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**NORTHERN IRON LIMITED**  
**(TO BE RENAMED “DOTZ NANO LIMITED”)**  
**ACN 125 264 575**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:00am (WST)

**DATE:** 2 September 2016

**PLACE:** 108 Outram Street, West Perth, Western Australia, 6005

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6377 8043.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:00am (WST) on 2 September 2016 at:

108 Outram Street,

West Perth, Western Australia, 6005

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 31 August 2016.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to

exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2015.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MICHAEL DAVY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Michael Davy, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who (or any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 5. RESOLUTION 4 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of clause 2.6 of the Constitution and section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

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#### 6. RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:*

*(a) 66,000,000 Consideration Shares; and*

*(b) 66,000,000 Performance Shares,*

*(each on a post-Consolidation basis) at Settlement, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who (and any of whose associates) may participate in the proposed issue and any person who (and any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 6 – ISSUE OF LEAD MANAGER SECURITIES AND TRANSACTION OPTIONS TO FACILITATORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:*

- (a) 1,750,000 Lead Manager Shares;*
- (b) 4,500,000 Lead Manager Options; and*
- (c) 1,000,000 Transaction Options,*

*(each on a post-Consolidation basis) to parties that will assist with the Capital Raising and facilitation of the Acquisition (or their nominees) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 7 – ISSUE OF LEAD MANAGER SECURITIES TO OTSANA PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:*

- (a) 750,000 Lead Manager Shares; and*
- (b) 2,000,000 Lead Manager Options,*

*(on a post-Consolidation basis) to Otsana Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Otsana Pty Ltd (and its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 8 – ISSUE OF SHARES – CAPITAL RAISING**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other*

*purposes, approval is given for the Company to issue up to 30,000,000 Shares (on a post-Consolidation basis) at \$0.20 per Share to raise up to \$6,000,000 on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company's securities recommencing trading on the ASX following the Acquisition. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 9 – ISSUE OF SHARES UPON CONVERSION UNDER NFE CONVERTIBLE LOAN AGREEMENTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,750,000 Shares (on a post-Consolidation basis) to the NFE Lenders on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 10 – ISSUE OF SHARES TO BENEFICO PTY LTD UPON CONVERSION UNDER NFE CONVERTIBLE LOAN AGREEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 250,000 Shares (on a post-Consolidation basis) to Benefico Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Benefico Pty Ltd (and its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**12. RESOLUTION 11 – ISSUE OF SHARES UPON CONVERSION UNDER DOTZ CONVERTIBLE LOAN AGREEMENTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,750,000 Shares (on a post-Consolidation basis) to the Dotz Lenders on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**13. RESOLUTION 12 – CHANGE OF COMPANY NAME**

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “**Dotz Nano Limited**” with effect from the date that ASIC alters the Company’s registration following Settlement.”*

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**14. RESOLUTION 13 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING - MR FALDI ISMAIL**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares (on a post-Consolidation basis) to Faldi Ismail (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Faldi Ismail (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**15. RESOLUTION 14 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING – DR MOTI GROSS**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 500,000 Shares (on a post-Consolidation basis) to Dr Moti Gross (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution Dr Moti Gross (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**16. RESOLUTION 15 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING – MR MENASHE BARUCH**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 500,000 Shares (on a post-Consolidation basis) to Mr Menashe Baruch (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Menashe Baruch (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**17. RESOLUTION 16 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING – MR STEVE BAJIC**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 500,000 Shares (on a post-Consolidation basis) to Mr Steve Bajic (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Steve Bajic (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**18. RESOLUTION 17 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING – MR ATHAN LEKKAS**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Shares (on a post-Consolidation basis) to Mr Athan Lekkas (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Athan Lekkas (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**19. RESOLUTION 18 – ELECTION OF DIRECTOR – MR FALDI ISMAIL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2 of the Constitution and for all other purposes, Mr Faldi Ismail, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement."*

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**20. RESOLUTION 19 – ELECTION OF DIRECTOR – DR MOTI GROSS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2 of the Constitution and for all other purposes, Dr Moti Gross, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement."*

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**21. RESOLUTION 20 – ELECTION OF DIRECTOR – MR MENASHE BARUCH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2 of the Constitution and for all other purposes, Mr Menashe Baruch, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement."*

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**22. RESOLUTION 21 – ELECTION OF DIRECTOR – MR STEVE BAJIC**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2 of the Constitution and for all other purposes, Mr Steve Bajic, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement."*

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**23. RESOLUTION 22 – ELECTION OF DIRECTOR – MR ATHAN LEKKAS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2 of the Constitution and for all other purposes, Mr Athan Lekkas, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement."*

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**24. RESOLUTION 23 – CONSOLIDATION OF CAPITAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every ten (10) Shares be consolidated into one (1) Share, and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be)."*

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**25. RESOLUTION 24 – ADOPTION OF EMPLOYEE INCENTIVE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Incentive Option Plan and for the issue of securities under that plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who (or any of whose associates) is eligible to participate in the employee incentive scheme, including any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated: 2 August 2016**

**By order of the Board**

**Peter Webse  
Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the Resolutions.

**Resolutions 3-12 and 18-23 are Essential Resolutions and will be taken to have been rejected by Shareholders and the Acquisition will not proceed if any of the Essential Resolutions are not passed. All Essential Resolutions must be passed for the Acquisition to proceed.**

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

#### Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MICHAEL DAVY

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 6.3 of the Constitution provide that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or

until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;

- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 6.3 of the Constitution is eligible for re-election; and
- (d) In determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 6.2 of the Constitution; and/ or
  - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has three (3) Directors and accordingly one (1) must retire.

As all current Directors were appointed on 16 May 2016, they have agreed that Mr Michael Davy will retire by rotation and seek re-election.

Mr Davy is an accountant with 15 years' experience. His experience is broad having worked in oil and gas, resources, property, food distribution, restaurants and start-up technology companies. During the past 5 years, Mr Davy has held directorships in ASX listed companies, Cossack Energy Ltd and Advance Energy Ltd.

The Board (other than Mr Davy) recommend that Shareholders vote in favour of Resolution 2.

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## **4. BACKGROUND TO PROPOSED ACQUISITION OF DOTZ**

### **4.1 General background**

The Company was incorporated on 22 May 2007 and was admitted to the official list of the ASX on 13 December 2007. The Company's primary operations during this time have been the production of magnetite iron concentrate in northern Norway via its wholly-owned Norwegian subsidiary Sydvaranger Gruve AS.

The Company's securities were suspended from official quotation on 16 November 2015 at the request of the Company, and have remained suspended since that date.

On 19 November 2015, the Company's then directors resolved to appoint Mr James Thackray of The Headquarters Corporate Advisory as voluntary administrator of the Company.

On 16 May 2016, the voluntary administration came to an end and a deed of company arrangement was wholly effectuated, with control being handed to the current directors of the Company. Following effectuation of the deed of company arrangement the Company did not have any assets.

On 23 May 2016 the Company announced it had entered into a heads of agreement (**HOA**) (amended on 15 June 2016) with Dotz Nano Ltd (Israel Registrar of Companies ID No. 515063790) (**Dotz**) under which the Company will be granted a conditional option to acquire 100% of the issued capital of Dotz from all securityholders of Dotz (**Vendors**) (**Acquisition**).

Pursuant to the terms of the HOA, Dotz will merge with a wholly-owned subsidiary of the Company that will be incorporated in Israel (**Israel Subsidiary**), following which Dotz will be the surviving corporation and shall be a wholly owned subsidiary of the Company (**Merger**).

A summary of the material terms of the HOA together with summaries of key agreements referred to in the HOA are set out in Section 4.7 below.

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition and associated transactions. Each of the Resolutions is conditional upon the approval by Shareholders of each of the Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Resolutions will fail and Settlement will not occur.

A summary of the Resolutions is as follows:

- (a) adoption of the remuneration report for the financial year ended 31 December 2015 (Resolution 1);
- (b) re-election of Mr Michael Davy as a Director (Resolution 2);
- (c) as the Company is currently a mineral exploration company, the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to a technology company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 3);
- (d) approval to issue a new class of shares, being the Performance Shares, which are to be issued to Vendors as part-consideration for the Acquisition (Resolution 4);
- (e) the issue at Settlement of:
  - (i) 66,000,000 Shares; and
  - (ii) 66,000,000 Performance Shares;(each on a post-Consolidation basis) to the Vendors (or their nominees) in consideration for the Company's acquisition of 100% of the issued capital in Dotz (Resolution 5)

- (f) the issue at Settlement of:
- (i) 1,750,000 Lead Manager Shares;
  - (ii) 4,500,000 Lead Manager Options; and
  - (iii) 1,000,000 Transaction Options,
- (each on a post-Consolidation basis) to parties that assisted with facilitating the Acquisition and completing the Capital Raising (or their nominees) (Resolution 6);
- (g) the issue at Settlement of up to:
- (i) 750,000 Lead Manager Shares; and
  - (ii) 2,000,000 Lead Manager Options,
- (each on a post-Consolidation basis) to Otsana Pty Ltd, a company in which Mr Faldi Ismail is a director and the sole shareholder (or its nominee), which may be issued as part of, and not in addition to, the issue of Securities approved under Resolution 6 (Resolution 7);
- (h) the issue at Settlement of up to 25,000,000 Shares to raise a minimum of \$5,000,000 and a maximum of \$6,000,000 via a prospectus offer (**Prospectus**) by the offer of up to 30,000,000 Shares at an issue price of \$0.20 per Share (**Capital Raising**) (Resolution 8);
- (i) the issue at Settlement of 4,750,000 Shares (on a post-Consolidation basis) to the NFE Lenders upon conversion under the NFE Convertible Loan Agreements (Resolution 9);
- (j) the issue at Settlement of 250,000 Shares (on a post-Consolidation basis) to Benefico Pty Ltd, a company controlled by Mr Faldi Ismail's spouse (or its nominee), in its capacity as an NFE Lender (Resolution 10);
- (k) the issue at Settlement of 1,750,000 Shares (on a post-Consolidation basis) to the Dotz Lenders upon conversion under the Dotz Convertible Loan Agreements (Resolution 11);
- (l) change the Company's name to "Dotz Nano Limited" subject to Settlement and with effect from when ASIC alters the details of the Company's registration (Resolution 12);
- (m) the issue of up to 2,000,000 Capital Raising Shares to Mr Faldi Ismail, up to 1,000,000 Capital Raising Shares to Mr Athan Lekkas and up to 500,000 Capital Raising Shares each to Dr Moti Gross, Mr Menashe Baruch and Mr Steve Bajic at Settlement (Resolutions 13 to 17) (on a post-Consolidation basis);
- (n) the appointment of five Proposed Directors nominated by Dotz to the Board, being Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajic and Mr Athan Lekkas (Resolutions 18 to 22);
- (o) the Company's issued capital being consolidated on a 10:1 basis (**Consolidation**) (Resolution 23); and

- (p) the adoption of an Employee Incentive Option Plan (**Plan**) (Resolution 24).

## 4.2 Overview of Dotz

### (a) Background

Dotz Nano Ltd. was incorporated in March 2014, to develop and commercialize technologies in the advanced materials industry, specifically Graphene and Graphene related products including Graphene Quantum Dots.

In June 2014, Dotz began negotiations with the Marshall Rice University in Houston, Texas (**Rice University**), for the licensing of intellectual property (**Rice Intellectual Property**) relating to the production of graphene quantum dots (**GQDs**), developed by Professor James Tour, of the Tour Lab Group at Rice University. Subsequently, the Rice University Licence Agreement and Sponsored Research Agreement were signed between Dotz and Rice University in relation to the Intellectual Property (a summary of which is included at Section 4.7(b)).

Dotz is also party to the BGN Licence Agreement (a summary of which is included at Section 4.7(d)) under which Dotz is licensed rights in respect of intellectual property relating to the production of graphene and GQDs based on sonication technology, further details of which are set out in Section 4.2(d).

GQDs are microscopic discs of Graphene Oxide that are made up of layers that are one atom thick. GQDs are used in applications that include medical imaging, visual sensing, consumer electronics, photovoltaic systems and computer storage.

There are currently many ways to produce GQDs. However, current methods require graphite for the production process resulting in GQD production being expensive and yielding only small quantities of GQDs.

### (b) Technological Review

#### (i) What are Nanoparticles and Quantum Dots?

When at least one of a particle's dimensions is in the 1-100 nanometer range (approximately 10,000 times narrower than a human hair) it will generally be referred to as a nanoparticle. Due to their nanoscale size, nanoparticles possess novel mechanical, electrical or optical properties, and are used by nanotechnology researchers to explore for new uses for existing elements.

Quantum Dots (**QDs**) are semiconducting nanoparticles. As a semiconductor nanoparticle, QDs are able to convert incoming energy to a variety of visible colours from the light spectrum.

