

ASX ANNOUNCEMENT

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CEO LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

With the completion of my first 2 months in office and at the beginning of a new financial year, I would like to share with you our new direction and accomplishments thus far.

As I mentioned in my previous letter to you, we chose to focus the Company around commercialising our FLUORENSIC™ and VALIDOTS™ products, which are carbon-based, non-toxic molecular **Tracers and Markers** with exceptional photoluminescence properties, that come with a family of unique INSPEC™ **Detectors**, to form **complete end-2-end Tracing and Security solutions**.

The Company has chosen to focus on three major areas:

1. Oil & Gas Industry (Fracking)
2. Anti-counterfeiting (Cigarettes, Perfume and Pharmaceutical packages)
3. Product liability (Lubricants, Oil, Fuels, AdBlue)

Oil & Gas

In June, we completed a successful trial in Payne County, Oklahoma, USA where our unique materials were tested as Tracers for Fracking Fluids. With multiple colors, low effective concentrations, non-toxic, high temperature & high-pressure stability, coupled with a portable on-site detection system, our solution was found to be a great benefit for this industry.

Our ability to trace our marking instantly on-site was highly valued by the customer who otherwise waits at least 3 days to analyse the results, as they can now open blockages on the spot with machinery already on the ground, rather than wait days. **This is worth thousands of dollars to them for every time they drill, converting into millions of dollars for the industry.**

This is a significant milestone for Dotz, as we move from testing our materials in our laboratories to real life field-testing at an authentic drilling site. We see this domain as a massive business opportunity for us with our unique offering and a well identified market need. This has also led to the multiple positive discussions we are currently having in this domain, which we hope will lead to purchase-orders for material revenues.

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Anti-Counterfeit Solutions

We had a successful large-scale pilot with a major tobacco Company to place a unique marker on their cigarette boxes to prevent their products from being counterfeited on a regular basis, causing billions of dollars in damages for the Company. The trial was successful. We managed to prove that with our material, one doesn't need a separate process/machine. Our hidden, reverse-engineering proof marker can be added to the current process using current machines, to make it very effective, economical and commercial.

This successful industrial pilot is an important step towards proving that our innovative Security Marking and Detecting solution can effectively address product counterfeiting, which is one of the major threats to global markets today. **The damage to the cigarette industry alone is estimated at many tens of billions of US\$ annually.** The implementation of our technology can potentially reduce dramatically these severe losses not only in this industry but also for perfumes, pharmaceutical etc. (Note that circa 1 million people around the globe die every year from consuming counterfeited drugs). I am confident that we can convert this current industry cost into a significant commercial win for Dotz.

Product Liability

We are progressing towards commercial binding agreements and purchase-orders with multiple customers on creating a unique solution for their industries. With our unique security solutions, they can ensure that their high-end lubricants, oils, plastics, papers etc., cannot be diluted with low-rate materials that are not on par with regulatory or corporate guidelines.

To be in line with European regulations, we have just obtained registration under "Reach". [REACH is an EU regulation as of 18 December 2006, which addresses the production and use of chemical substances, and their potential impacts on both human health and the environment]

'Made in Australia': Bio-imaging collaboration with Monash University

In an attempt to enhance our collaboration and investments in Australia, we have signed a joint research agreement with Monash University in Melbourne. We are now collaborating in the development and commercialisation of advanced multi-purpose carbon-based materials as next-generation bio-imaging agents for various research and preclinical uses such as cancer tracing.



Cost cutting

In conjunction with these focused commercialisation efforts, I have implemented a material reduction in expenses. We have just cut our operating cost by 20% via the elimination of many outsource services, cutting management salaries, closing our Singapore entity and improving procurement procedures.

Summary

Now as we are better focused, more commercially oriented and with a leaner cost structure, I trust that this new fiscal year will bear great fruits and commercial growth for Dotz, which I am confident will translated into very encouraging news for you, our loyal and valued shareholders. **We are converting now our strong technological position into commercial successes. With our recent successful industrial pilots, we have proven viability and opened the door to the future.**

Sincerely,

Uzi Breier
Chief Executive Officer

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About Dotz Nano

To learn more about Dotz (ASX: DTZ) please view the website and our corporate video via the following link: www.dotznano.com