ASX and MEDIA RELEASE

27 April 2023

DOTZ Q1 FY2023 ACTIVITY REPORT

Positive momentum in Q1 with strengthened leadership team and commencement of industrial field-trials with leading global oil company

Dotz Nano Limited (**ASX: DTZ**, "**Dotz**" or "**Company**"), a nano-technology company providing advanced anti-counterfeiting and monitoring solutions for industrial applications, provides its Activity Report for the quarter ended 31 March 2023, along with the Appendix 4C cash flow report.

Key Highlights:

- Strengthened leadership team with the appointment of Mr Sharon Malka as Chief Executive Officer and Ms Liat Barziv Alperovitz as Chief Financial Officer
- Initiation of industrial-scale field trials with a leading NASDAQ-listed global oil services company in multiple sites across North America to monitor corrosion inhibitors following successful completion of lab-scale field trials
- Progressing multiple commercial opportunities with potential partners and customers

CORPORATE

The Company has strengthened its leadership team with the appointment of Mr Sharon Malka as Chief Executive Officer and Ms Liat Bar Ziv Alperovitz as Chief Financial Officer, following an extensive international recruitment process led by Dotz's Board of Directors. Mr Malka is an accomplished senior executive with over 20 years of strategic, operational, commercial, and financial leadership in innovative technology companies. Ms Alperovitz brings more than two decades of financial management experience for a broad range of unlisted and publicly listed companies.

Dotz Chairman Bernie Brookes AM said, "We are pleased to have Sharon Malka join us as Chief Executive Officer and Liat Bar Ziv Alperovitz as Chief Financial Officer. Sharon's proven experience in commercialising technology, alongside Liat's financial acumen, will support Dotz in its growth ambitions. It sets in place a high quality and experienced senior leadership team to advance the execution of the Company's strategy."

During the past year, the Company has undergone a significant transformation at the senior management level. The refreshed management team is extremely experienced, with a proven track record in leading and executing on growth strategies.

Dotz CEO Sharon Malka said, "This is an exciting time to be joining the Dotz business. We are increasingly demonstrating that Dotz technology can make a tangible difference to companies in several sectors, primarily within the oil & gas and chemical sectors. We continue positive discussions with companies across industries, representing new growth opportunities and innovative ways to use Dotz technology."

COMMERCIAL AND OPERATIONAL

Oil & Gas application

Following successful completion of lab-scale pilot trials conducted by a leading NASDAQ-listed oilfield technology and services provider and receipt of the first purchased order, Dotz successfully completed manufacturing upscale and supplied its proprietary in-product tagging solution to the customer (refer to ASX Announcement 23 December 2022).

The customer initiated the industrial-scale field trials in various locations across North America, utilising Dotz's solution to monitor corrosion inhibitors in-field.

The industrial-scale field trials will enable the customer to obtain reliable, valuable data in real-world operational settings with significantly reduced timeframes and operational costs. It will also provide Dotz greater insights into how the technology can be applied more broadly across the oil industry and related sectors.

"Our industrial-scale field trials are now entering an advanced phase across several of the customer's sites, reaffirming the significant advantage of our technology in tagging bulk liquids. It's also providing us with excellent data on the use of our technology in allied sectors," Mr Malka said.

Pending results of the in-field trials and end-user acceptance of the solution, there is the opportunity for further purchase orders and a ramp up of Dotz tagging solutions.

Dotz's technology provides a solution to detect and quantify corrosion inhibitors within oilfield premises, providing on-site and timely dosage management and significant savings on maintenance and corrosion inhibitor overdosing and underdosing costs.

Gene therapy application

The Company successfully completed the first phase of the design, planning, integration, and implementation of its tagging solution in the Orgenesis mobile processing units and labs (OMPULs). The parties continue to evaluate the next steps.

Security application

During the quarter, the Company commenced field trials of its authentication solution with a multi-national logistics company that operates throughout the US and European art security sector.

FINANCIALS

As of 31 March 2023, Dotz had $2.207 million in cash and cash equivalents, compared with $3.049 million as of 31 December 2022.

