

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

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## PROSPECTUS

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This Prospectus has been prepared for, among other things, a public offer of up to 25,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$5,000,000 (**Public Offer**).

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to an additional \$1,000,000 may be accepted.

**This Prospectus also contains an offer of:**

- 66,000,000 Consideration Shares and 66,000,000 Performances Shares to the Vendors (**Dotz Offer**);
- 5,000,000 Shares to NFE Lenders (**NFE Convertible Loan Offer**);
- 1,750,000 Shares to Dotz Lenders (**Dotz Convertible Loan Offer**); and
- 1,750,000 Shares, 4,500,000 Facilitator Options, and 1,000,000 Transaction Options to Facilitators (**Facilitator Offer**),

(together, the **Additional Offers**).

**The Offers are scheduled to close at 5.00pm (WST) on the Closing Date unless extended or withdrawn. Applications must be received before that time to be valid.**

Completion of the Offers is conditional upon satisfaction of the Conditions, which are detailed further in Sections 2.4 and 14.2 of the Prospectus. No Securities will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.



**Lead Manager to the Public Offer**

### **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus are subject to certain risks as set out in Section 8.**

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## 1. CORPORATE DIRECTORY

### Current Directors<sup>1</sup>

Mr Michael Davy (Non-Executive Director)  
Ms Kyla Garic (Non-Executive Director)  
Mr Robert Jewson (Non-Executive Director)

### Incoming Directors

Mr Faldi Ismail (Non-Executive Chairman)  
Dr Moti Gross (Executive Director and Chief Executive Officer)  
Mr. Menashe Baruch (Non-Executive Director)  
Mr Steve Bajic (Non-Executive Director)  
Mr Athan Lekkas (Non-Executive Director)

### Joint Company Secretaries

Mr Peter Webse and Ms Kyla Garic<sup>1</sup>

### Share Registry<sup>2</sup>

Automatic Registry Services  
Level 1, 7 Ventnor Avenue  
West Perth WA 6005  
  
Telephone: +61 8 9324 2099  
Facsimile: +61 8 9321 2337

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Auditor<sup>2</sup>

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000

### Registered and Principal Office

#### The Company

108 Outram Street  
West Perth WA 6005

Telephone: +61 8 6377 8043  
Email:  
peter.webse@pcscorporate.com.au  
Website: [www.northernironlimited.com](http://www.northernironlimited.com)  
**ASX Code:** NFE

#### Dotz

2 Granit Street  
Petach Tikva, Israel

Telephone: +972-54-7820401  
Email: cosec@dotznano.com  
Website: <http://www.dotznano.com>

### Proposed ASX Code: DTZ

### Patent Attorneys

FB Rice  
Level 29, 77 St Georges Terrace  
Perth WA 6000

### Investigating Accountant

PA Audit Pty Ltd  
91 High Street  
Fremantle WA 6160

### Lead Manager

Otsana Pty Ltd trading as "Otsana Capital"  
AFSL: 435872  
108 Outram Street  
West Perth WA 6005

### Notes:

1. All Current Directors and Ms Garic shall resign on Settlement of the Acquisition.
2. This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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## **2. IMPORTANT NOTICE**

### **2.1 General**

This Prospectus is dated Wednesday, 24 August 2016 and was lodged with the ASIC on that date. The ASX, ASIC and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Northern Iron Limited (the **Company**) in connection with this Prospectus. You should rely only on information in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus are subject to certain risks as set out in Section 8.

### **2.2 Re-compliance Prospectus**

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in the nature and scale of the Company's activities.

### **2.3 Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

### **2.4 Conditional Offers**

The Offers are conditional on the HOA becoming unconditional (refer to Section 13.1(b) of this Prospectus for a full list of conditions relevant to the HOA). Accordingly, the Offers under this Prospectus are effectively inter-conditional on the successful completion of each other part of the Acquisition.

In the event that Shareholders do not approve all of the Essential Resolutions at the General Meeting, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest).

Securities issued under this Prospectus will be issued on the date of Settlement of the Acquisition of Dotz. In this regard, if Settlement does not occur, no Securities will be issued pursuant to this Prospectus.

### **2.5 Expiry Date**

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## 2.6 Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements.

Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward looking statements contained in this Prospectus are subject to various risks that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Some of the key risks of investing in the Company are set out in Section 8 of this Prospectus.

## 2.7 Privacy Statement

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your acceptance of the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Public Authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your acceptance of the Offers.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the context of takeovers,

Public Authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any Public Authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the date of this Prospectus, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient, other than to the Company's non-resident Directors and Incoming Directors.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 1 of this Prospectus. A fee may be charged for access.

## **2.8 Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.northernironlimited.com](http://www.northernironlimited.com). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be a resident of Australia, Hong Kong, Singapore, the United States, or Canada and must only access this Prospectus from within Australia, Hong Kong, Singapore, the United States, or Canada.

There is no facility for the Offer to be accepted electronically or by applying online. Securities will not be issued under the electronic version of the Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **2.9 Defined Terms**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 16 of this Prospectus.

## **2.10 Time**

All references to time in this Prospectus are references to Australian Western Standard Time.

## **2.11 Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in

them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## **2.12 Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers, please call the Company Secretary, Peter Webse on +61 (8) 6377 8043.

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### 3. INDICATIVE TIMETABLE\*

Dispatch of Notice of General Meeting	2 August 2016
Lodgement of Prospectus with the ASIC	24 August 2016
Opening Date of the Public Offer	24 August 2016
Opening Date of the Additional Offers	24 August 2016
General Meeting held to approve the Acquisition	2 September 2016
Closing Date of Offers	5 September 2016
Issue of Securities under the Offers and Settlement of the Acquisition <sup>^</sup>	19 September 2016
Dispatch of holding statements	19 September 2016
Re-quotation of Shares (including Shares issued under the Offers) on ASX	23 September 2016

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to Applicants.*

*<sup>^</sup> The above stated date for Settlement of the Acquisition is only a good faith estimate by the Directors and may have to be extended.*



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#### 4. LETTER FROM PROPOSED CHAIRMAN

Dear investor,

On behalf of the Current and Incoming Directors of Northern Iron Ltd (to be renamed "Dotz Nano Limited") (**Company**), we are pleased to present you with this Prospectus and invite you to become a Shareholder in the Company following the acquisition of Dotz Nano Ltd (Israel Registrar of Companies ID No. 515063790) (**Dotz**) by the Company (**Acquisition**).

The Company is transitioning from a resource exploration and development company to a technology company, focussing on the development, manufacture and commercialisation of graphene quantum dots (**GQDs**).

Following completion of the Acquisition, Dotz plans to implement its three phase model for commercialisation of its intellectual property interests:

- (a) **Phase 1:** Establishment of a production facility for the development of manufacturing protocols for specific GQD applications and manufacturing of large scale commercial samples of GQDs (i.e. kilogram sized samples). Dotz' current laboratory facilities are not suitable for this purpose.

Contemporaneously, Dotz will begin to engage in commercial and business development activities in the various market industries referred to in Section 7.3(d) (including commencing discussions with potential customers, distributors and sub-licensees);

- (b) **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; and

- (c) **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. Dotz will also consider additional sub-licensing opportunities in bio-imaging applications and other "high end" industries identified in Section 7.3(b)(ii).

Further information in relation to the above is set out at Section 7.3(e) of this Prospectus.

The Acquisition will result in a material change in the nature and scale of the Company's activities, therefore the primary purpose of this Prospectus is to enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and provide Dotz with the required funding to commercialise its intellectual property interests.

The Offers are subject to various conditions which are summarised in Section 2.4. Of particular note, the Company has convened a general meeting of Shareholders on 2 September 2016, at which the Company will, among other things, seek the approval of Shareholders for the Acquisition.

This Prospectus contains information about the Company, Dotz, the Offers and the proposed Acquisition. It also contains detailed information in Section 8 about the potential risks of investing in the Company. We encourage you to read this Prospectus carefully and completely, and consult with your professional advisers if required.

On behalf of the current and future board of the Company, we are pleased to present this Prospectus to you and invite you to take part in this exciting investment opportunity.