QDs have some unique optical properties, specifically they possess the ability to convert shortwave light (ultra violet (**UV**) light) into nearly any colour in the visible spectrum with very high efficiency. Namely, QDs emit a particular colour after being illuminated by **UV** light. The colour they emit depends on the size of the nanoparticle (e.g., small QDs are blue fluoresce,

while the bigger ones are red-shifted fluoresce). When the QDs are illuminated by UV light, some of the electrons receive enough energy to break free from the atoms. This capability allows them to move around the nanoparticle, creating a specific area (the conduction band) in which electrons are free to move through a material and conduct electricity. When these electrons drop back into the outer orbit around the atom (the valence band), they emit light. The colour of that light depends on the energy difference between the conduction band and the valence band.

(ii) **What are QDs made from?**

Typical QDs that are currently in production are made from inorganic materials such as lead sulphide, lead selenide, cadmium selenide, cadmium sulphide, indium arsenide and indium phosphide. Some QDs are made from rare earth materials. As a result, there are various types of QDs such as:

- (A) silicon QDs;
- (B) lead sulphide QDs;
- (C) cadmium QDs; and
- (D) cadmium free QDs.

Existing forms of QDs are toxic materials, being made from inorganic metallic elements. Due to this toxicity, QDs are not presently usable in biological applications, and can be problematic in other applications such as textiles, coatings and paints.

(iii) **Other Types of QDs - Carbon-Dots and Graphene Quantum Dots**

Carbon dots (**C-dots**) and GQDs recently emerged as superior optical brighteners known as fluorophores (which are fluorescent chemicals used in, for example, laundry detergents and paper production), due to their unique combination of a number of key merits, including:

- (A) excellent photo stability;
- (B) small size;
- (C) biocompatibility;
- (D) highly tunable; and
- (E) easily integrated with other biomolecules and chemicals.

While typical QDs are produced from inorganic metallic elements, GQDs produced using the Rice Intellectual Property are derived from an inexpensive organic coal source (such as bituminous coal, anthracite and coke). These methods produce GQDs between 2 and 80 nanometers. As GQDs are

derived from organic substances, they do not have the toxicity issues associated with typical QDs.

The production process licensed to Dotz allows for control of the colour tuning (which is important to determine what colour fluorescence is achieved) and the size of the GQD by changing production process variables such as coal type, process temperature and filter pore size.

Due to the non-toxicity, GQDs provide opportunities for bio-imaging (such as CTs, MRI's PET/CTs which are used for health imaging purposes) and optical sensing (such as displays, smartphones and smart "heartbeat" watches). Because of their small size and biocompatibility, these types of GQDs are being researched to serve as effective carriers for drug delivery whilst allowing simultaneous visual monitoring of releasing kinetics. Furthermore, their unique catalytic and physicochemical properties indicate potential for use in various biomedical applications such as photothermal therapy.

C-dots and GQDs may be particularly significant for optical applications due to their capability to absorb light at a given wavelength (known as their extinction coefficient). In electronic applications they have been proven to operate like a single-electron transistor and show the 'Coulomb blockade effect' (the measure of the increased resistance at small voltages of an electronic device, which is an important effect in quantum electronics). This is an essential effect for use in silicon structures such as semi-conductor chips and memory storage. C-dots and GQDs have also been suggested as implementations of qubits (a unit of quantum information) for quantum information processing (future generation information processing systems).

At present, GQDs are not suitable for display and screen applications, due to their low quantum yield coefficient (ratio of photons absorbed to photons emitted through fluorescence), however, Dotz Nano is performing research aimed at increasing the quantum yield to the required levels. Current GQD quantum yields are suitable for lower end markets, such as lighting, bioimaging and solar cells.

(iv) **Market analysis**

Some examples of the markets in which QDs are currently applicable include:

- (A) **Electronic Displays:** Several companies including Sony Corp, LG Display and others are currently forming alliances with QD technology providers to commercialize QD displays. The QD technology enhances the colour display by at least 50%, with a further benefit of improved energy efficiency. However, factors including the current high cost of the technology and the slow adoption due to extended research requirements, are currently serving as existing restraints for market growth.

- (B) **Healthcare Imaging:** The healthcare industry is the leading industry in the existing QD technology market, gaining significant market share. Healthcare applications require high precision for uses including tissue labelling, cancer therapy, and tumour detection. QD-based devices such as spectrometers provide for such precision.
- (C) **Lighting:** The lighting industry represents another large market and growing consumer of QDs. After the introduction of efficient lighting solutions such as LED lighting and fixtures, the lighting industry has seen substantial growth and is expected to expand further. Today, companies are looking for the next generation alternate technology for LED lighting. QD lighting has potential to fulfil this need as it is highly efficient and cost-effective. QD Vision has collaborated with Nexxus Lighting to launch its first QD LED light, and is poised to capture the market, with further plans to launch in the display market.
- (D) **Solar:** QD technology may also play a crucial role in solar energy-oriented industries. In an effort to make solar technology economically viable, nanomaterials have emerged as new building blocks for the next generation of solar technology. Semiconductor QDs are of specific interest for use in QD Sensitized Solar Cells (QDSCs) due to their unique properties.

Research shows that QDs may also be able to increase the efficiency of solar cells. In normal solar cells, a photon of light generates one electron. Experiments with QDs have demonstrated that two electrons for a single photon of light can be generated.

By replacing current solar cell coatings (such as silicon, copper indium gallium selenide or cadmium telluride), it has been demonstrated that QDs allow for improved efficiency in solar cells.

QDs are "tuneable" across a wide range of energy levels by changing the dots' size. This property makes QDs very attractive for multi-junction solar cells, where a variety of materials coating the cells are used to improve efficiency by allowing multiple portions of the solar spectrum to be transferred to solar energy.

The QD market today has mainly catered for specialised applications, with a small number of companies selling QDs directly to researchers to use the particles to develop their own products, or for licensing their technologies to third party partners. This is largely because of the existing higher cost to manufacture QDs has prevented them being used in other industries.

Dotz intends to approach the low end markets (such as laundry detergents, textile manufacturing, oil and gas applications, monitoring applications, coatings, paint and dyes, cosmetics,

etc.) QDs are not presently used in these markets due to costs of production.

(v) **Current stage of development of Dotz' technology**

The Rice Intellectual Property has been developed to 'proof of concept' stage. In this regard, Rice University has demonstrated that GQDs can be produced from coal using Professor Tour's developed method.

Dotz entered into the Rice University Licence Agreement in December 2014 (see Section 4.7(b)), and since then have further developed the technology by scaling up the production from nano-sized samples to gram sized samples that have been sent to potential customers for evaluation.

In parallel, Dotz has begun scaling up its production facilities so that they have the ability to produce GQD's in kilogram sizes. Since licensing the technology, Dotz has produced approximately 50 grams of GQDs (for testing and sampling).

Dotz, together with Professor Tour's lab at Rice University, continue to integrate GQDs into various applications, testing them for superior properties and expanding the applications for which GQDs may be used. In addition, Rice University scientists are continuously improving the properties of GQDs produced.

(vi) **Graphene Quantum Dots using Rice Intellectual Property**

The process for producing GQDs licensed to Dotz is based on the Rice Intellectual Property, which was developed by Professor James Tour of the Marshall Rice University in Houston, Texas. His lab found simple methods to reduce three kinds of coal into GQDs. This is an important discovery as the current methods for developing GQDs require graphite as a production input, which is less available and more expensive to source than coal, and which limits the production capabilities of GQDs.

As explained in Section 4.2(b)(i), band gaps determine how a semiconducting material carries an electric current. In QDs, band gaps are responsible for their fluorescence and can be tuned by changing the QDs' size. The GQD technology licensed to Dotz allows controlling the size of the GQDs, generally from 2 to 70 nanometres, depending on the source of the coal. This is significant since it allows Dotz to produce specific sized QDs for utilisation by customers specifically in their applications, such as a specific GQD to be used in laundry detergents, while a different sized GQD to be used in coatings or in paints.

As discussed in section 4.2(b)(ii), there are many ways to produce GQDs, but most are expensive and yield very small quantities. The production of GQDs using coal yields much greater quantities of GQDs than other GQD production processes. This is primarily due to graphite being a more rigid chemical structure than coal.

The production process developed using the Rice Intellectual Property permits the production of GQDs via a more cost

effective and simplistic one step chemical process. This process involves the treatment of coal through a very simple oxidation procedure that involves crushing the coal and bathing it in acid solutions to break the bonds that hold the tiny graphene domains together. By breaking the bonds in the coal molecules, the GQDs are released and are harvested to be filtered and sized in order to receive the "spectrum" of GQDs (colours) required by the user.

(vii) **Graphene and GQDs using BGN Licensed IP**

Graphene Materials was purchased by Dotz to commercialise the BGN Licensed IP, which relates to the production of graphene, including additional technology for the development of GQDs based on sonification technology. Sonification is the act of applying sound energy to agitate particles to produce nano-particles by evenly dispersing nanoparticles in liquids.

If successfully developed, it is anticipated that the technology developed based on the BGN Licensed IP will allow Dotz to produce another form of GQDs, which Dotz hopes will be suitable for various applications, including high end applications.

The license to use BGN technology for graphene production (utilizing micro fluidation techniques), if successfully developed, is anticipated to supplement the GQD technology developed using the Rice Intellectual Property. Dotz' objective is that a successfully developed BGN technology will permit Dotz to interact with graphene manufacturers and other customers in the graphene industry, thus allowing Dotz, through its subsidiary, to be a graphene, or graphene application, producer.

If Dotz can successfully develop the Rice Intellectual Property and BGN Licensed IP, Dotz will have complementary technologies and products, allowing it to supply a full packaged solution to the Graphene/GQD industry.

(c) **Current Market Participants**

Nanoco Group plc has a partnership with a major Japanese LED manufacturer to produce LEDs for the general lighting and LCD backlight market. Furthermore, Samsung has produced a full-colour QD panel as a potential replacement for LCD and OLED. When compared to LCD, QD capable technology uses one fifth of the power. LG is currently working with QD Vision to produce QD displays, and Sony shipped QD-based TVs in 2014.

In March 2015, Nanosys Inc announced its plans to increase production to over 25 tons of QDs per year. With the advent of new synthetic approaches and the graduation of QDs from the specialty to commodity markets, the Proposed Directors expect that the price of QDs will benefit greatly from economies of scale, thus allowing for rapid penetration into a myriad of markets.

At the Consumer Electronics Show in Las Vegas in January 2015, Samsung announced that it was "re-tooling" its TV strategy around the use of QDs. LG has also indicated it is following Samsung's lead.

The current key suppliers of QDs are; Evident Technologies Inc., Life Technologies Corp., Nanoco Group plc, Nanosys Inc., Ocean NanoTech LLC, and QD Vision Inc.

(d) **Market for Dotz Ltd. GQDs**

While GQDs are suitable for use in the conventional QD market (such as; healthcare, displays, lighting and energy related), it is in the unconventional and 'low specification' application QD markets that Dotz has recognised a potential point for market entry. The Proposed Directors plan to focus on this 'low end' market during the initial stages of Dotz business development, then move to cater to the 'conventional QD market' at a later stage (pending that focus being commercially worthwhile and whether the development of the BGN technology is successful).

For this discussion, 'low end' markets are markets outputting lower priced end products. In this case, it is currently deemed uneconomical to use QDs for these applications, due to the current high costs of production and supply. As Dotz produced GQDs are anticipated to have lower production costs, the Proposed Directors' objective is for Dotz produced GQDs to penetrate these untapped markets.

Based on Dotz' initial investigations, Dotz initially aims to focus on the following products and services:

- (i) GQDs for use as a replacement for fluorescent brightening agents in detergents and optical brightening agents in paper, carpets and textiles; and
- (ii) GQDs for use as tracers (in place of radiotracers current being utilised) in tracing operations in the oil & gas industry, water management and other monitoring applications; and
- (iii) GQDs for use as taggants in security derived applications such as anti-counterfeiting and marking.

However, GQDs may also be appropriate for use in other 'low end' fields such as paints, cosmetics and coatings as well as the 'high end' applications identified in Section 4.2(e) above.

(e) **Business strategy**

Dotz has developed a three phase model for commercialisation of its intellectual property interests, largely based on the milestones set out in the Rice University Licence Agreement discussed in section 4.7(b):

- (i) **Phase 1:** Engagement of a laboratory for the development of manufacturing protocols and manufacturing of commercial samples. This is a simple set up requiring purchase of off-the-shelf laboratory equipment such as reactors, filtering devices and classification technologies (spectrometers and photospectrometers).

Contemporaneously, Dotz will begin to engage in commercial and business development activities in the various market industries referred to in Section above (including commencing discussions with potential customers, distributors and sub-licensees).

If Dotz is able to sublicense its technology interests during Phase 1, it expects to be in a position to generate revenue through licence fees and royalties in the short to medium term.

- (ii) **Phase 2:** Assuming completion of Phase 1, Dotz intends to ramp-up its manufacturing and sales of GQDs to demonstrate that its technologies are suitable for production on a commercial scale.

During Phase 2, Dotz will aim to produce GQDs for sale to end users and distributors with a view to generating further revenue.

- (iii) **Phase 3:** Assuming Dotz is able to successfully commercialise its technologies during Phase 2, Dotz intends to further ramp-up its GQD manufacturing capabilities to an industrial level.

