

21 March 2023

PROPOSED ISSUE OF EMPLOYEE OPTIONS

Dotz Nano Limited (the **Company**) (ASX: **DTZ**) advises that it is issuing options to an employee under the Company's Employee Share Option Plan (**ESOP**).

	Number	Exercise Price	Vesting Conditions	Expiry date
Tranche 1	2,000,000	A\$0.298	Vest 20 March 24	20 March 28
Tranche 2	2,000,000	A\$0.367	Vest 20 March 25	20 March 28
Tranche 3	2,000,000	A\$0.436	Vest 20 March 26	20 March 28
Tranche 4	2,000,000	A\$0.505	Vest 20 March 27	20 March 28
Tranche 5	1,375,000	A\$0.573	Vest 20 March 28	20 March 29
TOTAL	9,375,000			

Full terms of the options are shown at **Annexure A**.

An Appendix 3G (*Notification of issue, conversion or payment up of unquoted equity securities.*) reflecting the revised capital structure following the issue of the above securities will be released with this announcement.

This announcement has been authorised for release by the Company Secretary, Ian Pamensky.

Further information:

Company Secretary:

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

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

ANNEXURE A

Terms and conditions of Israeli Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise.

(b) **Plan and consideration**

The Options will be granted under the Incentive Option Plan for nil cash consideration. In the event of any inconsistency between the Incentive Option Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(c) **Number and Exercise Price**

- (i) 2,000,000 **Tranche 1:** unquoted options each with an exercise price per share that is A\$0.298 (30% over the 30 day (means a Trading Day on which the Company's Shares have actually traded on ASX). volume weighted average market price as defined in Chapter 19 of the Listing Rules ("VWAP") as at the Commencement Date) (**Tranche 1 Israeli Options**);
- (ii) 2,000,000 **Tranche 2:** unquoted options each with an exercise price that is A\$0.367 (60% over the 30 day VWAP as at the Commencement Date.) (**Tranche 2 Israeli Options**);
- (iii) 2,000,000 **Tranche 3:** unquoted options each with an exercise price that is A\$0.436 (90% over the 30 day VWAP as at the Commencement Date.) (**Tranche 3 Israeli Options**);
- (iv) 2,000,000 **Tranche 4:** unquoted options each with an exercise price that is A\$0.505 (120% over the 30 day VWAP as at the Commencement Date.) (**Tranche 4 Israeli Options**); and
- (v) 1,375,000 **Tranche 5:** unquoted options each with an exercise price that is A\$0.573 (150% over the 30 day VWAP as at the Commencement Date.) (**Tranche 5 Israeli Options**)

(each of the above exercise prices being an **Exercise Price**).

(d) **Expiry Dates**

Subject to the Incentive Option Plan and these terms and conditions, the Options will expire on the earlier to occur of the Options lapsing and being forfeited under the Incentive Option Plan or these terms and conditions and 5:00pm (AEST) on:

- (i) **Tranche 1 Israeli Options:** Expire 60 months from the Commencement Date;
- (ii) **Tranche 2 Israeli Options:** Expire 60 months from the Commencement Date;
- (iii) **Tranche 3 Israeli Options:** Expire 60 months from the Commencement Date;
- (iv) **Tranche 4 Israeli Options:** Expire 60 months from the Commencement Date; and
- (v) **Tranche 5 Israeli Options:** Expire 72 months from the Commencement Date,

(each of the above dates being an **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Vesting, Vesting Dates and voluntary escrow**

Subject to these terms and conditions:

- (i) the **Tranche 1 Israeli Options** will vest in 12 months from Commencement Date, are escrowed for a further 12 month period provided that the Option holder is an employee or consultant of the Company at all times during the period from the date of issue and ending on the Vesting Date;
- (ii) the **Tranche 2 Israeli Options** will vest in 24 months from Commencement Date, are escrowed for a further 12 month period provided that the Option holder is an employee or consultant of the Company at all times during the period from the date of issue and ending on the Vesting Date;
- (iii) the **Tranche 3 Israeli Options** will vest in 36 months from Commencement Date, are escrowed for a further 12 month period provided that the Option holder is an employee or consultant of the Company at all times during the period from the date of issue and ending on the Vesting Date;
- (iv) the **Tranche 4 Israeli Options** will vest in 48 months from Commencement Date, are escrowed for a further 12 month period provided that the Option holder is an employee or consultant of the Company at all times during the period from the date of issue and ending on the Vesting Date; and
- (v) the **Tranche 5 Israeli Options** will vest in 60 months from Commencement Date, are escrowed for a further 12 month period provided that the Option holder is an employee or consultant of the Company at all times during the period from the date of issue and ending on the Vesting Date,

(each of the above dates being a **Vesting Date**).