We look forward to welcoming you as a shareholder of the Company.

Yours faithfully,

**Mr Michael Davy**  
**Non-Executive Director**  
**Northern Iron Limited (to be renamed "Dotz Nano Limited")**

**Mr Faldi Ismail**  
**Proposed Chairman**  
**Northern Iron Limited (to be renamed "Dotz Nano Limited")**

## 5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
<b>A. The Company</b>		
<b>Who is the issuer of this Prospectus?</b>	<p>Northern Iron Limited (ACN 125 264 575) (to be renamed "Dotz Nano Limited") (ASX Code: NFE (changing to 'DTZ')) (<b>Company</b>) is the issuer of this Prospectus.</p> <p>The Company is an ASX listed public company whose primary operations were the production of magnetite iron concentrate in northern Norway via its former wholly-owned Norwegian subsidiary Sydvaranger Gruve AS.</p>	Section 7.1
<b>Company overview</b>	<p>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 were the production of magnetite iron concentrate in northern Norway via a former wholly-owned Norwegian subsidiary Sydvaranger Gruve AS (<b>SVG</b>).</p> <p>The Company's securities were suspended from official quotation on 17 November 2015 at the request of the Company, and have remained suspended since that date.</p> <p>SVG operated the Sydvaranger Iron Project in Kirkeness, in northern Norway. The SVG bankruptcy administrator placed the Sydvaranger Iron Project into care and maintenance, and subsequently undertook a sale process for the assets of SVG in Norway. Those assets were subsequently sold.</p> <p>On 19 November 2015, the Company's directors resolved to appoint Mr James Thackray of The Headquarters Corporate Advisory as voluntary administrator of the Company.</p> <p>On 24 March 2016 at the second meeting of creditors, it was resolved that the Company enter into a deed of company arrangement (<b>DOCA</b>) to facilitate a recapitalisation proposal by Otsana, and that Mr James Thackray be appointed as administrator of the DOCA (<b>Deed Administrator</b>).</p> <p>Otsana's recapitalisation proposal (as provided for in the DOCA) was subsequently approved by the Company's shareholders at the Company's general meeting held on 13 May 2016, and on 16 May 2016</p>	Section 7.1

	<p>the voluntary administration came to an end and the DOCA was wholly effectuated, with the Deed Administrator resigning and control being handed to the current directors of the Company. <b>As a result of effectuation of the DOCA, all of the Company's liabilities were discharged as at 16 May 2016.</b></p> <p>On 23 May 2016, the Company announced it had entered into a heads of agreement (<b>HOA</b>) (as amended on 18 May, 22 May, 15 June, and 23 August 2016) with Dotz Nano Ltd (Israel Registrar of Companies ID No. 515063790) (<b>Dotz</b>) under which the Company agreed to acquire 100% of the issued capital of Dotz from all securityholders of Dotz (<b>Vendors</b>) (<b>Acquisition</b>).</p>	
<b>What is the intended Acquisition?</b>	<p>The Company has agreed to acquire 100% of the issued share capital of Dotz from the Vendors (<b>Transaction</b>).</p> <p>The Acquisition, once completed, will lead to a significant change in the nature and scale of the Company's activities. As a result, the Company is required to obtain shareholder approval for (among other things) the Acquisition and to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>A summary of the key terms of the Acquisition is set out in Section 13.1.</p>	Section 7 and 13.1
<b>What is the purpose of this Prospectus?</b>	<p>The purpose of this Prospectus is to raise sufficient capital through the issue of Shares under the Public Offer to fund the Merged Group's ongoing research, development and fabrication, sales and marketing of GQDs, business development, and working capital requirements, and to seek re-admission to the Official List of ASX as "Dotz Nano Limited". The proposed use of funds raised under the Public Offer is set out in Section 7.5.</p> <p>A further purpose of this Prospectus is to issue Securities to the Vendors, the NFE Lenders, the Dotz Lenders, and the Facilitators. Further information in relation to this is set out in Section 6.1.</p>	Sections 7.5 and 6.1
<b>B. Business Model of Dotz post-Acquisition</b>		
<b>Who is Dotz?</b>	<p>Dotz Nano Ltd. was incorporated in March 2014, to develop and commercialise technologies in the advanced materials industry, specifically Graphene Quantum Dots (<b>GQDs</b>), Graphene, and Graphene related products.</p> <p>GQDs are microscopic discs of Graphene Oxide that are made up of layers that are one atom thick. GQDs have been tested at a research and development level in relation to the following applications: medical imaging; visual sensing; consumer electronics; photovoltaic systems; batteries and other related</p>	Section 7.3

	<p>energy storage; fuel cells; pressure, humidity and heavy metal sensors; and computer storage. However as far as Dotz is aware, QDs have not been utilised commercially in the abovementioned applications due to the traditionally high cost of producing QDs.</p> <p>In June 2014, Dotz began negotiations with Rice University, for the licensing of intellectual property (<b>Rice Intellectual Property</b>) relating to the production of QDs, 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.</p> <p>Dotz is also able to utilise intellectual property pursuant to the BGN Licence Agreement (via its wholly owned subsidiary Graphene Materials Ltd (<b>GML</b>)) under which GML is licensed rights in respect of intellectual property relating to the production of graphene and QDs based on sonication and microfluidization technologies.</p>	
<p><b>Quantum Dots and Graphene</b> <b>Quantum Dots</b></p>	<ul style="list-style-type: none"> <li>• <b>What are Nanoparticles and Quantum Dots?</b> 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 may possess novel mechanical, electrical or optical properties that are different from those of macroscopic particles or bulk materials.  Quantum Dots (<b>QDs</b>) are semiconducting nanoparticles with unique optical and electrical properties. 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 (<b>UV</b>) 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 QDs are red-shifted fluoresce). The process of producing different size QDs to make different colours is known as 'tuning'.  QDs can be used in various forms (as liquid solutions or in solid state, embedded in polymers, inks or electronic devices). As a</li> </ul>	<p>Sections 7.3(b)(i), (ii), (iii), and (iv) and 7.3(d).</p>

result, QDs have a wide range of applications and potential applications.

- **QD applications**

Dotz considers the application of QDs can be split into conventional and unconventional markets.

Conventional markets are those where QDs are currently being used (i.e., electronic displays, healthcare imaging, lighting, and solar). For example, in electronic displays (such as television screens) QDs provide an enhanced picture and improved energy efficiency. In healthcare imaging, QDs are used for in-vitro tumour detection in biopsy samples. In the lighting industry, QDs remove the need for coloured filters and provide enhanced efficiency when compared to LED lighting.

Unconventional or '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. Further testing, research and collaboration is required before knowing how well QDs can be applied in unconventional markets, and whether they will be economical.

Dotz intends to approach the low end/high volume markets with its GQDs (such as (but not limited to) laundry detergents, textile manufacturing, oil and gas applications, monitoring applications, coatings, paint and dyes, and cosmetics.

- **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.

These existing forms of QDs are toxic materials, being made from inorganic metallic elements. Due to this toxicity, QDs

are not presently usable in human in-vivo (i.e. in the body) biological applications, and can be problematic in other applications such as textiles, coatings and paints.

- **Graphene Quantum Dots**

While typical QDs are produced from inorganic metallic elements, GQDs are typically produced from carbon-based materials (e.g. graphite, carbon-fibres).

GQDs have a unique combination of a number of key merits, including:

- (a) excellent photo stability;
- (b) water soluble;
- (c) no apparent toxicity (compared to metallic based QDs);
- (d) small size;
- (e) biocompatibility;
- (f) electrical conductivity;
- (g) highly tunable; and
- (h) easily integrated with other biomolecules and chemicals.

As GQDs are carbon based, they do not have the toxicity issues associated with typical QDs. Toxicity testing of GQDs has demonstrated that GQDs exhibit no apparent in-vivo toxicity, making GQDs biocompatible when compared to metallic based QDs. Dotz has also undertaken toxicity testing with the same outcome, with mouse brain endothelial cells treated with biologically relevant concentrations of GQDs showing no signs of toxicity over a five day period. Whilst researchers will continue to test GQDs for toxicity, Dotz believes such results demonstrate that GQDs can be considered 'non-toxic' (i.e. biocompatible in relevant concentrations), in the same way that consuming a glass of wine is considered non-toxic.

