

DOTZ NANO SIGNS AGREEMENT FOR DISTRIBUTION AND SALES OF GQDS IN CHINA VALUED AT US\$15 MILLION

- **Distribution and Sales Agreement signed with China Israel (hengqin) Science Technology Innovation Center Ltd. ("CisticPoly")**
- **Agreed terms include distribution and minimum sales of GQDs in China**
- **Total Agreement valued at minimum US\$15 million over 3 years, on minimum commitments**
- **Calendar year 2018 minimum commitment valued at US\$2.5 million**
- **Sale minimums are conditional on CisticPoly's or third-party approval of product specifications**
- **Potential for joint venture for establishment of Chinese GQD manufacturing facility**

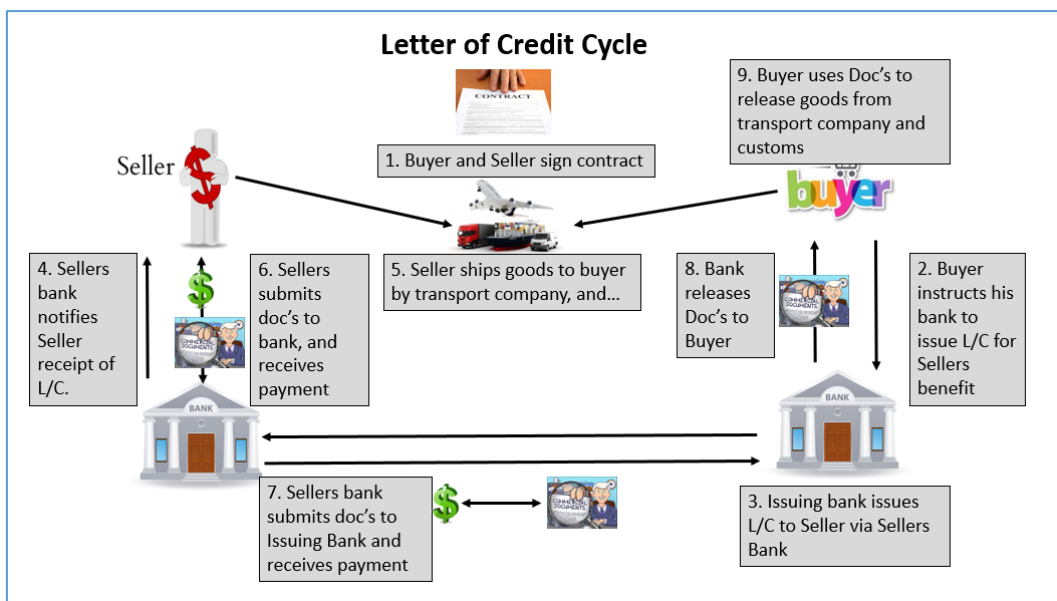
Dotz Nano Limited ("Dotz Nano" or the "Company"), a nano-technology company focusing on the development, manufacture and commercialisation of graphene quantum dots (**GQDs**), is pleased to announce that its wholly owned subsidiary, Dotz Nano Ltd (Israel), has signed an exclusive distribution and sales agreement with **China Israel (hengqin) Science Technology Innovation Center Ltd. ("CisticPoly")**. CisticPoly is a joint venture between Israeli and Chinese entrepreneurs and Poly Capital Management which is a subsidiary of China Poly Group, a state-owned enterprise and China Investment Corporation, a sovereign wealth fund responsible for managing part of the PRC foreign exchange reserves.

Pursuant to the agreement, which has an effective date of 19 December 2017 ("**Effective Date**"), CisticPoly has agreed to purchase GQDs for distribution in China, conditional on CisticPoly's or third-party approval of product specifications. Once product specifications have been approved, purchase orders for the GQDs will be issued. CisticPoly has agreed to purchase a minimum value of GQDs over a three-year period equal to US\$15 million, with specific pricing and quantities to be agreed upon, depending on the application of the GQDs, in accordance with the following schedule:

- First 12-month period from Effective Date – US\$2.5 million ("**Milestone 1**")
- First 24-month period from Effective Date – US\$7.5 million ("**Milestone 2**")
- First 36-month period from Effective Date – US\$15 million ("**Milestone 3**")

As mentioned above, the commitments are conditional on CisticPoly's or third-party approval of product specifications. If product specifications are not approved, then CisticPoly is not obligated to purchase GQDs.

Payments for the Purchase Orders received from CisticPoly will be either **prepaid** by bank wire in US dollars or by **irrevocable confirmed letter of credit (L/C)** from a first-class bank. An L/C is a payment mechanism used for international sales transactions, which allows buyers to offer secure terms of payment to sellers, in which a bank (or more than one bank) is involved. L/C's deal in documents where the idea is to shift the risk from the buyer/seller to the bank. Thus, an L/C is a payment undertaking given by a bank to the seller and is issued on behalf of the buyer. Once the L/C is approved by the seller, the goods are then shipped to the buyer. The seller then needs to provide certain documentation (commercial invoice, transport document, insurance documents and others) to the bank, and with the presentation of the documents as per the L/C instructions, receives payment for the goods, as per the transaction details. The buyer will receive the documentation so that he can facilitate release of the shipped goods, but only if he has met his financial commitments to the L/C issuing bank.