The Company remained on budget, utilising $834 thousand in the first quarter of FY23 for its operational activities. Notable operating cash flow items during the quarter included R&D costs of $281 thousand, staff costs of $283 thousand, and administration and corporate costs of $225 thousand.

Payments to related parties over Q1 FY23 were $104 thousand, including executive remuneration, fees paid to non-executive Directors and corporate advisory fees paid to an entity related to Director Mr Doron Eldar.

OUTLOOK

Dotz is in continued discussions with leading companies in the oil & gas and chemicals sectors, which represents a significant growth opportunity. Several advanced discussions with potential customers has allowed Dotz to enter negotiations to secure new projects for the Company's anti-counterfeiting and monitoring solutions to address the challenges of authentication, in-field quantification, and quality assurances that companies in several sectors face.

Dotz has identified opportunity for its solutions within the crude oil and lubricants industries to address the high rates of adulteration and counterfeiting that continue to cause significant losses throughout this complex supply chain, especially for oil & gas operators, chemical manufacturers, and oil refineries.

As well as our organic growth activities we continue to look at other ways to expand our activities and enhance value for shareholders, including diversification opportunities.

This announcement has been authorised for release by the Board of Directors of Dotz Nano.

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About Dotz Nano Limited

Dotz Nano Limited (ASX: DTZ) is a nanotechnology leader in research, production and marketing of anti-counterfeiting and monitoring solutions using its proprietary in-product taggants.

Its unique products ValiDotz, BioDotz, Fluorensic and InSpec are exceptional solutions for numerous applications, including anti-counterfeiting, authentication, quality assurance and traceability.

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
DOTZ NANO LIMITED

ABN	Quarter ended ("current quarter")
71 125 264 575	31 MARCH 2023

	Consolidated statement of cash flows	Current quarter $US'000	Year to date (3 months) $US'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	16	16
1.2	Payments for		
	(a) research and development	(281)	(281)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(110)	(110)
	(d) leased assets	(5)	(5)
	(e) staff costs	(283)	(283)
	(f) administration and corporate costs	(225)	(225)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Input VAT and other	41	41
	Other – Transaction costs/ commitment fee	9	9
1.9	**Net cash from / (used in) operating activities**	**(834)**	**(834)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from prepayment facility	-	-
3.3	Proceeds from exercise of options	93	93
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal element of lease payments)	(72)	(72)
3.10	**Net cash from / (used in) financing activities**	**21**	**21**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,049	3,049
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(834)	(834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	21	21
4.5	Effect of movement in exchange rates on cash held	(29)	(29)
4.6	**Cash and cash equivalents at end of period**	**2,207**	**2,207**

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	2,207	3,049
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)**	**2,207**	**3,049**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	104
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Payments for non-executive director fees.		

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other – Prepayment Facility*	3,275	3,275
7.4	**Total financing facilities**		
7.5	**Unused financing facilities available at quarter end**		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

* On 15 September 2022 Dotz Nano Limited executed a Funding Agreement with Lind Global Fund II, LP, a fund managed by The Lind Partners, for an investment of AU$5.15 million (US$3.39 million). The AU$5.15 million investment is via a pre-payment for a placement of ordinary fully paid shares and 7,118,644 unlisted 4-year options with exercise price of 47.5 cents.

The Term of the Funding Agreement is 24 months from advance payment date which was on 23 September 2022, subject to extend for 6 months. The Company has option to pay in cash instead of issuing shares following a subscription request by Lind. On advance payment date a commitment fee of AU$150,000 (US$98,625) was paid per the Funding Agreement.

The summary of key terms of the Funding Agreement are detailed in **ASX Announcement dated 15 September 2022.**

During the current quarter the Company has issued 1,500,000 fully paid ordinary shares in the capital of the Company as a deemed issue price of A$0.20 in connection the Funding Agreement. At 31 March 2023 the balance of prepayment facility was A$4.85 million (US$3.28 million).

8.	**Estimated cash available for future operating activities**	**$US'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(834)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,207
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,207
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.65

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: ....**27 April 2023**..

Authorised by: .... **Board of Directors**..
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [*name of board committee – eg Audit and Risk Committee*]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.