Due to their biocompatibility, GQDs provide opportunities for bio-imaging and other biomedical applications. For example, researchers are presently testing the suitability of GQDs for bio-imaging via CT scans, MRI's and PET/CTs. Because of their small size and biocompatibility, these types

	<p>of GODs are being researched to serve as effective carriers for drug delivery whilst allowing simultaneous visual monitoring of releasing kinetics.</p> <p>Researchers are also testing the suitability of GODs for optical sensing (such as displays, smartphones and smart "heartbeat" watches) to replace the LEDs currently used in those devices.</p> <p>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 the key merits outlined above.</p> <p>Presently some potential applications of GODs at the lower end of the market are uneconomical largely due to the price and availability of graphite as the source material to produce GODs. GODs produced from graphite currently sell for as much as \$2,200,000 per kilogram.</p>	
<p><b><i>Current stage of development of Dotz' technology</i></b></p>	<p>The Rice Intellectual Property has been developed to 'proof of concept' stage at Professor Tour's laboratory. In this regard, Rice University has demonstrated that GODs can be produced from coal (a much cheaper source material when compared to graphite) using Professor Tour's developed method.</p> <p>Dotz entered into the Rice University Licence Agreement in December 2014, and since then has spent approximately US\$902,000 further developing the technology by scaling up the production from nano-sized samples to gram sized samples that have been sent to potential customers for evaluation. Dotz is continuing to work with these potential customers to achieve commercialisation of its GODs.</p> <p>Since licensing the technology, Dotz has produced approximately 50 grams of GODs (for testing and sampling). To put that into perspective:</p> <ul style="list-style-type: none"> <li>• a whole year's worth of research into the suitability of GODs for memory storage (due to their superior electrical conductivity properties) is expected to use just 3 grams of GODs; and</li> <li>• current research by Dotz shows approximately 1 gram of GODs would be enough to tag approximately 10,000 casino chips (i.e. casino chips are coated in a solution containing GODs which then</li> </ul>	<p>Section 7.3(b)(v)</p>



	<p>fluoresce a specific colour under UV light enabling the identification of counterfeit chips).</p> <p>Dotz, together with Professor Tour's lab at Rice University, continue to integrate QDs into various applications, testing them for superior properties and expanding the applications for which QDs may be used.</p>	
<p><b>Market for Dotz QDs and intended products and services</b></p>	<p>There is no current commercial market for Dotz produced QDs. While current QDs are suitable for use in the conventional QD market (such as healthcare, displays and lighting), it is in the unconventional and 'low specification' application QD markets that Dotz has recognised a potential unique selling point for market entry. Moving forward, the Company plans 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 further implementation of QD technological development is successful).</p> <p>As Dotz produced QDs are anticipated to have lower production costs than QDs produced from graphite (due to the cost of the primary source material, coal, being significantly cheaper than graphite), the Incoming Directors' objective is for Dotz produced QDs to penetrate these untapped low end markets. Current QDs produced with graphite make their use in these markets uneconomical.</p> <p>Based on Dotz' initial investigations, Dotz initially aims to focus on the following products and services:</p> <ul style="list-style-type: none"> <li>• QDs for use as a replacement for fluorescent brightening agents in detergents and optical brightening agents in paper, carpets and textiles;</li> <li>• QDs for use as tracers (in place of radiotracers current being utilised) in tracing operations in the oil &amp; gas industry, water management and other monitoring applications; and</li> <li>• QDs for use as taggants in security derived applications such as anti-counterfeiting and marking.</li> </ul> <p>Dotz research suggests QDs 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 7.3(b)(ii).</p>	<p>Section 7.3(d)</p>
<p><b>What will be the key business strategies of Dotz?</b></p>	<p>Dotz has developed a three phase model for commercialisation of its intellectual property interests:</p>	<p>Section 7.3(e)</p>

	<ul style="list-style-type: none"> <li> <p><b>Phase 1:</b> Establishment of production facilities for the development of manufacturing protocols for specific QOD applications and manufacturing of large scale commercial samples of QODs (i.e. kilogram sized samples). Dotz' current laboratory facilities are not suitable for this purpose.</p> <p>Contemporaneously, Dotz will begin to engage in commercial and business development activities in the various market industries referred to in Section 7.3(d) (including commencing discussions with potential customers, distributors and sub-licensees). Dotz has already commenced discussions with various parties to whom small samples of QODs have already been provided for evaluation.</p> </li> <li> <p><b>Phase 2:</b> Assuming completion of Phase 1, Dotz intends to ramp-up its manufacturing and sales of QODs to demonstrate that its technologies are suitable for production on a commercial scale; and</p> </li> <li> <p><b>Phase 3:</b> Assuming Dotz is able to successfully commercialise its technologies during Phase 2, Dotz intends to further ramp-up its QOD manufacturing capabilities to an industrial level. Dotz will also consider additional sub-licensing opportunities in bio-imaging applications and other "high end" industries identified in Section 7.3(b)(ii).</p> </li> </ul> <p>The above sets out Dotz' intentions as at the date of this Prospectus and Dotz will continue to monitor the QOD market and its ongoing operations with a view to identifying other potential revenue sources.</p>	
<p><b>How does the Merged Group intend to generate income?</b></p>	<p>Dotz does not currently generate any income from its business. It is envisioned that the Merged Group will begin to generate revenue once its technology is successfully commercialised. The Merged Group intends to commercialise the technology in accordance with the three phase process set out above (see Section 7.3(e) of this Prospectus for further details).</p>	<p>Section 7.3(e)</p>
<p><b>What will be the key dependencies of Dotz's business model</b></p>	<p>The key factors that Dotz will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> <li> <p>the Company generating a market in the unconventional, 'low specification' application QOD market that Dotz has recognised as a potential point for market entry for its QODs;</p> </li> </ul>	<p>Section 7</p>

	<ul style="list-style-type: none"> <li>the Rice University Licence Agreement and the BGN Licence Agreement not being terminated or breached;</li> <li>continued development of Dotz's GQDs for use in the conventional QD market;</li> <li>protection of its intellectual property interests pursuant to the Rice University Licence Agreement and the BGN Licence Agreement;</li> <li>the Merged Group being able to successfully commercialise its technology; and</li> <li>the Merged Group being able to scale up its production of GQDs to produce GQDs in commercial quantities.</li> </ul>	
<b>What are the key benefits of the Acquisition?</b>	The Board considers that the key benefits of the Acquisition will be the opportunity for its shareholders to gain exposure to an emerging industry and unexplored market opportunities via the commercialisation of its GQDs.	Section 7
<b>What are the effects of the Acquisition?</b>	<p>The effect of the Acquisition will see the nature and scale of the business activities of the Company change with the Merged Group proposing to focus on commercialising the Dotz intellectual property interests.</p> <p>The effect of the Acquisition is set out in the capital structure table in Section 7.8 and the pro-forma balance sheet of the Company set out in Section 11. The effect of the Acquisition on the Company's risk profile, including the dilutive impact on the Company's existing Shareholders, is set out in Section 8 (a summary of key risks is also set out in Section C below).</p>	Sections 7, 7.8, 8, and 11
<b>What are the key investment highlights?</b>	<p>The Directors and Incoming Directors are of the view that an investment in Dotz provides the following non-exclusive list of key highlights:</p> <ul style="list-style-type: none"> <li>Dotz has licensed an innovative breakthrough process of producing GQDs from coal as a source material developed by world renowned Professor James Tour of Marshall Rice University in Houston, Texas;</li> <li>using coal as a source material, as opposed to graphite, reduces the cost of producing GQDs;</li> <li>based on Dotz internal testing, Dotz produced GQDs are non-toxic, potentially making them suitable for applications where current QDs cannot be used due to their toxicity;</li> <li>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</li> </ul>	Section 7.2