During Phase 3, Dotz intends to market its products at an industrial level, with marketing efforts to be focussed on industries identified following research into the most suitable applications for GQDs produced by Dotz (initially expected to be laundry detergents, textile manufacturers and carpet manufacturers).

Dotz will also consider additional sub-licensing opportunities in bio-imaging applications and other "high end" industries identified in Section 4.2(e) above. Dotz will also monitor other potential markets as further research is undertaken with respect to the suitability of QDs to other commercial and industrial applications.

The business strategy set out above is consistent with the milestones under the Rice University Licence Agreement (as set out in Section 4.7(b)(v)). The Company and Dotz will work towards meeting these milestones in order to continue development of the GQD technology and ensure that it retains its interest in the relevant intellectual property.

The above sets out Dotz' intentions as at the date of this Notice of Meeting and Dotz will continue to monitor the QD market and its ongoing operations with a view to identifying other potential revenue sources.

### 4.3 Intellectual Property

Dotz is a party to the Rice University Licence Agreement under which Dotz has been granted a license to use, develop, manufacture, market, sublicense and exploit the inventions disclosed and claimed in certain patent applications and to commercialise Rice University's licensed products.

Under the Rice University Licence Agreement, the following patent applications have been licensed to Dotz:

Rice Tech ID	Application No.	Country / Region	Title	Filing Date	Priority Document(s)	Status
ID 2013-093	PCT/US2014/036604	International	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Filed
	US 14/888,301	U.S.A.	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	CN201480036235.4	China	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	EP2991929	European Union	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	KR20160003231	Korea	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	SG11201509011S	Singapore	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	IL242393	Israel	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	JP-2016-512070	Japan	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
ID 2014-112	PCT/US2015/032209	International	Graphene Quantum Dot-Polymer Composites and Methods of Making the same	22 May 2015	US 62/002,982 – 26 May 2014	Filed
ID 2014-118	PCT/US2015/036729	International	Bandgap Engineering of Carbon Quantum Dots	19 June 2015	US 62/014,627 – 19 June 2014	Filed
ID 2015-033-01	PCT/US2015/059437	International	Methods of Making Graphene Quantum Dots from Various Carbon Sources	6 Nov 2015	US 62/076,394 – 6 November 2014	Filed

Dotz is also a party to the BGN Licence Agreement under which Dotz is licensed rights in respect of intellectual property relating to the production of graphene and GQDs based on sonification technology. Under the BGN Licence Agreement, the following patent application has been licensed to Dotz:

Application No.	Country / Region	Title	Filing Date	Status
US 62/204,481	U.S.A.	Graphene Manufacturing Method	13 August 2015	Pending
US 62/234,696	U.S.A.	A Process for Production of Few Layers Graphene Nano Platelets	30 September 2015	Pending
US 62/253,155	U.S.A.	Method of Producing Graphene Quantum Dots	10 November 2015	Pending

#### 4.4 Re-compliance with Chapters 1 and 2 of the Listing Rules

ASX has advised the Company that, given that the Company is proposing to make a change in its activities from a resource exploration and development company to a technology company, it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Settlement and before it can be re-instated to trading on ASX following Settlement.

#### 4.5 Capital Raising

For the purposes of the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Company intends to undertake the Capital Raising through the issue of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (**Minimum Subscription**) with the ability to accept oversubscriptions of a further 5,000,000 Shares at \$0.20 per Share to raise up to a further \$1,000,000 (**Oversubscription**) pursuant to a full form Prospectus.

The Company expects to lodge the Prospectus with ASIC before the date of the Meeting which will be conditional upon Shareholders approving the Essential Resolutions.

Funds raised under the Capital Raising are intended to be used in the manner set out in Section 4.6 below.

The Capital Raising is intended to be completed in accordance with the timetable set out in Section 4.10 below.

## 4.6 Use of Funds

Following Settlement, the Company expects to use its cash funds as follows for the next two years:

<b>Fund Available</b>	<b>Minimum Subscription (\$5,000,000)</b>	<b>Percentage of Funds (%)</b>	<b>Assuming full oversubscriptions of an additional \$1,000,000 (\$6,000,000)</b>	<b>Percentage of Funds (%)</b>
Existing cash reserves of the Company	\$575,000	9.06%	\$575,000	7.83%
Funds raised from the Capital Raising	\$5,000,000	78.80%	\$6,000,000	81.60%
Funds to be raised by Dotz prior to Settlement	\$769,995	12.14%	\$769,995	10.48%
<b>Total</b>	<b>\$6,344,995</b>	<b>100%</b>	<b>\$7,344,995</b>	<b>100%</b>
<b>Allocation of Funds</b>	<b>Minimum Subscription \$5,000,000</b>	<b>Percentage of Funds (%)</b>	<b>Assuming full oversubscriptions of an additional \$1,000,000 (\$6,000,000)</b>	<b>Percentage of Funds (%)</b>
Research <sup>1</sup>	\$1,781,734	28.08%	\$2,160,417	29.41%
Development and Fabrication <sup>2</sup>	\$1,026,228	16.17%	\$1,424,851	19.40%
Sales and Marketing <sup>3</sup>	\$1,115,789	17.59%	\$1,197,368	6.30%
Business Development <sup>4</sup>	\$80,000	1.26%	\$81,767	1.11%
Expenses associated with the Acquisition <sup>5</sup>	\$901,840	14.21%	\$961,840	13.10%
Working Capital <sup>6</sup>	\$1,439,404	22.67%	\$1,518,751	20.68%
<b>Total</b>	<b>\$6,344,995</b>	<b>100%</b>	<b>\$7,344,995</b>	<b>100%</b>

### Notes

1. Research includes amounts payable to Rice University and BGN in developing the intellectual property interests licensed to Dotz.
2. Development and fabrication includes all costs related to identification and operations of a laboratory for the proposed production of GQDs on behalf of Dotz.
3. Sales and Marketing includes all costs related to advertising and promoting Dotz' products.
4. includes all business development costs, including trade shows, corporate events, non-marketing sponsorships and the cost of business development staff
5. Refer to the table below for the itemised costs of the expenses associated with the Acquisition:

Estimated Costs of Acquisition	Proposed Minimum Subscription (\$5,000,000)	Assuming full oversubscriptions of an additional \$1,000,000 (\$6,000,000)
ASX Fees	\$87,350	\$87,350
ASIC Fees	\$2,320	\$2,320
Legal, Accounting and Due Diligence Expenses	\$350,000	\$350,000
Otsana Completion Fee	\$135,000	\$135,000
Shareholder Meeting / Share Registry Costs	\$20,170	\$20,170
Printing	\$7,000	\$7,000
Capital Raising Fees	\$300,000	\$360,000
<b>TOTAL</b>	<b>\$901,840</b>	<b>\$961,840</b>

6. Working capital includes the general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs.

In the event the Company raises more than the Minimum Subscription of \$5,000,000, the additional funds raised will be first applied towards research and development and fabrication. On completion of the Capital Raising, the Board believes our Company will have sufficient working capital to achieve these objectives.

The above tables are statements of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 4.7 Key Contracts

### (a) HOA

- (i) **(Merger)**: Dotz will merge with the Israel Subsidiary, a wholly-owned subsidiary of NFE that will be incorporated in Israel, following which Dotz will be the surviving corporation and shall be a wholly-owned subsidiary of NFE and the Vendors shall be issued Consideration Shares and Performance Shares.
- (ii) **(Conditions Precedent)**: Completion of the Acquisition is conditional upon the satisfaction (or waiver) of the following outstanding conditions precedent:
- (A) NFE undertaking a capital raising and receiving valid non-revocable applications for at least AUD\$3,500,000 worth of fully paid ordinary shares in the capital of NFE (**NFE Shares**) under the capital raising (**Capital Raising**) at an issue price of not less than \$0.20 per share;
  - (B) NFE undertaking the Consolidation;
  - (C) the conditional approval by ASX to reinstate the securities of NFE to trading on ASX (after NFE re-complies with Chapters 1 and 2 of the ASX Listing Rules)

and those conditions being to the reasonable satisfaction of NFE and Dotz;

- (D) the parties obtaining all necessary regulatory approvals (including ASX approvals and waivers and ASIC relief) to complete the Merger, the expiration of any necessary statutory waiting periods and the filing of all merger notices and proposals required under applicable law;
- (E) Dotz receiving initial approval from the Israeli Tax Authority, within 60 days following the date of execution of this Agreement, that the structure of the Acquisition will provide the Vendors with "roll-over" relief for the purposes of applicable Israeli taxation regulations, and will not otherwise have any material adverse taxation implications for the Vendors, and that neither NFE nor Dotz will be required to withhold any part of the Consideration payable to the Vendors;
- (F) the parties obtaining any relief from ASIC or any ASX waiver required to permit a holding agent (to be appointed to give effect to the Merger) to perform the functions contemplated in the HOA;
- (G) Vendors holding more than 50% of the voting power of Dotz having passed a resolution approving the Merger;
- (H) NFE obtaining all requisite shareholder approvals pursuant to the ASX Listing Rules (including but not limited to ASX Listing Rule 11.1), the Corporations Act and its Constitution to give effect to:
  - (I) the transactions contemplated by the HOA; and
  - (II) the change of name from "Northern Iron Ltd" to "Dotz Nano Limited (or such other name as is agreed between Dotz and NFE); and
- (I) there has been no material adverse change in the condition (financial or otherwise), results of operations, prospects, business, assets or properties of either party prior to settlement of the Acquisition.

If the conditions set out above are not satisfied (or waived by each party entitled to the benefit of the respective condition) on or before 5.00pm (WST) on the date set out in the condition or if no period is specified, the date that is 9 months following the date of the HOA, NFE or Dotz may terminate the agreement constituted by the HOA by written notice to the other.

- (iii) (**Consideration**): In the event of the completion of the Merger, the consideration (**Consideration**) payable to Vendors by NFE is the issue of:

(A) 66,000,000 Shares (on a post-Consolidation basis) free and clear of any third party's rights (**Consideration Shares**); and

(B) 66,000,000 performance shares (on a post-Consolidation basis) on the terms set out in Schedule 1 (**Performance Shares**),

(together, the **Consideration Securities**).

(iv) (**Lead Manager Securities and Transaction Options**): The parties acknowledge and agree that at Settlement, NFE will issue:

(A) 1,750,000 Shares (**Lead Manager Shares**) and 4,500,000 Options (on a post-Consolidation basis) to acquire NFE Shares on the terms and conditions set out in Schedule 2 (**Lead Manager Options**) (together, the **Lead Manager Securities**) to persons nominated by NFE in consideration for those persons assisting to raise funds under the Capital Raising; and

(B) 1,000,000 Options (on a post-Consolidation basis) to acquire NFE Shares on the terms and conditions set out in Schedule 3 (**Transaction Options**) to persons nominated by NFE in consideration for those persons assisting with the Acquisition.

(b) **Rice University Licence Agreement**

On 16 December 2014, Dotz and Rice University entered into a licence agreement (**Rice University Licence Agreement**) pursuant to which Dotz is granted an exclusive, sub-licensable, assignable worldwide licence (**Licence**) to use, develop, manufacture and market the Rice Intellectual Property.

A summary of the key terms and conditions of the Rice University Licence Agreement is set out below:

(i) (**Term**): The Rice University Licence Agreement commenced on 16 December 2014 and continues until the date of expiration of the last to expire of Rice University's rights in the Rice University Patents unless terminated earlier;

(ii) (**Rice University's continuing rights**): Notwithstanding the grant of the Licence to Dotz, Rice University retains a continuing irrevocable worldwide right to exploit the Rice Intellectual Property to make, have made, use or transfer on a non-exclusive royalty free basis for education, academic and research purposes only;

(iii) (**Fees and Royalties**): Dotz is required to pay Rice University the following royalties and fees:

(A) a royalty calculated at 4% on adjusted gross sales (sales of products developed using the Licence less costs attributable to such sales); and

- (B) 25% of any cash or non-cash consideration received as consideration under a sub-licence;
- (iv) **(Annual Minimum Royalties)**: in addition to the above, Dotz shall pay Rice University annual minimum royalties on the following milestone dates:
  - (A) 1 January 2017 - \$50,000;
  - (B) 1 January 2018 - \$100,000;
  - (C) 1 January 2019 - \$100,000;
  - (D) 1 January 2020 - \$450,000; and
  - (E) 1 January 2021 and each 1 January of every year thereafter - \$1,000,000,

with each annual minimum milestone payment creditable towards royalties due in the forthcoming year;

- (v) **(First Commercial Sale)**: Dotz shall fulfil, and shall cause any sub- licensee to fulfil, the following obligations:
  - (A) a first commercial sale of a product developed using the Rice Intellectual Property (**Rice Licensed Product**) in on or before 30 June 2017, and shall thereafter keep such Rice Licensed Product available for sale;
  - (B) achieve production of Rice Licensed Products on a semi-industrial scale (5 kilograms/month) through establishing or contracting a suitable manufacturing facility by 1 January 2018; and
  - (C) achieve production of Rice Licensed Products at industrial scale (1,000 kilogram/year) through establishing or contracting a suitable manufacturing facility by 1 January 2020.