(f) **Exercise Period**

Each vested Option is exercisable at any time and from time to time on and prior to the Expiry Date (**Exercise Period**).

(g) **Exercise of Options**

The Option holder may only exercise Options in multiples of 100,000 Options unless the Option holder exercises all Options held by the Option holder. Subject to these terms and conditions and the Incentive Option Plan, an Option holder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (i) a written notice of exercise of Options (in the form set out in the Incentive Option Plan) specifying the number of Options being exercised (**Exercise Notice**); and
- (ii) a cheque or electronic funds transfer, or other means of payment acceptable to the Company, including cashless exercise as described in section (h), for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".

An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (if required) (**Exercise Date**).

(h) **Cashless exercise of Options**

Subject to approval by the Board at the time of exercise, an Option holder may elect not to be required to provide payment of the Exercise Price for the number of Options specified in an Exercise Notice but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Calculated in accordance with the following formula:

$$S = O \times (\text{MSP} - \text{EP}) \div \text{MSP}$$

Where:

S - Number of Shares to be issued on exercise of the Options.

O - Number of Options.

MSP - Market Value of the Shares

EP - Option exercise price.

(i) **Timing of issue of Shares and quotation of Shares on exercise.**

Within 15 Business Days after the later of the following:

- (i) Exercise Date; and
- (ii) when "excluded information" in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be "excluded information",

the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice and for which cleared funds have been received by the Company (if required);
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, if able;
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under section (iv) (above) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will, as soon as is reasonably practicable, lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things reasonably necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company.

(j) Quotation

- (i) The Company will not apply for quotation of the Options on the ASX.
- (ii) If admitted to the Official List of the ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

(k) Ranking of Shares

All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.

(l) Transfer

The Options are only transferrable in special circumstances as set out in the Incentive Option Plan.

(m) Dividend and voting rights

The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(n) Participation rights

- (i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (ii) An Option does not confer the right to a change in Exercise Price or in the number of underlying Shares over which the Option can be exercised.

The Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be the minimum period required by the Listing Rules after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(o) Adjustments for reorganisation

If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation. Whenever the number of Shares to be issued on exercise of an Option or the Exercise Price is adjusted pursuant to these terms and conditions, the Company will give notice of the adjustment to the Option holder and ASX together with calculations on which the adjustment is based.

(p) **Israeli Participant**

The Options granted to participants who are residents of the Israel or those who are deemed to be residents of Israel for tax purposes shall be subject to the terms and provisions set out in the Israeli Sub-Plan to the Incentive Option Plan.

(q) **Definitions**

Capitalised terms within this document have the following meaning unless the context requires otherwise:

ASX means the Australian Securities Exchange trading as ASX Limited (ACN 008 629 691).

Board means the board of Directors of the Company or committee appointed by the Board for the purposes of the Incentive Option Plan.

Business Day means those days other than a Saturday, Sunday or public holiday in Victoria, Australia and any other day which the ASX shall declare and publish is not a business day.

Commencement Date means March 20, 2023

Company means Dotz Nano Ltd (ACN 125 264 575).

Corporations Act means the *Corporations Act 2001* (Cth).

Incentive Option Plan means the Dotz Nano Limited Incentive Option Plan.

Israeli Sub-Plan means the Israeli Sub-Plan to the Incentive Option Plan which applies only to the residents of the State of Israel.

Listing Rules means the official listing rules of ASX as they apply from time to time.

Market Value means, at any given date, the volume weighted average price of Shares traded on the ASX over the five (5) trading days immediately preceding that given date.

Option means an option to subscribe for a Share upon and subject to these terms and the Incentive Option Plan.

Share means a fully paid ordinary share in the Company.

Shareholder means the holder of a Share.

VWAP means volume weighted average market price as defined in Chapter 19 of the Listing Rules.

VWAP as at the Commencement Date means A\$0.229