	<ul style="list-style-type: none"> <li>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 QOD industry.</li> </ul>	
<b>C. Key Risks</b>		
<b><i>What are the key risks of an investment in the Company?</i></b>	<p>The business, assets and operations of the Company are and will be subject to certain risk factors. These factors can impact on the value of an investment in the Securities of the Company.</p> <p>Set out below are specific risks the Company is and will be exposed to post-Acquisition. An investment in the Company should be considered highly speculative.</p> <p>Further risk factors affecting Dotz Nano and the Company/Merged Group are set out in Section 8.</p>	Section 8
<b><i>Development and commercialisation of the Dotz technology</i></b>	<p>A risk exists that the Company may fail to successfully develop and commercialise the QOD technology, including the production of QODs in commercial quantities or to otherwise meet demand. This would have an adverse impact on the Company's operating results and financial position.</p> <p>Dotz intends to initially focus its QOD commercialisation activities in fields where there is currently no market for QODs or GQDs. A risk exists that QODs produced by Dotz will not be accepted by market participants in these fields (or other fields), which would adversely affect the Company's ability to generate revenue and profit.</p> <p>If Dotz is successful in developing the QOD technology, production issues and risks associated with how the technology fits within industry standards may materialise.</p> <p>There is a risk that if the QOD 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.</p>	Section 8.3(a)
<b><i>Competition and new technologies</i></b>	<p>The activities or actions of Dotz's competitors may positively or negatively affect the operating and financial performance of the Merged Group.</p> <p>The size and financial strength of some of Dotz' competitors may make it difficult for the Merged Group to maintain a competitive position in the market.</p> <p>The key competition risk is in achieving appreciable market share and differentiation from its competitors.</p>	Section 8.3(b)

<p><b>Licensed intellectual property</b></p>	<p>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.</p> <p>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 13.2 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.</p>	<p>Section 8.3(c)</p>
<p><b>Staff risk</b></p>	<p>Although Dotz has historically had low levels of staff turnover in the development teams, there is a risk that knowledge will be lost in the event that development staff resign or retire. To mitigate against this risk, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade.</p>	<p>Section 8.3(d)</p>
<p><b>Patent application risk</b></p>	<p>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 applications will be granted or that Dotz will receive enforceable patent rights.</p> <p>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 an earlier patent or patent application.</p> <p>Even if patent protection is granted to Dotz, its patents could be partially or wholly invalidated following challenges by third parties.</p>	<p>Section 8.3(e)</p>
<p><b>Protection of intellectual property rights</b></p>	<p>Dotz intends to pursue further intellectual property protection via patents post-Settlement for newly developed technologies. However, if the Company fails to adequately protect the Dotz intellectual property rights, competitors may gain access to its technology, which may harm the business.</p>	<p>Section 8.3(f)</p>

	<p>Due to competition and the complex nature of intellectual property, there is a risk of expensive and lengthy patent disputes for which the outcome is uncertain.</p> <p>Effective patent, trademark, copyright and trade secret protection may not be available in every country in which the Dotz technology will eventually be sold. As such, the Company may not be able to prevent third parties from infringing upon or misappropriating the intellectual property.</p> <p>There is a risk that the Company may initiate or otherwise be involved in litigation to protect its future intellectual property rights. Litigation can be costly and cause a distraction for management.</p> <p>There is a risk that the third parties from whom Dotz licenses its intellectual property will fail to keep their patents licensed, allowing competitors to apply for patents in that area.</p> <p>Unauthorised use of the "Dotz" brand in counterfeit products may result in revenue loss and adversely impact on its brand value and perceptions of its product.</p>	
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<b>Limited operating history</b>	Dotz was incorporated in March 2014 and therefore has limited operating history. As such, no assurance can be given that Dotz will achieve commercial viability.	Section 8.3(g)
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<b>Currency risk</b>	Dotz expects that the majority of its revenue will be denominated in US dollars. Dotz will also be required to pay fees in the currency for the State of Israel (shekels). Accordingly, changes in the exchange rate between these currencies and the Australian dollar will impact the performance of Dotz.	Section 8.3(h)
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#### D. Directors and Key Management Personnel

<b>Incoming Directors</b>	<p>After successful completion of the Transaction, the directors of the Company will be:</p> <ul style="list-style-type: none"> <li>• Mr Faldi Ismail (Non-Executive Chairman);</li> <li>• Dr Moti Gross (Director and Chief Executive Officer);</li> <li>• Mr Menashe Baruch (Non-Executive Director);</li> <li>• Mr Steve Bajic (Non-Executive Director); and</li> <li>• Mr Athan Lekkas (Non-Executive Director).</li> </ul> <p>The profiles of each of these individuals are set out in Section 9.1.</p> <p>The annual remuneration of the above individuals is set out in the table below:</p>	Sections 9.1, 9.2, 9.3 and 1
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Director	Remuneration for year ended 30 June 2015	Remuneration for year ended 30 June 2016	Proposed remuneration for year ended 30 June 2017
<b>Remuneration</b>			
<b>Incoming Directors<sup>1</sup></b>			
Dr Moti Gross <sup>2</sup>	not applicable	not applicable	USD\$180,000
Menashe Baruch	not applicable	not applicable	\$37,500
Steve Bajic	not applicable	not applicable	\$37,500
Faldi Ismail <sup>3</sup>	not applicable	not applicable	\$75,000
Athan Lekkas	not applicable	not applicable	\$37,500

**Notes:**

1. Non-executive Director remuneration will be set at \$50,000pa and assumes 9 months of director fees before 30 June 2017;
2. CEO and executive director remuneration will be set at US\$240,000pa and assumes 9 months of director fees before 30 June 2017. The above remuneration is for CEO service, not remuneration for director services; and
3. Chairman remuneration will be set at \$100,000pa and assumes 9 months of director fees before 30 June 2017.

Details of the relevant interests of each of the Incoming Directors pre-Acquisition is set out in the table below:

Director	Shares	Options	Performance Shares
<b>Incoming Directors</b>			
Dr Moti Gross	3,160,687	nil	3,160,687
Menashe Baruch	242,198	nil	242,198
Steve Bajic	nil	nil	nil
Faldi Ismail	2,816,667	2,000,000	1,866,667
Athan Lekkas	nil	nil	nil

**Notes:**

1. In relation to the above securities, Faldi Ismail (in either his personal capacity, or through an entity / entities controlled by Mr Ismail) has an interest in: up to 750,000 Facilitator Shares and 2,000,000 Facilitator Options pursuant to the Mandate Agreement with Otsana Pty Ltd; 200,000 Shares pursuant to the NFE Convertible Loan Agreement with Benefico Pty Ltd; and 1,866,667 Consideration Shares and 1,866,667 Performance Shares in the name of Romfal Sifat Pty Ltd <The Fizmail Family A/c> pursuant to the Heads of Agreement with Dotz Nano Ltd.

Details of the relevant interests of each of the Incoming Directors post-Acquisition is set out in the table below:

Director	Shares	Options	Performance Shares	Voting Power
<b>Incoming Directors<sup>4</sup></b>				
Dr Moti Gross	3,660,687	nil	3,160,687	3.33%
Menashe Baruch	742,198	nil	242,198	0.67%
Steve Bajic	500,000	nil	nil	0.45%
Faldi Ismail	4,816,667	2,000,000	1,866,667	4.38%
Athan Lekkas	1,000,000	nil	nil	0.90%

**Notes:**

1. The voting power above is calculated on an undiluted basis and on the basis of there being 109,984,440 Shares on issue upon completion of the Acquisition. This assumes no additional Shares are issued and oversubscriptions of an additional \$1,000,000 are raised under the Capital Raising.
2. It is proposed that Messrs Davy, Jewson, and Ms Garic will resign as directors of the Company following successful completion of the Transaction.
3. The terms and conditions of the above Securities are set out in Section 14 of this Prospectus.
4. The actual Shareholdings of the parties on completion of the Transaction may vary.
5. The numbers of Securities in the above table are subject to rounding.
6. Messrs Gross, Baruch, Bajic, Ismail, and Lekkas have sought shareholder approval pursuant to the Notice of Meeting to apply for the following number of Shares respectively pursuant to the Public Offer: 500,000, 500,000, 500,000, 2,000,000, and 1,000,000.