Rice University may terminate or render the agreement non-exclusive at any time after 4 years from the execution date of the Rice University Licence Agreement if Rice University determine that progress reports do not demonstrate effective achievement of the commercialisation of the licensed products;

- (vi) **(Termination)**: The Rice University Licence Agreement may be terminated as follows:
  - (A) by Dotz, at its option, by giving thirty (30) days prior written notice;
  - (B) by Rice University, at its option, as follows:
    - (I) upon Dotz failure to rectify a monetary breach within thirty (30) days after receiving written notice;

- (II) upon Dotz failure to rectify any other breach within forty five (45) days of receiving written notice;
- (III) upon any underreporting or underpayment by Dotz in excess of 20% for a twelve (12) month period;
- (IV) upon Dotz providing any false report, which is not corrected within thirty (30) days of receiving written notice or within thirty (30) days after Dotz becomes aware that false information has been provided, whichever occurs earlier; or
- (V) immediately upon Dotz becoming insolvent.

The Rice University Licence Agreement otherwise contains terms which are customary for an agreement of its nature.

(c) **Sponsored Research Agreement**

On 1 January 2015 Dotz and Rice University entered into a sponsored research agreement (**Sponsored Research Agreement**) pursuant to which Dotz agreed to fund and support the scientific research related to coal derived GQDs for energy and biological applications (**Research Project**), which is being supervised and directed by Professor James Tour (**Principal Investigator**).

A summary of the key terms and conditions of the Sponsored Research Agreement is set out below:

(i) **(Term):**

The term of the Sponsored Research Agreement commenced on 1 January 2015 and continues until 1 January 2018 unless terminated prior by either party or extended by written agreement between the parties.

(ii) **(Project Funds):**

(A) Dotz shall pay Rice University the direct and indirect costs associated with the Research Project up to an amount of US\$500,000 over a period of 2 years (US\$250,000 per year).

(B) Dotz has the option to proceed with a third year of funding for the Research Project through the payment of up to an additional US\$250,000 over a period of 1 year.

(C) Rice University must notify Dotz in the event that additional funds are required to complete the Research Project, following which Dotz may elect whether it wishes to provide such additional funds.

(iii) **(Ownership):** All intellectual property invented, reduced to practice, created or developed:

- (A) solely by Rice University shall be owned by Rice University (**Rice Created Intellectual Property**);
  - (B) solely by Dotz shall be owned by Dotz (**Dotz Intellectual Property**); or
  - (C) jointly by Rice University and Dotz shall be owned jointly by Rice University and Dotz (**Joint Intellectual Property**).
- (iv) **(Licensing Options):**
- (A) Any Rice Created Intellectual Property may be used by Dotz on a non-exclusive royalty-free basis, solely for internal research purposes to evaluate whether or not Dotz is interested in licensing the technology at which point Dotz has an option to request:
    - (I) a non-exclusive, non-transferable, limited term, royalty bearing licence; or
    - (II) an exclusive, non-transferable, limited term, royalty bearing licence,

to the Rice Created Intellectual Property and or Rice University's ownership in the Joint Intellectual Property; and
  - (B) Rice University will have a non-exclusive, non-transferrable, non-royalty bearing license to use and make derivative works for all Dotz Intellectual Property solely for the purpose of fulfilling its obligations to complete the Research Project.

(v) **(Termination):**

The Sponsored Research Agreement may be terminated as follows:

- (A) by mutual written agreement between the parties;
- (B) by either party in the event the other party fails to rectify, within 30 days of receiving written notice of a breach from the other party, any material breach; and
- (C) by either party in the event that the Principal Investigator is no longer able to conduct the Research Project on behalf of Rice University.

The Sponsored Research Agreement otherwise contains terms and conditions which are customary for an agreement of its nature.

(d) **B.G. Negev Technologies and Applications Ltd – Research and Licence Agreement**

On 6 March 2014, Graphene Materials Ltd (a wholly owned subsidiary of Dotz) (**GML**) and B.G. Negev Technologies and Applications Ltd (**BGN**) (a company wholly owned by Ben-Gurion University (**BGU**)) and

incorporated in Israel) entered into a research and licence agreement (**BGN Research and Licence Agreement**) for the purposes of:

- (i) GML engaging BGN to conduct a feasibility study in relation to the production of sheets of graphene, as well as other related research (**BGN Research**); and
- (ii) BGN granting an exclusive, sub-licensable, worldwide, royalty-bearing licence (**BGN Licence**) to develop, exploit, utilize and commercialise:
  - (A) the **BGN Patent** (being US provisional patent application numbers [62/204,481](#), [62/234,696](#) and [62/253,155](#));
  - (B) any results derived from the BGN Research (**BGN Research Results**); and
  - (C) any know-how and/or information related to the BGN Patent and BGN Research Results,

(together the **Licensed BGN IP**) and the **Licensed Products** (being a product created by, or in connection with the Licensed BGN IP) in relation to graphene production and applications.

A summary of the key terms and conditions of the Research and Licence Agreement are set out below:

- (i) (**Term**): The term of the Research and Licence Agreement commenced on 6 March 2014 (**Commencement Date**) and shall continue until the later of the following:
  - (A) the date of expiration of both the BGN Patent, and the last of any new patents derived from any BGN Research (**New IP**); or
  - (B) fifteen (15) years from the date of the first commercial sale of a Licensed Product by a licensee party to a third party.(the **Term**).
- (ii) (**Grant of Licence**): In relation to BGN's grant of the BGN licence to GML:
  - (A) BGN grants the BGN Licence to GML to develop, exploit, utilise, and commercialise the Licensed BGN IP, and any Licensed Products in relation to graphene production and applications;
  - (B) BGN and BGU retain the right to use the Licensed BGN IP solely for internal, non-commercial, non-profit, educational and academic research purposes; and
  - (C) GML shall be entitled to grant any sub-licences in writing consistent with the terms of the Research and Licence Agreement (**Sub-Licence Agreement**).

- (iii) **(Consideration and Payment Terms):** GML is required to pay BGN:
- (A) an annual licence fee of:
- (I) US\$5,000 for each of the first three (3) calendar years commencing on the beginning of the calendar year following the date of completion of the BGN Research; and
- (II) US\$15,000 for any calendar year thereafter;
- (B) the following for all amounts received by GML from a third party in connection with the commercialisation of the Licenced BGN IP or the New IP, including all amounts actually received from a third party which are generated from sales of the Licenced Products less any costs attributable to such sales (**Net Sales**):
- (I) 2% of all Net Sales in respect of sales by GML of the Licenced Products which are raw materials;
- (II) 3% of all Net Sales in respect of sales by GML of the Licenced Products which are not raw materials of up to an aggregate of US\$20 million; or
- (III) 4% of all Net Sales in respect of sales by GML of the Licenced Products which are not raw materials exceeding in the aggregate of US\$20 million,
- (together the **Running Royalties**);
- (C) starting from the earlier of the calendar year in which an aggregate net amount of US\$250,000 was achieved from the sale of the Licenced Products or four (4) years from the date of completion of the BGN Initial Research, GML shall pay BGN:
- (I) US\$20,000 per year with regard to each of the first three (3) calendar years; and
- (II) US\$35,000 with regard to any year thereafter,
- (together the **Minimum Annual Royalties**). The Minimum Annual Royalties shall be creditable against the aggregate sum of the Running Royalties paid to BGN with respect to that specific calendar year;
- (D) the following with respect to income derived from the Sub-Licence Agreements:
- (I) an amount equal to 10% of all amounts received by GML pursuant to a Sub-Licence Agreement that are not attributable to sub-licensee Net Sales; and

- (II) the lesser of the rate set out in section (B) above and one third (1/3) of all income attributable to sub-licensee Net Sales,
  - (E) an agreed research budget of \$195,295 to assist with the BGN Research and any future agreed research budget; or
  - (F) an exit fee of 4% of all amounts and other rights and/or assets actually received by GML in connection with certain specified exit events.
- (iv) **(Intellectual Property):** Pursuant to the Research and Licence Agreement:
- (A) all rights, title and interest in and to the Licenced BGN IP shall be owned by BGN;
  - (B) all rights, title and interest in and to the New IP and any intellectual property developed or acquired independently by GML shall be owned by GML; and
  - (C) during the Term both parties are not entitled to licence, sell, transfer, convey, create any encumbrance, lien, mortgage, pledge or any other right in or over their respective intellectual property.
- (v) **(Termination):** The Research and Licence Agreement may be terminated:
- (A) by either party by given notice in writing to the other party in the event of an insolvency event that is not rectified within sixty (60) days;
  - (B) by either party by giving written notice to the other party, if the other party has committed a breach and such breach is not rectified within sixty (60) days of receiving such notice;
  - (C) immediately by either party in the event of an incurable material breach;
  - (D) immediately by BGN by written notice to GML in the event that GML files an opposition to any of the Licenced IP; or
  - (E) mutually by written consent of both parties.

The Research and Licence Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to actions upon termination, confidentiality, indemnities, representations, and warranties.

(e) **NFE Convertible Loan Agreements**

NFE has entered into loan agreements (**NFE Convertible Loan Agreements**) with various lenders (**NFE Lenders**) pursuant to which it has

been provided with aggregate loans of up to AUD\$1,000,000 (**NFE Convertible Loan**).

A summary of the material terms of the NFE Convertible Loan Agreements is set out below:

- (i) (**Interest**): The NFE Convertible Loan is provided on an interest-free basis.
- (ii) (**Conversion**): The NFE Convertible Loan shall automatically convert into Shares on the day which is immediately prior to settlement of the Acquisition (**Conversion Date**) – through the issue of 5,000,000 Shares at a deemed issue price of \$0.20 each; and
- (iii) (**Repayment**): in the event that the NFE Convertible Loan has not been converted, the NFE Convertible Loan together with all outstanding monies shall be repaid by NFE on the date which is the earlier of:
  - (A) 31 October 2016; and
  - (B) 5 Business Days after the date on which NFE receives a notice for repayment of the NFE Convertible Loan upon default by NFE.

(f) **Dotz Loan Agreements**

Dotz has entered into agreements (**Dotz Convertible Loan Agreements**) with various lenders (**Dotz Lenders**) pursuant to which it has been provided with a loan facility of AUD\$350,000 (**Dotz Convertible Loan**).

A summary of the material terms of the Dotz Convertible Loan Agreement is set out below:

- (i) **Repayment**: Repayment of the Dotz Convertible Loan will be the date that is the earlier of:
  - (A) 14 October 2016; and
  - (B) the day which is immediately prior to settlement of the Acquisition,**(Repayment Date)**;
- (ii) **Interest**: The Dotz Convertible Loan is provided on an interest-free basis; and
- (iii) **Conversion**: The Dotz Convertible Loan must be repaid by Dotz on the Repayment Date through Dotz procuring the issue by the Company, of 1,750,000 Shares at a deemed issue price of \$0.20 per Share.

#### 4.8 Effect on Capital Structure

A pro forma capital structure following Settlement is set out below, assuming Shares are issued under the Capital Raising at an issue price of \$0.20 per Share:

	Shares based on a minimum raising of \$5,000,000	Shares based on the assumption of acceptance of full oversubscriptions for an additional \$1,000,000 (\$6,000,000)	Performance Shares based on achievement of all three millstones	Options
Current	54,844,503	54,844,503		50,000,000
Post-Consolidation Shares	5,484,450	5,484,450		5,000,000
Consideration Shares	66,000,000	66,000,000	66,000,000	
Prospectus Offer	25,000,000	30,000,000		
Dotz Convertible Loans	1,750,000	1,750,000		
NFE Convertible Loans	5,000,000	5,000,000		
Facilitator Securities	1,750,000	1,750,000		4,500,000
Transaction Options				1,000,000
<b>TOTAL</b>	<b>104,984,450</b>	<b>109,984,450</b>	<b>66,000,000</b>	<b>10,500,000</b>

#### 4.9 Pro Forma Statement of Financial Position

Set out in Schedule 5 are two pro forma balance sheets of the Company assuming that all Essential Resolutions have been passed, Settlement has occurred and showing alternatively the minimum and maximum amount to be raised under the Capital Raising which is proposed to be \$5,000,000 and \$6,000,000 respectively. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

#### 4.10 Indicative timetable

An indicative timetable for Settlement and the associated transactions is set out below:

Event	Date
Announcement of Acquisition	23 May 2016
Company announces Consolidation and sends out Notice of Meeting	2 August 2016
Annual General Meeting of Shareholders	2 September 2016
ASX notified whether Shareholder approval has been granted for the Essential Resolutions	2 September 2016
Last day for trading Securities on a pre-Consolidation basis	5 September 2016
Trading of post-Consolidation Securities on a deferred settlement basis starts	6 September 2016
Last day for Company to register transfers on a pre-	7 September 2016

Consolidation basis	
First day for the Company to send notice to each security holder of the change in their details of holdings	8 September 2016
First day for the Company to register securities on a post-Consolidation basis	8 September 2016
First day for issue of new holding statements and certificates	8 September 2016
Issue date	14 September 2016
Last day for Securities to be entered into holders' Security holdings	14 September 2016
Last day for the Company to send notice to each Security holder of the change in their details of holdings	14 September 2016
Commencement of trading of Shares on ASX	16 September 2016
Settlement of the Acquisition	19 September 2016

Please note this timetable is indicative only and the directors of the Company reserve the right to amend the timetable as required.

