and evaluation of GQDs.

Post the period end, the Company's cash position is US$1.1m (~A$1.5m). The Company also remains on track to take advantage of cost sharing grant funding to access up to ~$2 million in grants over the next 12-18 months.

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

"In the last quarter we have successfully entered into three new markets as well as receiving approval from Sigma Aldrich, the world's largest chemical distributor, for the Sale of GQDs on their website".

"Another important step in the commercialization of our GQDs is the number of pilot studies started during the last quarter and planned for the last quarter of 2017. It is important to understand that these pilot studies, by companies in the plastics, polymers, inks, anti-counterfeiting, and other applications, are a very important phase in the sales process of GQDs. Implementing GQDs into their company's products, is not something to be taken lightly. It is performed in close collaboration with our technical staff, to ensure a smooth transition and use of our GQDs in their production process. Once completed, the pathway is open for commercial contracts to commence".

"I look forward to keeping the market informed on our progress".

Activities occurred during the quarter included:

I. Dotz Nano and Colorplastic of Switzerland sign non-binding memorandum of understanding (MoU) to implement GQDs into polymers and surface modificants. Colorplastic SA produces polymer compounds and plastics for a variety of OEMs including automobile and watch manufacturers (announced 13 September 2017). The GQDs would be used in automotive plastics and anticounterfeiting/brand protection applications. A successful pilot project has the potential to see our GQDs used in polymers and materials by OEMs through the efforts of Tier 1 companies such as Colorplastic.

II. Dotz Nano successfully developed a process for using GQDs to tag petroleum and fuel products (announced 11 September 2017). GQDs will be used as a taggant in fuel and petroleum anti-counterfeiting activities. Working closely with two international major anti-counterfeiting/brand protection companies, Dotz Nano devised the technology according to protocols received and has successfully withstood various testing procedures used in international bids for fuel taggants.

III. Dotz Nano has established a program to develop a GQD embedded cathode for use in the Lithium ion battery market which will substantially increase performance and increase battery metrics (announced 30 August 2017). The program is based on a research agreement and optional license agreement reached with Singapore's Nanyang Technological University (NTU). The program is aimed at improving cathode and thereby Li-ion battery metrics by increasing battery lifecycle (3x) and substantially decreasing re-charging time (~10 minutes).

IV. Sigma Aldrich, the world's largest chemical distributor, has purchased a quantity of Dotz's GQDs to market under their own logo to over 1 million life science customers globally, and to over 88 thousand online accounts (announced 14 August 2017). Sigma Aldrich will facilitate sales of Dotz's GQDs under the Sigma Aldrich logo to academic, industrial and government research and development laboratories as well as commercial businesses that generally use GQDs for research purposes.

V. The Company successfully raised $1,500,000 (before costs) via a placement of 12,500,000 shares to sophisticated investors (announced 26 July 2017). The Placement was conducted to take advantage of cost sharing grant funding to access up to ~$2 million in grants over the next 12-18 months. The initial grant was awarded by the US-Israel Binational Research and Development (BIRD) Foundation. Additional grant funding is directed from the Office of the Chief Scientist of Israel and from the Ministry of Economy.

VI. Dotz Nano defined to the market its H2 2017 Goals (announced 26 July 2017). Throughout the second half of 2017, Dotz Nano will work on transforming the testing and validation processes that have begun during the first half of the year, into collaboration/commercial agreements. During the past months, Dotz Nano has progressed with integrating its GQDs into a variety of environments including displays, polymers, optical brighteners and specific applications such as anti-counterfeiting, brand protection, inks, dyes and foodstuffs. These applications are linked to a multitude of first and second tier companies around the globe that are in various stages of testing and evaluation of Dotz Nano's GQDs into their end product.

Subsequent to the quarter, Dotz Nano announced that it has established its distribution and sales network in the USA. The network covers all 48 continental states and is divided between three main groups. D.N. Lukens, Case Technologies USA Ltd and Trans Western Chemicals Inc. This distribution and sales network will expose Dotz Nano and GQDs to hundreds of companies operating in applications such as anti-counterfeiting/brand protection, decorative pigments, colours, dyes, chemical compounds, etc.

Dotz Nano also successfully completed and passed an independent dermatological safety evaluation studies on its GQDs. The studies examined toxicity issues and analysed the potential effect of Dotz Nano’s blue GQDs on skin irritation and skin corrosion. The Safety Evaluation Studies were performed by Selvita Ltd, of Poland, regarded as one of the largest drug discovery companies in Europe. The studies were performed during September 2017.

Dotz Nano successfully developed and patented a new production process for the production of GQDs that have a very narrow Full Width at Half Maximum (FWHM). This is an important parameter in the use of GQDs in the display industry. The technology allows Dotz Nano to produce GQDs that are comparable with currently used cadmium quantum dots in the display sector.

About Dotz Nano

Dotz Nano Limited (ASX: DTZ) is a nano-technology company focusing on the development, manufacture and commercialisation 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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+Rule 4.7B

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	Quarter ended ("current quarter")
71 125 264 575	30 September 2017

Consolidated statement of cash flows			Current quarter $US'000	Year to date (9 months) $US'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	7
1.2	Payments for			
	(a)	research and development	(335)	(570)
	(b)	product manufacturing and operating costs	-	-
	(c)	advertising and marketing	(204)	(491)
	(d)	leased assets	(71)	(143)
	(e)	staff costs	(288)	(817)
	(f)	administration and corporate costs	(181)	(658)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	-
1.5	Interest and other costs of finance paid		1	2
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	80
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(1,078)**	**(2,590)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	property, plant and equipment	(38)	(173)
	(b)	businesses (see item 10)	-	-
	(c)	investments	-	(59)

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (9 months) $US'000**
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(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**	**(38)**	**(232)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	1,187	1,187
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	(71)	(71)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(31)	(31)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,085**	**1,085**

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	1,196	2,844
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,078)	(2,590)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(38)	(232)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,085	1,085

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (9 months) $US'000**
4.5	Effect of movement in exchange rates on cash held	11	69
4.6	**Cash and cash equivalents at end of quarter**	**1,176**	**1,176**

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	1,176	1,196
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)**	**1,176**	**1,196**

6.	**Payments to directors of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	(86)
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

A total amount of US$86,000 was paid for the remuneration of the CEO and directors.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $US'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	(71)
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

The amount included at 7.1 relates to capital raising fees paid to Otsana Capital an entity related to Mr Faldi Ismail, this amount has been included in 3.4.

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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	(192)
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(98)
9.4	Leased assets	(29)
9.5	Staff costs	(230)
9.6	Administration and corporate costs	(115)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(664)**

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: .... (Company secretary) Date: 31 October 2017

Print name: Peter Webse

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.