### Executive Services Agreement

Mr Moti Gross has an executive employment agreement with both the Company and Dotz. Pursuant to those agreements, Mr Gross is to be paid

a total monthly fee of USD\$20,000 per month (plus value added tax) for his services.

A full summary of Mr Gross's agreements is set out at Section 13.10.1.

### **Non-Executive Services Agreements**

Each of Messrs Faldi Ismail, Menashe Baruch, Steve Bajic, and Athan Lekkas have entered into non-executive letters of appointment with the Company. Messrs Ismail, Baruch, Bajic, and Lekkas will each be remunerated \$100,000, \$50,000, \$50,000, and \$50,000 respectively, per annum (inclusive of superannuation).

A summary of the above agreements is set out at Section 13.11.

### **Interests of Faldi Ismail**

#### Otsana Capital

As well as being the proposed Non-Executive Chairman of the Company, Mr Ismail is also the founder and managing director of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and Initial Public Offerings. Otsana is the holder of Australian Financial Services Licence 435872.

The Company has engaged Otsana to act as corporate advisor and lead manager in relation to the Acquisition.

In relation to Otsana's role as corporate advisor and lead manager, Otsana (or its nominees) will receive:

- cash fees in the form of a retainer of \$10,000 per month;
- cash fees of up to \$360,000 after completion of the Public Offer (assuming full oversubscriptions are raised);
- a cash fee of \$135,000 for management services in relation to the Transaction; and
- up to 1,750,000 Shares and up to 4,500,000 Facilitator Options.

Further details in relating to the Otsana mandate are set out at Sections 6.4 and 13.7.

#### Onyx Corporate Pty Ltd

The Company has entered into a corporate services agreement with Onyx Corporate Pty Ltd, an entity in which Mr Faldi Ismail holds a minority interest, for the provision of accounting and book keeping services to the Company. The consultancy fee under the agreement is \$5,000 per month plus GST, however the Company is not liable to pay the fee until its securities are reinstated to trading on ASX.



	<p>Further details in relation to the agreement between the Company and Onyx Corporate Pty Ltd are set out at Section 13.9.</p> <p><u><i>Benefico Pty Ltd</i></u></p> <p>Mr Ismail has a relevant interest in 200,000 Shares (to be issued at Settlement of the Acquisition) pursuant to the NFE Convertible Loan Agreement with Benefico Pty Ltd (or its nominee) (see Section 13.5 for a summary of the NFE Convertible Loan Agreement), a company controlled by Mr Ismail's spouse, in its capacity as an NFE Lender.</p> <p><u><i>Consideration Shares and Performance Shares</i></u></p> <p>Mr Ismail has a relevant interest in 1,866,667 Consideration Shares and 1,866,667 Performance Shares pursuant to the HOA between the Company and Dotz due to him being the controller of Romfal Sifat Pty Ltd &lt;The Fizmail Family A/c&gt;.</p> <p>A summary of the HOA is set out at Section 13.1.</p> <p><b>Arm's length terms</b></p> <p>The Current Directors' note that each of the abovementioned arrangements were negotiated on an arm's length basis.</p>	
<b>Key management personnel</b>	<p>After successful completion of the Transaction, it is proposed that senior management of the Company will be:</p> <ul style="list-style-type: none"> <li>• Dr Michael Shtein (Chief Technology Officer); and</li> <li>• Mr Eran Gilboa (Chief Financial Officer).</li> </ul> <p>The profiles of senior management are set out in Section 9.2.</p> <p>Both Messrs Shtein and Gilboa have entered into agreements with Dotz in relation to their respective rolls, upon which it has been agreed that Dr Shtein shall be paid a monthly salary of USD\$15,750 (plus benefits), and Mr Gilboa shall be paid a monthly fee of USD\$7,000 (plus value added tax).</p> <p>Summaries of the material terms and conditions of the abovementioned agreements are set out at Sections 13.10.2 and 13.10.3.</p>	Sections 9.2, 13.10.2, and 13.10.3.
<b>Current Directors</b>	<p>Current Directors, Messrs Davy, Jewson, and Ms Garic intend to retire upon completion of the Transaction. As at the date of this Prospectus, none of the Current Directors have a relevant interest in any Securities, and will not have a relevant interest in any Securities after completion of the Transaction.</p>	Section 13.13

**E. Financial Information**

**How have the Company and Dotz performed over the past 12 months?**

Please refer to the Investigating Accountant's Report in Section 11 for further information.

Investors should note that the Company recently exited external administration in May 2016, with all liabilities being discharged via a deed of company arrangement. In addition, the proposed acquisition of Dotz will represent a change in the nature and scale of the Company's activities. The Company's past performance (under a previous board of Directors) should be considered in this context.

Section 11

**What is the financial outlook for the Merged Group?**

Please refer to the Investigating Accountant's Report in Section 11 for further information.

Section 11

**Will the Merged Group have sufficient funds for its activities?**

Upon completion of the Offers and the Acquisition, the Merged Group will have sufficient funds for its activities (as outlined at Section 7.5).

Section 7.5

**How has Dotz historically performed?**

Please refer to the Investigating Accountant's Report in Section 11 for further information.

Section 11

**F. Offers**

**What is being offered and who is entitled to participate?**

**Public Offer**

The Company is inviting applications under the Public Offer for 25,000,000 Shares at an issue price of \$0.20 per Share, to raise \$5,000,000 with the Company having the ability to accept up to \$1,000,000 in oversubscriptions (being a further 5,000,000 Shares).

The Public Offer is not underwritten.

Unless as expressly stated in this Prospectus, only residents of Australia may participate in the Public Offer.

The risks associated with investing in Securities are set out in further detail in Section 8.

**Dotz Offer**

This Prospectus also contains an offer of Shares and Performance Shares in which only the Vendors (or their respective nominees) are eligible to participate. The issue of Shares and Performance Shares under the Dotz Offer forms the consideration payable by the Company for the Dotz Shares held by the Vendors.

You should not complete an application form in relation to the Dotz Offer unless specifically directed to do so by directors of the Company or Dotz.

Sections 6.1.1 and 6.1.2

	<p><b>NFE Convertible Loan Offer</b></p> <p>The NFE Convertible Loan Offer is a specific offer made to NFE Lenders. As such, Shares offered under the NFE Convertible Loan Offer will be allocated and issued to NFE Lenders only.</p> <p><b>Dotz Convertible Loan Offer</b></p> <p>The Dotz Convertible Loan Offer is a specific offer made to Dotz Lenders. As such, Shares offered under the Dotz Convertible Loan Offer will be allocated and issued to Dotz Lenders only.</p> <p><b>Facilitator Offer</b></p> <p>The Facilitator Offer is a specific offer made to Facilitators. As such, Shares and Options offered under the Facilitator Offer will be allocated and issued to Facilitators only.</p>																																																			
<p><b>What will the Company's capital structure look like after completion of the Offers and the Transaction</b></p>	<table border="1" data-bbox="488 819 1206 1227"> <thead> <tr> <th></th> <th>Shares based on a minimum raising of \$5,000,000</th> <th>Shares based on the assumption of acceptance of full oversubscriptions for an additional \$1,000,000 (\$6,000,000)</th> <th>Performance Shares based on achievement of all three milestones</th> <th>Options</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>54,844,400</td> <td>54,844,400</td> <td></td> <td>50,000,000</td> </tr> <tr> <td>Post-Consolidation Shares</td> <td>5,484,440</td> <td>5,484,440</td> <td></td> <td>5,000,000</td> </tr> <tr> <td>Consideration Shares</td> <td>66,000,000</td> <td>66,000,000</td> <td>66,000,000</td> <td></td> </tr> <tr> <td>Prospectus Offer</td> <td>25,000,000</td> <td>30,000,000</td> <td></td> <td></td> </tr> <tr> <td>Dotz Convertible Loans</td> <td>1,750,000</td> <td>1,750,000</td> <td></td> <td></td> </tr> <tr> <td>NFE Convertible Loans</td> <td>5,000,000</td> <td>5,000,000</td> <td></td> <td></td> </tr> <tr> <td>Facilitator Securities</td> <td>1,750,000</td> <td>1,750,000</td> <td></td> <td>4,500,000</td> </tr> <tr> <td>Transaction Options</td> <td></td> <td></td> <td></td> <td>1,000,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>104,984,440</b></td> <td><b>109,984,440</b></td> <td><b>66,000,000</b></td> <td><b>10,500,000</b></td> </tr> </tbody> </table> <p>A pro forma balance sheet setting out the effect of the Transaction on the Company is set out in Section 11.</p>		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 milestones	Options	Current	54,844,400	54,844,400		50,000,000	Post-Consolidation Shares	5,484,440	5,484,440		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>104,984,440</b>	<b>109,984,440</b>	<b>66,000,000</b>	<b>10,500,000</b>	<p>Sections 7.8 and 11</p>
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<p><b>Will I be guaranteed a minimum allocation under the Public Offer?</b></p>	<p>No, the Company is not in a position to guarantee a minimum application of Shares under the Public Offer.</p>	<p>Section 6.1.1(d)</p>																																																		
<p><b>What are the terms of the Securities offered under the Offers?</b></p>	<p>A summary of the material rights and liabilities attaching to the Securities offered under the Offers is set out in Section 14.</p>	<p>Section 14</p>																																																		
<p><b>Will any Securities be subject to escrow?</b></p>	<p>No Shares issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX.</p> <p>However, a proportion of the Securities issued under the Dotz Offer, the NFE Convertible Loan Offer, the Dotz Convertible Loan Offer, and the Facilitator Offer may be required by the ASX to be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the ASX, and in the case of the Vendors, depending on the cash</p>	<p>Sections 6.1.1(e) and 8.2(c)</p>																																																		