#### **4.11 Board Intention if Settlement occurs**

In the event that Settlement occurs, the Company proposes to:

- (a) continue development of the Rice Intellectual Property in accordance with the Rice University Licence Agreement (see Section 4.7(b));
- (b) undertake marketing throughout Australia and internationally; and
- (c) pursue business development opportunities for the GQD applications both in Australia and internationally (in accordance with the business strategy set out in Section 4.2(h)).

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 4.6.

#### **4.12 Composition of the Board of Directors**

It is intended that the Board of Directors will comprise the following upon Settlement occurring:

- (a) Dr. Moti Gross;
- (b) Mr. Menashe Baruch;
- (c) Mr. Steve Bajic;
- (d) Mr. Faldi Ismail; and
- (e) Mr. Athan Lekkas.

It is currently intended that Kyla Garic, Robert Jewson and Michael Davy will retire on Settlement.

#### **4.13 Advantages of the Proposals in the Resolutions -**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a technology company;
- (b) the Company will obtain 100% ownership of Dotz;
- (c) with increasing global requests for the unique capabilities of GQDs, the Company will be exposed to an industry which has the potential to grow significantly; and
- (d) the Company will be managed by directors and officers with significant experience in the technology industry with a view to guiding the Company to be a significant player in the global GQD industry.

#### **4.14 Disadvantages of the Proposals in the Resolutions**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the nature and scale of its activities to primarily be a technology company, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition will result in the Capital Raising, the issue of the Consideration Shares, the Lead Manager Options, the Transaction Options, and the issue of Shares upon conversion of the Convertible Loans, which will have a dilutionary effect on the holdings of Shareholders;
- (c) given the development stage of the GQD technology, future outlays of funds from the Company may be required for the operations of Dotz; and
- (d) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition. Some of the key risks are summarised in Section 4.15 below.

#### **4.15 Risk Factors**

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from Dotz, parties contracted or associated with Dotz and the HOA. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all Dotz Shares is set out below.

(a) **Risks relating to the Change in Nature and Scale of Activities**

(i) **Re-Quotation of Shares on ASX**

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(ii) **Dilution Risk**

The Company currently has 5,484,450 Shares (on a post Consolidation-basis) on issue. At Settlement, the Company proposes to issue:

- (A) the Consideration Shares; and
- (B) the Lead Manager Shares;
- (C) the Shares upon conversion under the Loan Agreements; and
- (D) Shares to raise at least \$5,000,000 with the ability to accept oversubscriptions to raise up to a further \$1,000,000 under the Offer.

On issue of the Consideration Shares and the maximum subscription of Shares under the Capital Raising of \$6,000,000 at an issue price of \$0.20 per Share (and no exercise of Options):

- (A) the existing Shareholders will retain approximately 4.99% of the Company's issued Share capital;
- (B) the Vendors will hold approximately 60.01% of the Company's issued Share capital;
- (C) the investors under the Capital Raising will hold approximately 27.28% of the Company's issued Share capital;
- (D) the Dotz Lenders will hold approximately 1.59% of the Company's issued Share capital;
- (E) the NFE Lenders will hold approximately 4.55% of the Company's issued Share capital; and
- (F) the Facilitators will hold approximately 1.59% of the Company's issued Share capital.

If subsequently the Lead Manager Options and the Transaction Options are exercised and the Performance Shares are converted, the interests of the existing Shareholders in the Company will reduce to approximately 3.02%, assuming maximum subscription under the Capital Raising.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the business.

(iii) **Liquidity Risk**

On Settlement, the Company proposes to issue the Consideration Shares, Lead Manager Options and Transaction Options. The Directors understand that ASX will treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities.

Based on the post-Acquisition capital structure (assuming no further Shares are issued or Options exercised), the Consideration Shares will equate to approximately 57% of the issued Share capital on an undiluted basis (assuming maximum subscription under the Capital Raising). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(iv) **Contractual Risk**

Pursuant to the HOA, the Company has been granted the Option to acquire 100% of Dotz. The Company exercised the Option on 22 May 2016. Settlement of the Acquisition is subject to the fulfilment of certain conditions precedent. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the HOA. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly. Further, certain parties to the HOA reside outside Australia. It may be difficult for the Company to seek a legal remedy in any jurisdiction outside Australia which may adversely impact the Company's performance and financial position.

(b) **Risks in respect of Dotz' current operations**

(i) **Development and commercialisation of the Dotz Technology**

The success of the Company post completion of the Acquisition will depend upon Dotz' ability to develop and commercialise the GQD technology. A failure to successfully develop and commercialise the GQD technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

Dotz intends to initially focus its GQD commercialisation activities for use as optical brightening agents, tracers in

monitoring applications and taggants in security applications (refer to Section 4.2(d) for further details). There is currently no market for QDs or GQDs for use in these applications and there is a risk that GQDs produced by Dotz will not be accepted by market participants in these (or other fields). Failure to create a market in these fields will have an adverse effect on the Company's potential profitability.

As set out above, Dotz is seeking to develop the GQD technology with organisations that provide chemical production industry services. If Dotz is successful in developing the GQD technology, there may be further additional risks associated with how the technology fits within industry standards (including legal and regulatory standards), and issues faced with production which may affect yields.

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion, and sales and licensing campaigns. There is a risk that if the GQD technology is not accepted by the market or GQDs are not utilised in Dotz' proposed markets or continuing to be utilised in the existing markets that currently use GQDs, Dotz will not be able to commercialise its products, which could adversely impact the Company's operations.

(ii) **Competition and new technologies**

The industry in which Dotz is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Dotz Technology not being differentiated to other similar offerings.

The size and financial strength of some of Dotz' competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, Dotz' ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

(iii) **Licensed intellectual property**

Pursuant to the Rice University Licence Agreement and BGN Research and Licence Agreement, Dotz is licensed intellectual

property for a fixed period of time and contingent on meeting specified milestones. There is no guarantee that the Rice University Licence Agreement and/or BGN Research and Licence Agreement will not be terminated and as a result, other competitors may gain access to the intellectual property used by Dotz in developing the GQD technology or any know-how and/or information related to the Licensed BGN IP in relation to graphene production and applications. Breach of any licence agreements by Dotz, or infringement of the licensed intellectual property by third parties, may have an adverse impact on Dotz' ability to develop its technology.

In particular, the Rice University Licence Agreement contains specified milestones which must be met in order for Dotz to retain its interest the Rice Intellectual Property (refer to Section 4.7(b)(v) for more details). Failure to meet these milestones, or breach by Dotz of its other obligations under the Rice University Licence Agreement, may result in termination by Rice University, which is likely to have an adverse effect on the Company.

(iv) **Staff Risk**

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of Dotz' intellectual property which has a commercial value to Dotz as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as Dotz has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by Dotz to the maximum extent possible.

(v) **Patent application risk**

The intellectual property licensed to Dotz under the Rice University Licence Agreement and BGN Research and Licence Agreement consist of pending patent applications. There is no guarantee that these patent applications will be granted or that Dotz will receive enforceable patent rights.

There is a risk that Dotz will not be entitled to practice the inventions claimed in the patents, and that the working of its patented invention may be prevented by another patent or patent application which has an earlier priority date to the patent applications licensed to Dotz.

Even if Dotz succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties. The grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid, the patent is unenforceable.

(vi) **Protection of intellectual property rights**

Dotz intends to pursue intellectual property protection in the form of patents post-Settlement for newly developed technologies. However, if the Company fails to protect the intellectual property rights of Dotz adequately, competitors may gain access to its technology which may harm its business.

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the development of information technology. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the Dotz Technology may eventually be sold. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating the intellectual property.

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting future intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

As Dotz licenses its intellectual from third parties, there is an additional risk that these third parties fail to keep the patents licensed to Dotz valid, resulting in competitors being entitled to apply for patents in the same area.

In addition, unauthorised use of the "Dotz" brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(vii) **Limited operating history**

Incorporated in March 2014, Dotz is a company with limited operating history. To date, Dotz has principally developed its technology and has not commenced commercialisation. Given Dotz' limited operating history, there can be no guarantee that Dotz will achieve commercial viability.

(viii) **Currency Risk**

Dotz expects to derive a majority of its revenue from the United States, in US dollars. Dotz will also be required to pay fees in the currency for the State of Israel (shekel). Accordingly, changes in the exchange rate between the US dollar and the Australian

dollar or the Israel shekel and the Australian dollar would be expected to have a direct effect on the performance of Dotz.

(c) **General Risks Relating to the Company**

(i) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Capital Raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(ii) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(iii) **Risk of High Volume of Share Sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the Vendors and others that receive Shares as a result of the Acquisition or the Capital Raising may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered pursuant to the Capital Raising.

(iv) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business

risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(v) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor Dotz are currently engaged in any litigation.

(vi) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

(vii) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(viii) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(d) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

**4.16 Plans for the Company if the Resolutions are not passed**

If the Essential Resolutions are not passed and the Acquisition is not implemented, the Company will continue to look for potential business acquisitions to take the Company forward. Its securities will remain suspended until it has successfully re-complied with chapters 1 and 2 of the Listing Rules.

**4.17 Directors' Interests in the Agreement**

None of the Company's existing Directors have any interest in the proposed Acquisition, other than as disclosed in this Notice.

**4.18 Vendors**

None of the Vendors or their associates are related parties of the Company (other than by virtue of becoming Directors upon Settlement) and they have no existing interest in the Company's Securities.

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**5. RESOLUTION 3 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

**5.1 General**

Resolution 3 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to change the focus to development and commercialisation of the Dotz Technology.

As outlined in Section 4.1 of this Explanatory Statement, the Company has entered into the HOA pursuant to which the Company shall acquire 100% of the issue capital of Dotz.

A detailed description of Dotz and its business is outlined in Section 4.2 above and a summary of the terms and conditions of the HOA is set out in Section 4.7(a) above.

## **5.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of Acquisition requires the Company in accordance with ASX Listing Rule 11.1.2 to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities constitutes a listing of Dotz which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities).

Accordingly, if the Essential Resolutions are approved at the Meeting, it is expected that the Company's Shares will remain in suspension from quotation until the Company has acquired Dotz pursuant to the HOA and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

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## **6. RESOLUTION 4 – CREATION OF NEW CLASS OF SECURITIES – PERFORMANCE SHARES**

### **6.1 Requirements for Shareholder approval**

Resolution 4 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing Shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act and clause 2.3 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Pursuant to the HOA, the Company proposes to issue (amongst other securities) 66,000,000 Performance Shares, on the terms and conditions set out in Schedule 1.

The purpose of the issue of the Performance Shares is to link part of the consideration for the Acquisition to certain key performance criteria. If the milestones are not achieved within the prescribed timeframe, the Company will redeem the Performance Shares.

The Company currently has only one class of shares on issue being fully paid ordinary shares. The terms of the Performance Shares are not the same as the Shares. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares.

Resolution 4 is a special resolution and is subject to the passing of all the Essential Resolutions.

## **6.2 ASX Approval pursuant to ASX Listing Rule 6.1**

ASX Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

The Company has received ASX approval for the issuance of the Performance Shares required under ASX Listing Rule 6.1.

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## **7. RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES**

### **7.1 General**

Resolution 5 seeks Shareholder approval for the issue of:

- (a) 66,000,000 Consideration Shares; and
- (b) 66,000,000 Performance Shares on the terms and conditions set out in Schedule 1,

(together, the **Consideration Securities**) (each on a post-Consolidation basis) in consideration for the acquisition of 100% of the issued capital of Dotz.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX may treat each of the Consideration Securities as restricted securities for the purpose of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of the Consideration Shares.

### **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) the maximum number of Securities to be issued at Settlement is:
  - (i) 66,000,000 Consideration Shares (on a post-Consolidation basis); and
  - (ii) 66,000,000 Performance Shares (on a post-Consolidation basis).
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Consideration Securities will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration in satisfaction of the Acquisition of the Dotz Shares;
- (d) the Consideration Securities will be issued to the Vendors, who are not related parties of the Company (other than as a result of the Acquisition), in consideration for their respective Dotz Shares (pro rata to the number of Dotz Shares held by each Vendor);
- (e) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Performance Shares proposed to be issued will be a new class of securities (Shareholder approval for which is being sought pursuant to Resolution 4) and will be issued on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised from the proposed issue as the Consideration Securities are proposed to be issued in consideration for the acquisition by the Company of all of the Dotz Shares and in accordance with the terms of the HOA.