These payment facilities are designed to protect Dotz Nano from cases of customer default from either bankruptcy or insolvency, freezing of proceeds, creditor arrangements, appointment of liquidators and incompetent non-payment and ensure that Dotz Nano is provided with payment prior to delivery of the GQDs.

Dotz Nano advises at this time, that CisticPoly have not yet formalized any sales agreements with potential customers for GQDs, nor have any product specifications been confirmed by CisticPoly or third parties. On this basis, Dotz Nano cannot categorically state that the full anticipated revenues under the agreement with CisticPoly can be achieved, until such time as the above product specifications and sales agreements have been formalised. Once specifications have been approved by CisticPoly or third party, specific Purchase Orders will be issued. Only when the Purchase Order is accepted by Dotz Nano will the transaction be binding for both parties.

Exclusivity

Dotz Nano agrees that during the term of the agreement that CisticPoly will have exclusive rights to market, sell and distribute Dotz GQDs in China. CisticPoly's exclusivity is conditional on it purchasing GQDs with the three-year schedule described above. In the event that CisticPoly does not achieve the above listed milestones Dotz Nano at its sole discretion may elect to continue the Agreement but without the exclusivity status or terminate the agreement with four (4) months advance notification.

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Additional Conditions and Term

Conditional on CisticPoly achieving Milestone 1, Dotz Nano Israel has agreed to procure that the Company, subject to prior receipt of Company shareholder approval, be issued with 10 million unlisted options with an exercise price of A\$0.50 per option and expiring on the date that is 24 months after they are issued.

In the event CisticPoly achieves Milestone 2, the parties have agreed to explore the option of establishing a joint venture for a GQD manufacturing facility in China. The terms of any such joint venture will be governed by a separate joint venture agreement to be negotiated.

The agreement has a term of 3 years commencing from the Effective Date, and will automatically renew for additional 1-year terms unless a party provides no less than 90 days' notice before the expiration of a terms that it does not wish to renew.

Commenting on the new development, Dotz Nano's CEO Dr. Moti Gross, stated: *"I am pleased to announce to our shareholders the signing of this agreement to distribute our GQDs in China. China is an extremely attractive market, with many applications for our GQDs such as Anti-Counterfeiting, Brand Protection, Counterfeit Product Liability Protection, chemical distribution and more. Many 1st Tier and OEM companies have manufacturing facilities in China and are prime targets for using our GQDs in any of the various applications Dotz Nano is promoting"*

"CisticPoly is a natural partner in this commercialization process, due to its expertise and connections in China and Israel, and its ability to initialize and commercialize our GQDs with various major companies in China. Already they have initialized contact with several major companies in China that will be a major part of our commercialization process. Discussions have already begun by CisticPoly together with Dotz Nano, with several 1st tier and major companies in the Chinese business environment, such as Sinofaith, Sinochem and Sinopec. I cannot categorically state whether these negotiations will develop into sales agreements, but in my opinion, we are implementing every effort in order to succeed.

"As stated in previous announcements, Dotz Nano's commercialization process is accelerating with countless negotiations on implementing and purchasing our GQDs. This distribution agreement is just one of them".

"I am very excited about the possibilities with the signing of this agreement and as can be seen, our commercialization efforts are yielding fruit. Dotz Nano continues to commercialize its GQDs by approaching several market applications, all that bring added value to the companies that will be our customers. Our GQDs allow superior benefits to products and applications, both in performance and brand and product liability protection and we look forward to the continuing commercialization of our technology".

"I am excited about the opportunities ahead of us and I look forward to informing the market on our progress and commercialization efforts".

About CisticPoly

China Israel (hengqin) Science Technology Innovation Center Ltd. ("CisticPoly") is a company incorporated in China, by Chinese and Israeli entrepreneurs together with (through subsidiaries) Poly (**Hengqin**) **Capital Management Company Limited ("Poly Capital")**, a subsidiary of the **China Poly Group**, a state-owned enterprise, and the **China Investment Corporation**, a sovereign wealth fund responsible for managing part of the PRC foreign exchange reserves.



CisticPoly was established to bring the latest Israeli technology to the Chinese market. CisticPoly's structure is based on combined government and private sector funding for implementing innovative technologies into the Chinese industrial infrastructure. Together with Poly Capital's connections and funding models, CisticPoly is able to implement innovative technologies successfully into China.

CisticPoly's mission statement is to bridge technologies and innovation between China and Israel. CISTIC is at the forefront of international development Platform, turning vision into ideas, ideas into action, and action into long-term impact.

The company offers tailor-made solutions, based on the needs and the resources of each particular hosting partner and has the ability to tie together all the elements of project execution with successful results.

To learn more about CisticPoly please view the website via the following link: www.cistic.vip

About Poly Capital

Poly Capital, was established in December 2015 as a private equity fund manager, registered in the China Securities Investment Funds Association, with the manager's register number P1031136. The core business of Poly Capital includes Equity Investment Fund Management of the Development of Real Estate, Commercial Real Estate Investment Funds, Private Equity Investment Fund Management, Venture Capital Fund Management and other asset management business. The total management assets have accumulated over US\$ 1.3 trillion and achieved sound economic returns and social values since it was founded.

Poly Capital is owned by the **China Poly Group**, a state-owned enterprise, and the **China Investment Corporation**, a sovereign wealth fund responsible for managing part of the PRC foreign exchange reserves.

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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