	<p>paid for their Dotz Shares and whether or not the recipient is a related party or promoter of the Company.</p> <p>All Performance Shares held by unrelated Vendors are likely to be escrowed for 12 months after the date of re-admission of the Company to the ASX, while all Performance Shares held by related-party Vendors are likely to be escrowed for 24 months after the date of re-admission of the Company to the ASX.</p>	
<b>Will Securities be quoted?</b>	Application for quotation of all Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	Section 6.1.1(e)
<b>What are the key dates of the Offers?</b>	The key dates of the Offer are set out in the indicative timetable in Section 3.	Section 3
<b>What is the minimum investment size under the Public Offer?</b>	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$1,000 worth of Shares (5,000 Shares).	Section 6.1.1(c)
<b>Are there any conditions to the Offer?</b>	The Offers are conditional upon the HOA becoming unconditional (refer to Section 13.1(b) of this Prospectus for a full list of conditions relevant to the HOA).	Sections 2.4 and 13.1(b)
<b>G. Use of proceeds</b>		
<b>How will the proceeds of the Public Offer be used?</b>	<p>The Public Offer proceeds will be used for:</p> <ul style="list-style-type: none"> <li>• research, development, and fabrication;</li> <li>• sales and marketing;</li> <li>• business development;</li> <li>• expenses associated with the Offers and the Acquisition, along with associated legal and accounting fees; and</li> <li>• working capital.</li> </ul> <p>A detailed table setting out the proposed use of funds raised under the Public Offer is set out in section 7.5.</p>	Section 7.5
<b>H. Additional information</b>		
<b>Is there any brokerage, commission or duty payable by applicants?</b>	No brokerage, commission or duty is payable by applicants on the acquisition of Securities under the Offers.	
<b>What are the tax implications of</b>	Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future	Section 6.3

<p><b><i>investing in Securities?</i></b></p>	<p>disposal of Securities subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	
<p><b><i>Where can I find more information?</i></b></p>	<ul style="list-style-type: none"> <li>• By speaking to your sharebroker, solicitor, accountant or other independent professional adviser.</li> <li>• By reviewing the Company's public announcements, which are accessible from the ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> under the current ASX code "NFE".</li> <li>• By visiting the Company's website at <a href="http://www.northernironlimited.com">www.northernironlimited.com</a>.</li> <li>• By visiting the Dotz website at <a href="http://www.dotznano.com">www.dotznano.com</a></li> <li>• By contacting the Company on +61 8 6377 8043.</li> <li>• By contacting the Company's Share Registry on +61 8 9324 2099.</li> </ul>	

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## 6. DETAILS OF THE OFFERS

### 6.1 Offers

The Offers under this Prospectus consist of the Public Offer and the Additional Offers (including the Dotz Offer).

#### 6.1.1 Public Offer

Pursuant to this Prospectus, the Company is inviting applications under the Public Offer for up to 30,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$6,000,000 (**Public Offer**).

All Shares issued under this Prospectus will be fully paid and will rank equally with all other Shares then currently on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 14.4.

##### (a) **Minimum Subscription**

The Public Offer is subject to a minimum subscription of 25,000,000 Shares to raise at least \$5,000,000 (**Minimum Subscription**).

If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application monies for the Shares applied for under the Public Offer within the timeframe prescribed under the Corporations Act, without interest.

The Public Offer is not underwritten.

##### (b) **Oversubscriptions**

The Company will accept oversubscriptions of up to a further 5,000,000 Shares to raise up to an additional \$1,000,000. Please note, if in fact there is excessive demand under the Public Offer, the Company may decide to accept further subscriptions above this amount, however the Company will ensure that it notifies applicants in advance and provide any supplementary disclosure required should this eventuate.

##### (c) **Minimum Application Amount**

Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$1,000 worth of Shares (5,000 Shares).

##### (d) **Eligible Participants**

To participate in the Public Offer, you must be a resident of Australia, Hong Kong, Singapore, the United States, or Canada.

The Company is not in a position to guarantee a minimum application of Shares under the Public Offer.

##### (e) **Quotation and Trading**

Application for quotation of all Shares issued under the Public Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 6.7 for further details.

No Shares issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX.

### 6.1.2 Additional Offers

#### (a) Dotz Offer

The Dotz Offer consists of the issue of 66,000,000 Consideration Shares and 66,000,000 Performance Shares to the Vendors on a pro rata basis in consideration for the acquisition by the Company of all the Dotz Shares held by them. **Accordingly, only the Vendors may accept the Dotz Offer.**

Shares and Performance Shares subscribed for pursuant to the Dotz Offer will only be placed to Vendors. A personalised Application Form in relation to the Dotz Offer will be issued to each Vendor together with a copy of this Prospectus.

#### (b) NFE Convertible Loan Offer

The NFE Convertible Loan Offer consists of the issue of 5,000,000 Shares to the NFE Lenders upon conversion under the NFE Convertible Loan Agreements. **Accordingly, only NFE Lenders may accept the NFE Convertible Loan Offer.** A personalised Application Form in relation to the NFE Convertible Loan Offer will be issued to NFE Lenders together with a copy of this Prospectus.

#### (c) Dotz Convertible Loan Offer

The Dotz Convertible Loan Offer consists of the issue of 1,750,000 Shares to the Dotz Lenders upon conversion under the Dotz Convertible Loan Agreements. **Accordingly, only Dotz Lenders may accept the Dotz Convertible Loan Offer.** A personalised Application Form in relation to the Dotz Convertible Loan Offer will be issued to Dotz Lenders together with a copy of this Prospectus.

#### (d) Facilitator Offer

The Facilitator Offer consists of the issue of 1,750,000 Shares, 4,500,000 Facilitator Options, and 1,000,000 Transaction Options to parties that have assisted with facilitating the Acquisition and completing the Capital Raising (or their nominees) (**Facilitators**). **Accordingly, only Facilitators may accept the Facilitator Offer.** A personalised Application Form in relation to the Facilitator Offer will be issued to Facilitators together with a copy of this Prospectus.

### 6.2 Purpose of the Offers

The primary purposes of the Offers are to:

- (a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 14.1 for further details);
- (b) to provide the Company with additional funding to commercialise its intellectual property interests and provide the Company with further working capital; and

- (c) remove the need for an additional disclosure document to be issued upon:
  - (i) the sale of any Shares that are to be issued under the Public Offer by retail investors; or
  - (ii) the sale of any Securities issued under the Dotz Offer by Vendors;
  - (iii) the sale of any Shares issued under the NFE Convertible Loan Offer by NFE lenders;
  - (iv) the sale of any Shares issued under the Dotz Convertible Loan Offer by Dotz Lenders; or
  - (v) the sale of any Securities issued under the Facilitator Offer by Facilitators.