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## **8. RESOLUTION 6 – ISSUE OF LEAD MANAGER SECURITIES AND TRANSACTION OPTIONS TO FACILITATORS**

### **8.1 General**

Resolution 6 seeks Shareholder approval for the issue of 1,750,000 Lead Manager Shares, 4,500,000 Lead Manager Options and 1,000,000 Transaction Options (each on a post-Consolidation basis) to parties that have assisted with facilitating the Acquisition and completing the Capital Raising (or their nominees) (**Facilitators**).

A summary of ASX Listing Rule 7.1 is set out in Section 7.1 above.

The effect of Resolution 6 will be to allow the Company to issue the Lead Manager Securities and Transaction Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 6 is an Essential Resolution and is subject to Shareholders passing each of the Essential Resolutions.

## 8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares the subject of Resolution 6:

- (a) the maximum number of:
  - (i) Lead Manager Shares to be issued is 1,750,000;
  - (ii) Lead Manager Options to be issued is 4,500,000; and
  - (iii) Transaction Options to be issued is 1,000,000,(each on a post-Consolidation basis);
- (b) the Lead Manager Securities and the Transaction Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all of the Securities will occur on the same date;
- (c) the Lead Manager Securities and the Transaction Options will be issued for nil cash consideration in satisfaction of services provided by the Facilitators who have assisted, or will assist, the Company with the Capital Raising and Acquisition;
- (d) the Lead Manager Securities and the Transaction Options will be issued to the Facilitators, who are not related parties of the Company other than Otsana Capital Pty Ltd, for whom Shareholder approval is being sought under Resolution 7;
- (e) the Lead Manager Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Lead Manager Options will be issued on the terms and conditions set out in Schedule 2 and the Transaction Options will be issued on the terms and conditions set out in Schedule 3; and
- (g) no funds will be raised from the proposed issue as the Lead Manager Securities and Transaction Options are proposed to be issued in satisfaction of services provided by the Facilitators.

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## 9. RESOLUTION 7 – ISSUE OF LEAD MANAGER SECURITIES TO OTSANA PTY LTD

### 9.1 General

As stated above in Section 8.1, the Company has agreed to issue the Lead Manager Securities and Transaction Options to the Facilitators.

While the recipients of the Lead Manager Securities have not yet been identified, it is anticipated that the Company may issue up to 750,000 of the Lead Manager Shares and 2,000,000 of the Lead Manager Options (each on a post-Consolidation basis) to Otsana Pty Ltd (**Otsana**) (or its nominee), an entity in which Faldi Ismail is a director and the sole shareholder.

Resolution 7 seeks Shareholder approval for the issue of up to 750,000 Lead Manager Shares and 2,000,000 Lead Manager Options (both on a post-Consolidation basis) to Otsana (or its nominee).

## **9.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Lead Manager Securities to Otsana constitutes giving a financial benefit and Otsana is a related party of the Company by virtue of being an entity controlled by Faldi Ismail.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because giving of the financial benefit is on arm's length terms.

## **9.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Lead Manager Securities to Otsana involves the issue of Securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **9.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the maximum number of Securities to be issued is 750,000 Lead Manager Shares and 2,000,000 Lead Manager Options (each on a post-Consolidation basis);
- (b) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Lead Manager Securities will be issued for nil cash consideration in satisfaction of services provided by Otsana who have assisted, and will continue to assist, the Company with the Capital Raising and Acquisition;

- (d) the Shares will be issued to Otsana (or its nominee), an entity controlled by Faldi Ismail;
- (e) the Lead Manager Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Lead Manager Options will be issued on the terms and conditions set out in Schedule 2; and
- (g) no funds will be raised from the issue of the Lead Manager Securities to Otsana (or its nominee) as the Lead Manager Securities are being issued in satisfaction of services provided by Otsana.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Otsana Pty Ltd (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **10. RESOLUTION 8 – ISSUE OF SHARES – CAPITAL RAISING**

### **10.1 General**

Resolution 8 seeks Shareholder approval for the issue of up to 30,000,000 Shares (on a post-Consolidation basis) at \$0.20 per Share to raise up to \$6,000,000 (with a minimum of \$5,000,000 to be raised pursuant to the Capital Raising).

A summary of ASX Listing Rule 7.1 is set out in Section 7.1 above.

The effect of Resolution 8 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **10.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 30,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Shares pursuant to the Capital Raising will occur on the same date;
- (c) the issue price of the Shares will be \$0.20 per Share;
- (d) the Shares are proposed to be issued pursuant to a public offer by way of the Prospectus for the purpose of ASX Listing Rule 1.1 condition 3. None of the subscribers for the Capital Raising will be related parties of the Company, other than the Directors who will participate in the Capital Raising pursuant to Resolutions 13 to 17;
- (e) the Shares proposed to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) the Company intends to use the funds raised from the Capital Raising towards the budgeted expenditure described at Section 4.6.

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## **11. RESOLUTION 9 – ISSUE OF SHARES UPON CONVERSION UNDER NFE CONVERTIBLE LOAN AGREEMENTS**

### **11.1 General**

Resolution 9 seeks Shareholder approval for the issue of 4,750,000 Shares (on a post-Consolidation basis) at \$0.20 per Share upon conversion under the NFE Convertible Loan Agreements.

A summary of ASX Listing Rule 7.1 is set out in Section 7.1 above.

The effect of this Resolution will be to allow the Company to issue the Shares upon conversion under the NFE Convertible Loan Agreements during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **11.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares under Resolution 9:

- (a) The maximum number of Shares to be issued in respect of the conversion is 4,750,000 (on a post-Consolidation basis). There is no interest payable under the NFE Convertible Loan Agreements;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued upon conversion of the NFE Convertible Loan Agreements for nil cash consideration at a deemed issue price of \$0.20 each, and accordingly no funds will be raised;
- (d) the Shares will be issued to the NFE Lenders, none of whom will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds raised from the NFE Convertible Loan Agreements have been or will be applied towards general working capital and costs associated with effectuation of the deed of company arrangement effectuated by the Company on 17 May 2016. No funds will be raised from the issue of Shares pursuant to the NFE Convertible Loan Agreements.

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## **12. RESOLUTION 10 – ISSUE OF SHARES TO FALDI ISMAIL UPON CONVERSION UNDER NFE CONVERTIBLE LOAN AGREEMENT**

### **12.1 General**

As stated above in Section 11.1, the Company has entered into the NFE Convertible Loan Agreements with the NFE Lenders. Benefico Pty Ltd, an entity in which Faldi Ismail's spouse is the sole director and shareholder, is an NFE Lender.

Resolution 10 seeks Shareholder approval for the issue of 250,000 Shares (on a post-Consolidation basis) to Benefico Pty Ltd (or its nominee) upon conversion under the NFE Loan Agreement to which it is a party.

## **12.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The conversion of the NFE Convertible Loan will result in the issue of Shares which constitutes giving a financial benefit and Benefico Pty Ltd is a related party of the Company by virtue of being an entity controlled by Faldi Ismail's spouse.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the Shares will be issued to Benefico Pty Ltd (or its nominee) on the same terms as Shares issued to non-related party NFE Lenders and as such the giving of the financial benefit is on arm's length terms.

## **12.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As conversion under the NFE Loan Agreements involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **12.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the maximum number of Shares to be issued is 250,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the deemed issue price of the Shares is \$0.20 per Share, being the same as all other Shares issued upon conversion under the NFE Convertible Loan Agreements;

- (d) the Shares will be issued to Benefico Pty Ltd (or its nominee), an entity associated with Faldi Ismail;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares to Benefico Pty Ltd (or its nominee) as the Shares are being issued in repayment of the loan provided by Benefico Pty Ltd to the Company pursuant to a Convertible Loan Agreement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Benefico Pty Ltd (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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### **13. RESOLUTION 11 – ISSUE OF SHARES UPON CONVERSION UNDER DOTZ CONVERTIBLE LOAN AGREEMENTS**

#### **13.1 General**

Resolution 11 seeks Shareholder approval for the issue of 1,750,000 Shares (on a post-Consolidation basis) at \$0.20 per Share upon conversion under the Dotz Convertible Loan Agreements.

A summary of ASX Listing Rule 7.1 is set out in Section 7.1 above.

The effect of this Resolution will be to allow the Company to issue the Shares upon conversion under the Dotz Convertible Loan Agreements during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **13.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Conversion:

- (a) the maximum number of Shares to be issued in respect of the conversion is 1,750,000 (on a post-Consolidation basis). There is no interest payable on the Dotz Convertible Loan Agreements;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued upon conversion of the Dotz Convertible Loan Agreements for nil cash consideration at a deemed issue price of \$0.20 each, and accordingly no funds will be raised;
- (d) the Shares will be issued to the Dotz Lenders, none of whom are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) the funds raised from the Dotz Convertible Loan Agreements have been or will be applied towards general working capital. No funds will be raised from the issue of Shares pursuant to the Conversion as the Shares will be issued in conversion of the Dotz Convertible Loan Agreements.

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#### 14. RESOLUTION 12 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 12 seeks the approval of Shareholders for the Company to change its name to “**Dotz Nano Ltd**”. The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company following Settlement.

If Resolution 12 is passed the change of name will take effect after ASIC alters the details of the Company’s registration.

The proposed name has been reserved by the Company and if Resolution 12 is passed, the Company will lodge a copy of the special resolution with ASIC following Settlement in order to effect the change.

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#### 15. RESOLUTIONS 13 TO 17 – PARTICIPATION OF RELATED PARTIES IN THE CAPITAL RAISING – MR FALDI ISMAIL, DR MOTI GROSS, MR MENASHE BARUCH, MR STEVE BAJIC AND MR ATHAN LEKKAS

##### 15.1 General

Pursuant to Resolution 8 the Company is seeking Shareholder approval for the Capital Raising.

Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajic and Mr Athan Lekkas wish to participate in the Capital Raising (together, the **Related Party Participants**), subject to Shareholder approval being obtained.

These Resolutions seek Shareholder approval for the issue of up to 2,000,000 Capital Raising Shares to Mr Faldi Ismail, up to 1,000,000 Capital Raising Shares to Mr Athan Lekkas and up to 500,000 Capital Raising Shares each to Dr Moti Gross, Mr Menashe Baruch and Mr Steve Bajic (on a post-Consolidation basis) to each of the Related Party Participants (or their respective nominees) arising from the participation by the Related Party Participants in the Capital Raising on the terms and conditions set out below (**Participation**).

##### 15.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 12.2 above.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and the Related Party Participants are related parties of the Company by virtue of being Proposed Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Related Party Participants on the same terms as the Shares to be issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm’s length terms.

### 15.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 12.3 above.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### 15.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Messrs Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajic and Mr Athan Lekkas (or their respective nominees);
- (b) the maximum number of Shares to be issued is:
  - (i) up to 2,000,000 Shares (on a post-Consolidation basis) to Mr Faldi Ismail (or his nominee);
  - (ii) up to 500,000 Shares to Dr Moti Gross (on a post-Consolidation basis) (or his nominee);
  - (iii) up to 500,000 Shares to Mr Menashe Baruch (on a post-Consolidation basis) (or his nominee);
  - (iv) up to 500,000 Shares to Mr Steve Bajic (on a post-Consolidation basis) (or his nominee); and
  - (v) up to 1,000,000 Shares to Mr Athan Lekkas (or his nominee).
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the issue price will be \$0.20 per Share, being the same issue price as all other Shares to be issued under the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as the funds raised under the Capital Raising as set out in Section 4.6 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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**16. RESOLUTIONS 18 TO 22 – ELECTION OF DIRECTORS**

Clause 6.2 of the Company's Constitution allows the Company to elect a person or persons as a Director by resolution passed in general meeting. A Proposed Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Proposed Director is appointed or elected specifies a different time.

No person other than a Proposed Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless the person or some Shareholder intending to propose his or her nomination has, at least 30 Business Days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the Shareholder to propose the person.

Notice of every candidature for election as a Director shall be given to each Shareholder with or as part of the notice of meeting at which the election is to take place.

If the number of nominations exceeds the maximum number of five (5) directors as set out in the Constitution, the order in which the candidates shall be put up for election shall be determined by the drawing of lots supervised by the Directors and once sufficient candidates have been elected to fill up the vacancies available, the remaining candidates shall be deemed defeated without the need for votes to be taken on their election.

Pursuant to Resolutions 18 to 22, Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajic and Mr Athan Lekkas seek election from Shareholders to be appointed upon Settlement occurring.

The qualifications and experience of the Proposed Directors is set out below:

**Dr. Moti Gross**

Moti Gross has extensive managerial experience leading technological companies, developing business strategy for ongoing enterprises and start-ups. Dr. Gross has promoted various technological projects including raising capital in both government and private sectors, developing and remodelling business tactics and strategies and building business models for numerous companies. Dr. Gross earned his PhD in Economics and Finance at Oxford University.

**Mr. Menashe Baruch**

Mr. Menashe Baruch is an experienced entrepreneur in the field of retail sales. As an investor, Mr. Baruch invested in hi-tech companies over the past 10 years and has substantial holdings in real estate and hi-tech ventures. Among those investments are: Bluesphere Corp. (NASDAQ:BLSP), Savicell Diagnostics, Ultracharge Ltd., Transbiodiesel, Global Energy and L.N. Incubator, an Israeli hi-tech and green technology incubator with more than 15 startup ventures.

**Mr. Steve Bajic**

Since 1996, Mr Bajic has been the President of Hexagon Ventures Inc., a company providing financial and business services consulting to private and publicly listed companies. Mr. Bajic has been in the finance industry for 20 years and has helped raise capital in various industries at all levels of company advancement. He has an extensive resume of current and past private and

public director and officer positions. Mr. Bajic holds a Financial Management Diploma from the British Columbia Institute of Technology.

### **Mr Faldi Ismail**

Mr Ismail is an experienced corporate advisor specialising in the restructure and recapitalisation of ASX listed companies. He has a significant amount of ASX and investment banking experience and has advised on numerous cross border transactions including capital raisings, structuring of acquisitions and joint ventures overseas. Mr Ismail is also the founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and Initial Public Offerings. Mr Ismail currently sits on the board of a number of ASX listed companies.

### **Mr Athan Lekkas**

Mr Lekkas has participated in a broad range of business and corporate transactions on the ASX and specialising in the restructure and recapitalisation of various companies through his institutional funding contacts in Asia and North America. Mr Lekkas has completed successful turnaround projects in manufacturing, logistics and implemented successful operational changes restoring companies into profitability. He was instrumental in the structuring and funding of ASX listed Xped Limited (XPE) transaction. Mr Lekkas is the current CEO of XPE

Mr Lekkas is also a Director of ASX listed investment company First Growth Funds Limited.

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## **17. RESOLUTION 23 – CONSOLIDATION OF CAPITAL**

### **17.1 Background**

If Resolution 23 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of Shares on issue will be reduced from ten (10) Shares to one (1) Share (subject to rounding).

### **17.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

### **17.3 Fractional entitlements**

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by ten. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

### **17.4 Taxation**

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

## 17.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

## 17.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table in Section 4.8 above

## 17.7 Indicative timetable\*

If the Essential Resolutions are all passed, the Consolidation will take effect in accordance with the timetable set out in Section 4.10 above.

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## 18. RESOLUTION 24 – APPROVAL OF EMPLOYEE INCENTIVE OPTION PLAN

Resolution 24 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Employee Incentive Option Plan" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in Section 7.1 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 24 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. The Company's Shareholders have not previously approved the Company's adoption of the Plan and, as such, no securities have been issued under the Plan to date.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of performance Option under the Plan will provide selected Directors (executive or non-executive) and permitted employees and contractors of the Company with the opportunity to participate in the future growth of the Company.

Any future issues of securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 4. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary

(+61 8 6377 8043). Shareholders are invited to contact the Company if they have any queries or concerns.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** has the meaning given at Section 4.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**BGN** means B.G. Negev Technologies and Applications Ltd (a company wholly owned by Ben-Gurion University in Israel).

**BGN Licensed IP** has the meaning set out in Section 4.7(d).

**BGN Research and Licence Agreement** has the meaning set out in Section 4.7(d).

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** has the meaning given at Section 4.1.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** or **NFE** means Northern Iron Limited (to be renamed "Dotz Nano Limited") (ACN 125 264 575).

**Consideration Shares** means 66,000,000 Shares to be issued to the Vendors at Settlement.

**Consideration Securities** means the Consideration Shares and the Performance Shares.

**Consolidation** means the consolidation of the Company's capital, on the basis of 1 Share for every 10 Shares held.

**Constitution** means the Company's constitution.

**Convertible Loan Agreements** means the NFE Convertible Loan Agreements and the Dotz Convertible Loan Agreement.

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

**Directors** means the current directors of the Company.

**Dotz** has the meaning given at Section 4.1.

**Dotz Convertible Loan** has the meaning set out in Section 4.7(f)

**Dotz Convertible Loan Agreement** has the meaning set out in Section 4.7(f).

**Dotz Convertible Lenders** has the meaning set out in Section 4.7(f).

**Dotz Share** means a fully paid ordinary share in the capital of the Dotz.

**Essential Resolutions** means Resolutions 3-12 and 18-23 as set out in this Notice.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Facilitators** has the meaning set out in Section 8.1.

**GML** means Graphene Materials Ltd (a wholly owned subsidiary of Dotz incorporated in Israel).

**GQDs** means graphene quantum dots.

**HOA** has the meaning given at Section 4.1.

**Israel Subsidiary** has the meaning given at Section 4.1.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Lead Manager Securities** means the Lead Manager Shares and Lead Manager Options.

**Lead Manager Shares** means 1,750,000 Shares to be issued to the Facilitators in accordance with Resolutions 6 and 7.

**Lead Manager Options** means 4,500,000 Options to be issued on the terms and conditions set out in Schedule 2.

**Maximum Subscription** has the meaning given at Section 4.5.

**Merger** has the meaning given at Section 4.1.

**Minimum Subscription** has the meaning given at Section 4.5.

**NFE Convertible Loan** has the meaning set out in Section 4.7(e).

**NFE Convertible Loan Agreement** has the meaning set out in Section 4.7(e).

**NFE Convertible Lenders** has the meaning set out in Section 4.7(e).

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share

**Optionholder** means a holder of an Option.

**Performance Shares** means 66,000,000 performance rights to be issued to the Vendors at Settlement with the terms and conditions set out in Schedule 1.

**Proposed Directors** means Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajjic and Mr Athan Lekkas.

**Prospectus** means the prospectus prepared by the Company in accordance with Chapter 6D of the Corporations Act, pursuant to which the Capital Raising up to the Maximum Subscription.

**Proxy Form** means the proxy form accompanying the Notice.

**QDs** means quantum dots.

**Research Project** has the meaning set out in Section 4.7(b).

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Rice University Licence Agreement** has the meaning set out in Section 4.7(b).

**Securities** mean all securities of the Company, including a Share, an Option or a Performance Right (as the context requires).

**Settlement** means settlement of the Acquisition in accordance with the terms of the HOA.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

Sponsored Research Agreement has the meaning set out in Section 4.7(c).

**Transaction Options** means 1,000,000 Options to be issued on the terms and conditions set out in Schedule 3.

**Vendors** has the meaning given at Section 4.1.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

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### 1. Terms of Performance Shares

- (a) **(Performance Shares):** Each Performance Share is a share in the capital of NFE.
- (b) **(General Meetings):** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of NFE that are circulated to NFE shareholders. Holders have the right to attend general meetings of NFE.
- (c) **(No Voting Rights):** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of NFE, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights):** The Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Rights to Return of Capital):** The Performance Shares may not participate in the surplus profits or assets of NFE.
- (f) **(Transfer of Performance Shares):** The Performance Shares are not transferable.
- (g) **(Reorganisation of Capital):** In the event that the issued capital of NFE is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (h) **(Application to ASX):** The Performance Shares will not be quoted on ASX. If NFE is listed on the ASX at the time, upon conversion of the Performance Shares into NFE Shares in accordance with these terms, NFE must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the NFE Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under item (g) (Reorganisation of Capital), holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of NFE Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the Performance Shares may be amended as necessary by the NFE board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (k) **(No Other Rights):** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 2. Conversion of the Performance Shares

- (a) **(Milestones):** The Performance Shares will convert upon satisfaction of any one of the following milestones:
- (i) 22,000,000 Performance Shares shall convert upon Dotz achieving the production and distribution of an aggregate of 20 kilograms of GQDs through formal off-take agreements or commercial samples with a reputable third party within an 18 month period from the date of issue of the Performance Shares (**Issue Date**);
  - (ii) 22,000,000 Performance Shares shall convert upon Dotz achieving the production and distribution of an aggregate of 50 kilograms of GQDs in any 12 month period through formal off-take agreements with a reputable third party within a period of 30 months from the Issue Date; and
  - (iii) 22,000,000 Performance Shares shall convert upon Dotz achieving the production and distribution of an aggregate of 100 kilograms of GQDs in any 12 month period through formal off-take agreements with a reputable third party within a period of 48 months from the Issue Date,
- (each referred to as a **Milestone**).
- (b) **(Conversion of Performance Shares):** Subject to paragraph (c) below, in the event a Milestone is satisfied, all of the Performance Shares held by the Holder will convert into an equal number of NFE Shares.
- (c) **(No Conversion if Corporations Act Contravention):** In the event that:
- (i) the conversion of the Performance Shares into Shares would result in the Holder being in contravention of section 606(1) of the Corporations Act, then the conversion of such number of Performance Shares that would cause the contravention will be deferred until such time or times thereafter the conversion would not result in such a breach; and
  - (ii) the above paragraph (c)(i) applies, the Holder may, by notice in writing, require the Company to call a meeting of its Shareholders for the purposes of obtaining approval under item 7, section 611 of the Corporations Act for the conversion of the Performance Shares, in which case the Company must as soon as practicable call a meeting of its shareholders for the purposes of obtaining approval under item 7, section 611 of the Corporations Act for the conversion of the Performance Shares into Shares
- (d) **(No Conversion if Milestone not achieved):** Any Performance Share not converted into an NFE Share within the period required under the relevant Milestone will be automatically redeemed by NFE for a sum of \$0.0000001 per Performance Share within 10 Business Days.
- (e) **(After Conversion):** The NFE Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other NFE Shares then on issue and, if NFE is listed on ASX at the time, application will be

made by NFE to ASX for official quotation of the NFE Shares issued upon conversion.

- (f) **(Conversion Procedure)** NFE will issue the Holder with a new holding statement for the NFE Shares as soon as practicable following the conversion of the Performance Shares into NFE Shares.
- (g) **(Ranking of Shares)** The NFE Shares into which the Performance Shares will convert will rank pari passu in all respects with the NFE Shares on issue at the date of conversion.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF LEAD MANAGER OPTIONS

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Lead Manager Option will be \$0.40 (**Exercise Price**).

(c) **Expiry Date**

Each Lead Manager Option will expire at 5:00 pm (WST) on the date that is 36 months from the date of issue (**Expiry Date**). A Lead Manager Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Lead Manager Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Lead Manager Options may be exercised during the Exercise Period by notice in writing to NFE in the manner specified on the Lead Manager Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Lead Manager Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to NFE.

(f) **Exercise Date**

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

(g) **Timing of issue of NFE Shares on exercise**

Within 15 Business Days after the Exercise Date, NFE will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Lead Manager Options specified in the Notice of Exercise and for which cleared funds have been received by NFE;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if NFE is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the NFE Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of NFE Shares issued pursuant to the exercise of the Lead Manager Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the NFE Shares does not require disclosure to investors, NFE must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the NFE Shares does not require disclosure to investors.

(h) **NFE Shares issued on exercise**

NFE Shares issued on exercise of the Lead Manager Options rank equally with the then issued shares of NFE.

(i) **Quotation of NFE Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by NFE to ASX for quotation of the NFE Shares issued upon the exercise of the Lead Manager Options.

(j) **Reconstruction of capital**

If at any time the issued capital of NFE is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Lead Manager Options and holders will not be entitled to participate in new issues of capital offered to NFE shareholders during the currency of the Lead Manager Options without exercising the Lead Manager Options.

(l) **Change in exercise price**

A Lead Manager Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Lead Manager Option can be exercised.

(m) **Unquoted**

NFE will not apply for quotation of the Lead Manager Options on ASX.

(n) **Transferability**

The Lead Manager Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF THE TRANSACTION OPTIONS

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j) below, the amount payable upon exercise of each Transaction Option will be \$0.30 (**Exercise Price**)

(c) **Expiry Date**

Each Transaction Option will expire at 5:00 pm (WST) on the date that is 36 months from the date of issue (**Expiry Date**). A Transaction Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Transaction Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Transaction Options may be exercised during the Exercise Period by notice in writing to NFE in the manner specified on the Transaction Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Transaction Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to NFE.

(f) **Exercise Date**

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

(g) **Timing of issue of NFE Shares on exercise**

Within 15 Business Days after the Exercise Date, NFE will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Transaction Options specified in the Notice of Exercise and for which cleared funds have been received by NFE;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if NFE is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the NFE Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of NFE Shares issued pursuant to the exercise of the Transaction Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the NFE Shares does not require disclosure to investors, NFE must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the NFE Shares does not require disclosure to investors.

(h) **NFE Shares issued on exercise**

NFE Shares issued on exercise of the Transaction Options rank equally with the then issued shares of NFE.

(i) **Quotation of NFE Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by NFE to ASX for quotation of the NFE Shares issued upon the exercise of the Transaction Options.

(j) **Reconstruction of capital**

If at any time the issued capital of NFE is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Transaction Options and holders will not be entitled to participate in new issues of capital offered to NFE shareholders during the currency of the Transaction Options without exercising the Transaction Options.

(l) **Change in exercise price**

A Transaction Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Transaction Option can be exercised.

(m) **Unquoted**

NFE will not apply for quotation of the Transaction Options on ASX.