The Company intends to apply the funds raised under the Public Offer along with its current cash reserves post-Acquisition in the manner detailed in Section 7.5.

### **6.3 Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

### **6.4 Lead Manager – Otsana Capital**

The Company has engaged Otsana to act as corporate advisor and lead manager in relation to the Acquisition.

Faldi Ismail (the incoming Non-Executive Chairman of the Merged Group) is the founder and managing director of Otsana and may receive a portion of the fees that are paid to Otsana by the Company.

Otsana is the holder of Australian Financial Services Licence 435872.

Otsana was incorporated on 12 July 2010 and is a boutique advisory firm that specialises in initial public offerings, corporate restructuring, and recapitalisation of ASX-listed companies.

In summary, Otsana (or its nominees) will receive:

- (a) cash fees in the form of a retainer of \$10,000 per month;
- (b) cash fees of up to \$360,000 after completion of the Public Offer (assuming full oversubscriptions are raised);
- (c) a cash fee of \$135,000 for management services in relation to the Transaction; and



(d) up to 1,750,000 Shares and up to 4,500,000 Facilitator Options.

The fees payable to Otsana are described in detail below.

The Company has agreed to pay Otsana \$10,000 (plus GST) per month as a retainer for a period of 12 months commencing post re-quotations to the ASX.

With respect to the Public Offer, Otsana, acting in its capacity as corporate advisor, will be entitled to a 2% advisory fee on total monies raised (excluding any monies raised or contributed directly by anyone that the Company or its shareholders have solicited themselves during the course of the transaction). In addition, the Company will pay up to an additional 4% on any capital raised by Otsana or any AFSL holders that Otsana introduces. If the Minimum Subscription is raised, the most that Otsana will be paid is \$300,000, and if full oversubscriptions are accepted, the maximum that Otsana will be paid is \$360,000.

The Company will pay to Otsana a management fee of \$135,000 for Otsana's assistance with the Transaction, and in particular, the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company has also agreed to issue the following Securities to Otsana (or its nominees):

- (a) up to 1,750,000 Shares; and
- (b) up to 4,500,000 Facilitator Options.

In relation to the abovementioned securities, only 750,000 Shares and 2,000,000 Facilitator Options are held for the benefit of Otsana. The balance is to be distributed by Otsana to parties that have assisted with the Public Offer and the facilitation of the Acquisition (none of whom are related parties to Otsana). The abovementioned securities are the subject of the Facilitator Offer under this Prospectus. All of these securities will be restricted for 24 months from the date of quotation of the Company's Shares re-commences.

The fees payable to Otsana were negotiated on an arm's length basis, and the Company is satisfied that the terms of the mandate between Otsana and the Company are the best the Company was able to negotiate with Otsana at the time.

The Shares referred to above have been valued for accounting purposes only (under the applicable accounting standards) at a value of \$350,000 based on the price at which shares under the Public Offer are being offered. As set out in the Investigating Accountant's Report in Section 11, for accounting purposes all of the Shares proposed to be issued to Otsana have been factored in the pro forma Statement of Financial Position included in the Investigating Accountant's Report.

The Facilitator Options are unlisted options exercisable at \$0.40 each and will expire at 5:00 pm (WST) on the date that is 36 months from the date of issue. These Facilitator Options have been valued for accounting purposes only (under the applicable accounting standards) by the Investigating Accountant at a value of \$545,500 and this value has been incorporated into the pro forma Statement of Financial Position included in the Investigating Accountant's Report in Section 11.

Refer to Section 13.7 for a summary of the mandate with Otsana.

## 6.5 Applications

Applications for Securities under the Offers must be made using the relevant Application Form.

By completing an Application Form, each Applicant under the Offers will be taken to have represented, warranted, agreed and acknowledged as follows:

- (a) that all details and statements made by them are complete and accurate;
- (b) that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus; and
- (c) they agree to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offers.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on **5 September 2016**.

Applications under the Public Offer must be accompanied by payment in full in Australian currency by cheque in accordance with the instructions set out in the Application Form. In addition, the Company may permit payment in full in Australian currency by direct debit or electronic funds transfer.

The Offers are conditional on certain matters, as discussed in Section 2.4. Where no issue is made under the Public Offer, Application monies will be refunded (without interest) to the Applicants as soon as practicable after the Closing Date.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Company on +61 (8) 6377 8043.

## 6.6 Issue of Shares and Allocation Policy

### (a) General

Subject to the Minimum Subscription being achieved and the satisfaction of each of the Conditions (see Section 2.4), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.

### (b) Public Offer

The allocation of Shares under the Public Offer will be determined by the Board in consultation with the Incoming Directors and their respective advisers. There is no guaranteed allocation of Shares under the Public Offer.

The Board reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for at its sole discretion. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application monies will be refunded (without interest) to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

(c) **Dotz Offer**

The Dotz Offer is a specific offer made to Vendors. As such, Securities offered under the Dotz Offer will be allocated and issued to those Vendors only.

(d) **NFE Convertible Loan Offer**

The NFE Convertible Loan Offer is a specific offer made to NFE Lenders. As such, Shares offered under the NFE Convertible Loan Offer will be allocated and issued to NFE Lenders only.

(e) **Dotz Convertible Loan Offer**

The Dotz Convertible Loan Offer is a specific offer made to Dotz Lenders. As such, Shares offered under the Dotz Convertible Loan Offer will be allocated and issued to Dotz Lenders only.

(f) **Facilitator Offer**

The Facilitator Offer is a specific offer made to Facilitators. As such, Securities offered under the Facilitators Offer will be allocated and issued to Facilitators only.

(g) **Acceptance of Applications**

A completed Application Form is an offer by you to the Company to apply for the amount of Securities specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Securities to successful Applicants.

(h) **Defects in Applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

(i) **Interest**

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

(j) **Discretion regarding the Offers**

The Company reserves the right to close the Offers early, extend the Offers, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied for. Applications received under the Offers are irrevocable and may not be varied or withdrawn except as required by law.

## 6.7 Quotation of Shares

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 14.1). As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects the Company's application for re-admission to the Official List (see Section 14.1), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## 6.8 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System ("CHESS"). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Securityholder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Securities can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

## 6.9 General

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Securities in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this

Prospectus in jurisdictions outside Australia, Hong Kong, Israel, Singapore, the United States, or Canada may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit an offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia, Hong Kong, Israel, Singapore, the United States, or Canada. Persons who are resident in countries other than Australia, Hong Kong, Israel, Singapore, the United States, or Canada should not apply for Securities under the Offers.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, Hong Kong, Israel, Singapore, the United States, or Canada in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. Other than Australia, Hong Kong, Israel, Singapore, the United States, or Canada, this Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

### ***Hong Kong***

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### ***Israel***

The Securities have not been registered, and no prospectus will be issued, under the Israeli Securities Law- 1968. Accordingly, the Securities will only be offered and sold in Israel pursuant to an applicable private placement exemption namely, the Dotz Offer will be made to no more than 35 offerees, subject to certain conditions.

This offer document and any activities in connection with it shall not be deemed to be the provision of investment advice or invest marketing services.

If any recipient in Israel of this offer document is not the intended recipient, such recipient should promptly return it to the Company.

This offer document has not been reviewed or approved by the Israeli Securities Authority in any way.

### ***Singapore***

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### ***The United States***

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Securities have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### ***Canada (British Columbia, Ontario, and Quebec provinces)***

This document constitutes an offering of Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Securities or the offering of Securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Securities.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

#### *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the Securities with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the Securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the Securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

#### **6.10 Enquiries**

If you have any queries in relation to the Offers, please contact Peter Webse, the Company Secretary on +61 8 6377 8043 or [peterwebse@pcscorporate.com.au](mailto:peterwebse@pcscorporate.com.au).



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## 7. COMPANY OVERVIEW

### 7.1 Business Overview

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 were the production of magnetite iron concentrate in northern Norway via a former wholly-owned Norwegian subsidiary Sydvaranger Gruve AS (**SVG**).