(n) **Transferability**

The Transaction Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 4 – SUMMARY OF EMPLOYEE INCENTIVE OPTION PLAN

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The material terms and conditions of the Employee Incentive Option Plan are as follows:

- (a) **Eligibility and Grant of Plan Options:** The Board may grant Plan Options to any full or part time employee or Director of the Company or an associated body corporate or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor of the Company or any or an associated body corporate (**Eligible Participant**). Plan Options may be granted by the Board at any time.
- (b) **Consideration:** Each Plan Option issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Plan Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Plan Options granted under the Plan will be determined by the Board prior to the grant of the Plan Options.
- (e) **Exercise Restrictions:** The Plan Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Plan Options.
- (f) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).
- (g) **Lapsing of Plan Options:** Subject to the terms of the offer made to a Participant, an unexercised Plan Option will lapse:
  - (i) on the Eligible Participant ceasing employment with the Company and:
    - (A) any Exercise Conditions have not been met by the date the Relevant Person ceases to be an Eligible Participant (**Ceasing Date**); or
    - (B) where any Exercise Conditions have been met by the Ceasing Date or the Plan Option is not subject to any Exercise Conditions, the Participant does not exercise the Plan Option within a period of six (6) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
  - (ii) if any Exercise Condition is unable to be met; or
  - (iii) the expiry date has passed.
- (h) **Share Restriction Period:** Shares issued on the exercise of Plan Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the Plan Options.
- (i) **Disposal of Options:** Plan Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.

- (j) **Trigger Events:** The Company may permit Plan Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (k) **Participation:** There are no participating rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options.
- (l) **Change in exercise price:** A Plan Option will not confer a right to a change in exercise price or a change in the number of underlying Shares over which the Plan Option can be exercised.
- (m) **Reorganisation:** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Plan Options offered under an offer when aggregated with:
  - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee share scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 5 years from the exercise of Plan Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can ASIC Class Order 03/184).

**SCHEDULE 5 – PRO FORMA BALANCE SHEETS BASED ON THE ASSUMPTION OF ACCEPTANCE OF FULL OVERSUBSCRIPTIONS FOR AN ADDITIONAL \$1,000,000 TO RAISE A TOTAL OF \$6,000,000 UNDER THE CAPITAL RAISING AT A CAPITAL RAISING PRICE OF \$0.20**

		Audited as at 31 June 2015	Pro-Forma Adjustment	Min Subscription Pro-forma as at 31 December 2015	Pro-Forma Adjustment	Max Subscription Pro-forma as at 31 December 2015
		AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
<b>Current Assets</b>	Note	<b>\$</b>				
Cash & cash equivalents	1,3	5,258	(2,071)	4,753	1,219	8,043
Trade and other receivables		2,653	(3,443)	(0)	(3,433)	(0)
Inventory		19,486	(25,287)	(0)	(25,287)	(0)
Prepayments		310	(402)	0	(402)	0
Other Current Assets			51	51	51	51
<b>Total Current Assets</b>		<b>27,707</b>	<b>(31,152)</b>	<b>4,804</b>	<b>(27,862)</b>	<b>8094</b>
<b>Non-Current Assets</b>						
Trade and other receivables		1,417	(1,839)	(0)	(1,839)	(0)
Mine properties		38,828	(50,387)	0	(50,387)	0
Property, plant and equipment		151,839	(197,037)	5	(197,037)	5
Deferred tax asset		3	(4)	(0)	(4)	(0)
Investment	6		12,371	12,371	12,371	12,371
<b>Total Non-Current Assets</b>		<b>192,087</b>	<b>(236,896)</b>	<b>12,375</b>	<b>(236,896)</b>	<b>12,375</b>
<b>TOTAL ASSETS</b>		<b>219,794</b>	<b>(171,497)</b>	<b>(173)</b>	<b>171,497</b>	<b>(173)</b>
<b>Current Liabilities</b>						
Trade & other payables	2,4	(17,229)	22,185	(173)	22,185	(173)
Derivative financial liabilities	4	(19,192)	24,905	(0)	24,905	(0)
Provisions	4	(22,189)	28,795	0	28,795	0
Current tax liabilities		-	-	-	-	-
Interest bearing loans and borrowings	4	(73,678)	95,612	0	95,612	0
<b>Total Current Liabilities</b>		<b>(132,288)</b>	<b>171,497</b>	<b>(173)</b>	<b>171,497</b>	<b>(173)</b>
<b>Non-Current Liabilities</b>						
Provisions	4	(17,454)	22,650	(0)	22,650	(0)
Interest bearing loans and	4	(8,614)	10,895	(283)	10,895	(283)

borrowings						
<b>Total Non-Current Liabilities</b>		<b>(26,068)</b>	<b>33,545</b>	<b>(284)</b>	<b>33,545</b>	<b>(284)</b>
<b>TOTAL LIABILITIES</b>		<b>(158,356)</b>	<b>205,042</b>	<b>(457)</b>	<b>205,042</b>	<b>(457)</b>
<b>NET ASSETS</b>		<b>61,438</b>	<b>(63,006)</b>	<b>16,722</b>	<b>(59,716)</b>	<b>20,012</b>
<b>EQUITY</b>						
Issued Capital	<b>1</b>	380,761	18,063	512,177	21,353	515,467
Reserves		16,617	-	21,564	-	21,564
Accumulated Losses	<b>3</b>	(335,940)	(81,069)	(517,018)	81,069	(517,018)
<b>TOTAL EQUITY</b>		<b>61,438</b>	<b>(63,006)</b>	<b>16,722</b>	<b>(59,716)</b>	<b>20,012</b>
		-	(0)	(0)	(0)	(0)

**Notes:** these proforma accounts are based on half yearly review for the period ended 31 Decemebre 2012.

1. The issue and Shares of Options
2. Total ordinary trade creditors (subject to adjudication) and outstanding administration fees.
3. Cost of Recapitalisation and RTO Process and capital raising fees (6%).
4. Forgiveness of existing liabilities.
5. Unaudited Dotz Balance Sheet (Converted from USD to AUD on a 1.3742:1 rate) as at 31 December 2015.
6. Acquisition of Dotz.
7. Conversion of NFE's balance sheet (Converted from USD to AUD on a 1.2977:1 rate) as at 30 June 2015.

	Northern Iron Ltd	Northern Iron	Northern Iron	Dotz Nano Ltd	Dotz Nano Ltd	Capital Raising	Unaudited Proforma as at 31.12.15	Capital Raising	Unaudited Proforma as at 31.12.15
	Audited as at 31.12.15	DOCA Adjustment	Post DOCA Adjustment	Audited 31.12.15	Convertible Note Raising	Minimum Subscription (net of Costs)	Minimum Subscription	Maximum Subscription (net of Costs)	Maximum Subscription
	Note 4	Note 3	Note 5	Note 6					
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
<b>Current Assets</b>									
Cash & cash equivalents	86	489	575	736	350	4,098	5,759	5,038	6,699
Trade and other receivables	-	-	-	53			53		53
Inventory	-	-	-				-		-
Prepayments	-	-	-				-		-
Marketable Securities		-	-	123			123		123
Other Current Assets		-	-				-	-	-
<b>Total Current Assets</b>	<b>86</b>	<b>489</b>	<b>575</b>	<b>913</b>	<b>350</b>	<b>4,098</b>	<b>5,936</b>	<b>5,038</b>	<b>6,876</b>
<b>Non-Current Assets</b>									
Trade and other receivables	-	-	-				-		-
Mine properties	-	-	-				-		-
Property, plant and equipment	-	-	-	33			33		33
Deferred tax asset	-	-	-				-		-
Restricted Deposits		-	-	34			34		34

Goodwill		-	-	1,138			1,138		1,138
Intangible Assets		-	-	577			577		577
<b>Total Non-Current Assets</b>	-	-	-	1,783	-	-	1,783	-	1,783
<b>TOTAL ASSETS</b>	86	489	575	2,696	350	4,098	7,719	5,038	8,659
<b>Current Liabilities</b>									
Trade & other payables	(111,330)	111,330	-	(286)			(286)		(286)
Derivative financial liabilities	-	-	-				-		-
Provisions	-	-	-				-		-
Current tax liabilities		-	-				-		-
Convertible Notes		(1,000)	(1,000)		(350)	1,350	-	1,350	-
Interest bearing loans and borrowings	-	-	-				-		-
<b>Total Current Liabilities</b>	(111,330)	110,330	(1,000)	(286)	(350)	1,350	(286)	1,350	(286)
<b>Non-Current Liabilities</b>									
Provisions	-	-	-				-		-
Convertible loan, net to discount		-	-	(591)			(591)		(591)
Deferred tax liability		-	-	(116)			(116)		(116)
Derivative		-	-	(47)			(47)		(47)
Interest bearing loans and borrowings	-	-	-				-		-
<b>Total Non-Current Liabilities</b>	-	-	-	(754)	-	-	(754)	-	(754)

<b>TOTAL LIABILITIES</b>	(111,330)	110,330	(1,000)	(1,040)	(350)	1,350	(1,040)	1,350	(1,040)
<b>NET ASSETS</b>	(111,245)	110,820	(425)	1,656	-	5,448	6,679	6,388	7,619
<b>EQUITY</b>									
Issued Capital	422,606	-	422,606	3,135		6,350	14,048	7,350	15,048
Reserves	-	-	-				-		-
Accumulated Losses	(533,851)	110,820	(423,031)	(1,479)		(902)	(7,370)	(962)	(7,430)
<b>TOTAL EQUITY</b>	<b>(111,245)</b>	<b>110,820</b>	<b>(425)</b>	<b>1,656</b>	<b>-</b>	<b>5,448</b>	<b>6,679</b>	<b>6,388</b>	<b>7,619</b>

#### Notes

1. Minimum Capital Raising of \$5,000,000, with the ability to accept oversubscriptions of a further \$1,000,000 to raise a maximum of \$6,000,000, less costs of 6%.
2. Cost of Recapitalisation and RTO Process exclusive of capital raising fees.
3. Issue of \$1,000,000 worth of convertible notes in NFE.
4. Disposal of assets and forgiveness of existing liabilities under the DOCA.
5. Dotz balance sheet converted from USD to AUD at 31 December 2015 (1USD : 1.3683AUD)
6. Dotz undertaking a convertible note capital raising of \$350,000.
7. Under the terms of the Acquisition, NFE acquires all the issued share capital of Dotz by issuing a total of 66,000,000 Consideration Shares, to the Dotz Vendors (and facilitation shares), giving the Dotz Vendors a controlling interest in NFE and equating to a controlling interest in the combined entity following the Acquisition. Dotz has thus been deemed the acquirer for accounting purposes as it will own approximately 92.33% (66,000,000 / 71,484,450) of the consolidated entity (prior to the shares issued in relation to the Offer). The acquisition of Dotz by NFE is not deemed to be a business combination, as NFE is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two companies is on the basis of the continuation of Dotz with no fair value adjustments, whereby Dotz is deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction is to account for it under AASB 2 Share Based Payments, whereby Dotz is deemed to have issued shares to NFE shareholders in exchange for the net assets held by NFE.

In this instance, the value of the NFE shares provided has been determined as the notional number of equity instruments that the shareholders of Dotz would have had to issue to NFE to give the owners of NFE the same percentage ownership in the combined entity. We have deemed this to be \$4,563,233.

The pre-acquisition equity balances of NFE are eliminated against this increase in Share Capital upon consolidation and the balance is deemed to be the amount paid for the ASX listing status of NFE, being \$4,988,423

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Holder Number

## Security Holder Appointment of Proxy – Annual General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

(Name of Proxy)

OR

The Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on 2 September 2016 at 108 Outram Street, West Perth, Western Australia 6005, and at any adjournment thereof.

### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 24 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 24 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

### VOTING ON BUSINESS OF THE MEETING

Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Participation of Related Party in Capital Raising – Mr Faldi Ismail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Michael Davy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Participation of Related Party in Capital Raising – Dr Moti Gross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Participation of Related Party in Capital Raising – Mr Menashe Baruch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Creation of a New Class of Securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Participation of Related Party in Capital Raising – Mr Steve Bajic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Participation of Related Party in Capital Raising – Mr Athan Lekkas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Lead Manager Securities and Transaction Options to Facilitators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Election of Director – Mr Faldi Ismail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Lead Manager Securities to Otsana Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Election of Director – Dr Moti Gross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Election of Director – Mr Menashe Baruch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Issue of Shares upon Conversion under NFE Convertible Loan Agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Election of Director – Mr Steve Bajic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Issue of Shares to Benefico Pty Ltd upon Conversion under NFE Convertible Loan Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Election of Director – Mr Athan Lekkas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Issue of Shares upon Conversion under Dotz Convertible Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24 Adoption of Employee Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director or  
 Sole Director/ Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

## INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

### 1. **Appointing a proxy:**

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form and both forms must be lodged together. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

### 3. **Signing instructions:**

- **(Individual):** Where the holding is in one name, the Shareholder must sign.
- **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
- **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

### 4. **Attending the Meeting:**

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

### 5. **Return of Proxy Form:**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Northern Iron Limited, 108 Outram Street, West Perth, WA, 6005; or
- (b) facsimile to the Company on facsimile number +61 8 9463 6373; or
- (c) email to the Company at [peter.webse@pcscorporate.com.au](mailto:peter.webse@pcscorporate.com.au)

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**