The Company's securities were suspended from official quotation on 17 November 2015 at the request of the Company, and have remained suspended since that date.

SVG operated the Sydvaranger Iron Project in Kirkeness, in northern Norway. The SVG bankruptcy administrator placed the Sydvaranger Iron Project into care and maintenance, and subsequently undertook a sale process for the assets of SVG in Norway. Those assets were subsequently sold.

The Company had provided guarantees to three SVG creditors and SVG's debts owed to the three creditors were estimated to be approximately \$111 million. These debts were unsecured liabilities of the Company pursuant to the guarantee agreements with the respective creditors of SVG. Whilst the Company was a significant secured creditor of SVG, the Company's claims against SVG were subordinated to those of the secured creditors, and it was unlikely that the Company's investment in SVG had any further value.

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 24 March 2016 at the second meeting of creditors, it was resolved that the Company enter into a deed of company arrangement (**DOCA**) to facilitate a recapitalisation proposal by Otsana, and that Mr James Thackray be appointed as administrator of the DOCA (**Deed Administrator**). Pursuant to Otsana's recapitalisation proposal, all creditor claims against the Company would be extinguished, discharged and released, but the assets of the Company would be transferred into a creditors' trust to be distributed according to the DOCA, in order to satisfy the debts and claims against the Company.

Otsana's recapitalisation proposal (as provided for in the DOCA) was subsequently approved by the Company's shareholders at the Company's general meeting held on 13 May 2016.

On 16 May 2016, the voluntary administration came to an end and the DOCA was wholly effectuated, with the Deed Administrator resigning and control being handed to the current directors of the Company. As a result of effectuation of the DOCA, all of the Company's liabilities were discharged as at 16 May 2016.

Following effectuation of the DOCA the Company did not have any assets, as all remaining assets of the Company were placed into the creditor's trust and distributed pursuant to the DOCA.

On 23 May 2016, the Company announced it had entered into a heads of agreement (**HOA**) (as amended on 18 May, 22 May, 15 June, and 23 August 2016) with Dotz under which the Company agreed to conditionally 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 at Section 13 of this Prospectus.

Upon successful Settlement of the Acquisition, the Company will focus on commercialising its intellectual property interests. The Board is of the opinion that the opportunity presented under the Acquisition represents an opportunity that is in the best interest of current Shareholders of the Company.

## 7.2 Key Investment Highlights

The Existing Directors and Incoming Directors are of the view that key highlights of an investment in the Company include:

- (a) Dotz has licensed an innovative breakthrough process of producing GQDs from coal as a source material developed by world renowned Professor James Tour of Marshall Rice University in Houston, Texas (**Rice University**);
- (b) using coal as a source material, as opposed to graphite, reduces the cost of producing GQDs;
- (c) based on Dotz internal testing, Dotz produced GQDs are non-toxic, potentially making them suitable for applications where current QDs cannot be used due to their toxicity;
- (d) 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
- (e) 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.

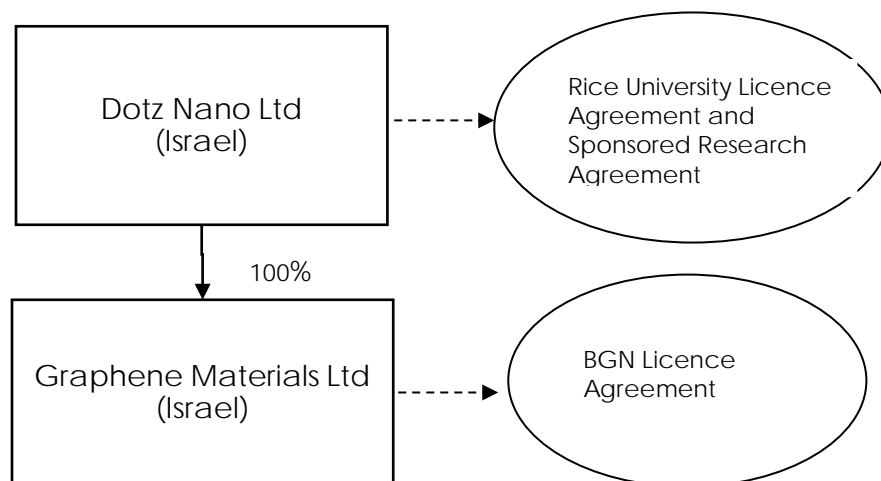
## 7.3 Dotz

### (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 (**GQDs**).

GQDs are microscopic discs of Graphene Oxide that are made up of layers that are one atom thick. GQDs have been tested at a research and development level in relation to the following applications: medical imaging; visual sensing; consumer electronics; photovoltaic systems; batteries and other related energy storage; fuel cells; pressure, humidity and heavy metal sensors; and computer storage. However as far as Dotz is aware, GQDs have not been utilised commercially in the abovementioned applications due to the traditionally high cost of producing GQDs. For a comprehensive technological review see Section 7.3(b).

The corporate structure of Dotz is set out below:



In June 2014, Dotz began negotiations with Rice University, for the licensing of intellectual property (**Rice Intellectual Property**) relating to the production of 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 (summaries of which are included at Section 13.2 and 13.3).

Dotz is also able to utilise intellectual property pursuant to the BGN Licence Agreement (via its wholly owned subsidiary Graphene Materials Ltd (**GML**) - a summary of which is included at Section 13.4) under which GML is licensed rights in respect of intellectual property relating to the production of graphene and GQDs based on sonication and microfluidization technologies, further details of which are set out in Section 7.3(b)(vii).

Dotz's objective is to further commercialise its intellectual property interests via entry into low specification markets (see Section 7.3 (d)).

(b) **Technological review**

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

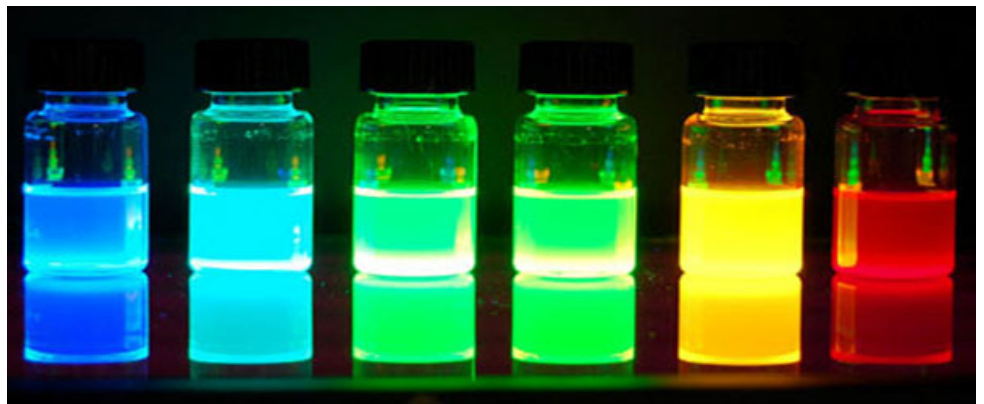
When at least one of a particle's dimensions is in the 1-100 nanometer range (approximately 10,000 times narrower than a human hair) it will generally be referred to as a nanoparticle. Due to their nanoscale size, nanoparticles may possess novel mechanical, electrical or optical properties that are different from those of macroscopic particles or bulk materials.

To provide a simplified illustration of the novel properties of nanoparticles, and to demonstrate materials retain different properties in their normal state and nano-state, consider a pencil. When writing with a pencil you write with the graphite in the pencil. A pencil can be sharpened, and the tip of a pencil breaks if you write too hard. Nanotechnology allows a layer of graphite that is one atom thick to be peeled off, producing a material known as graphene, which is 200 times stronger than steel, yet is flexible and conducts electricity better than copper. Cutting that layer of graphene to nanoparticles with lateral dimensions

smaller than 100 nanometers (around 250 atoms width) will make a Quantum Dot.

Quantum Dots (**QDs**) are semiconducting nanoparticles with unique optical and electrical properties. 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). The process of producing different size QDs to make different colours is known as 'tuning'.

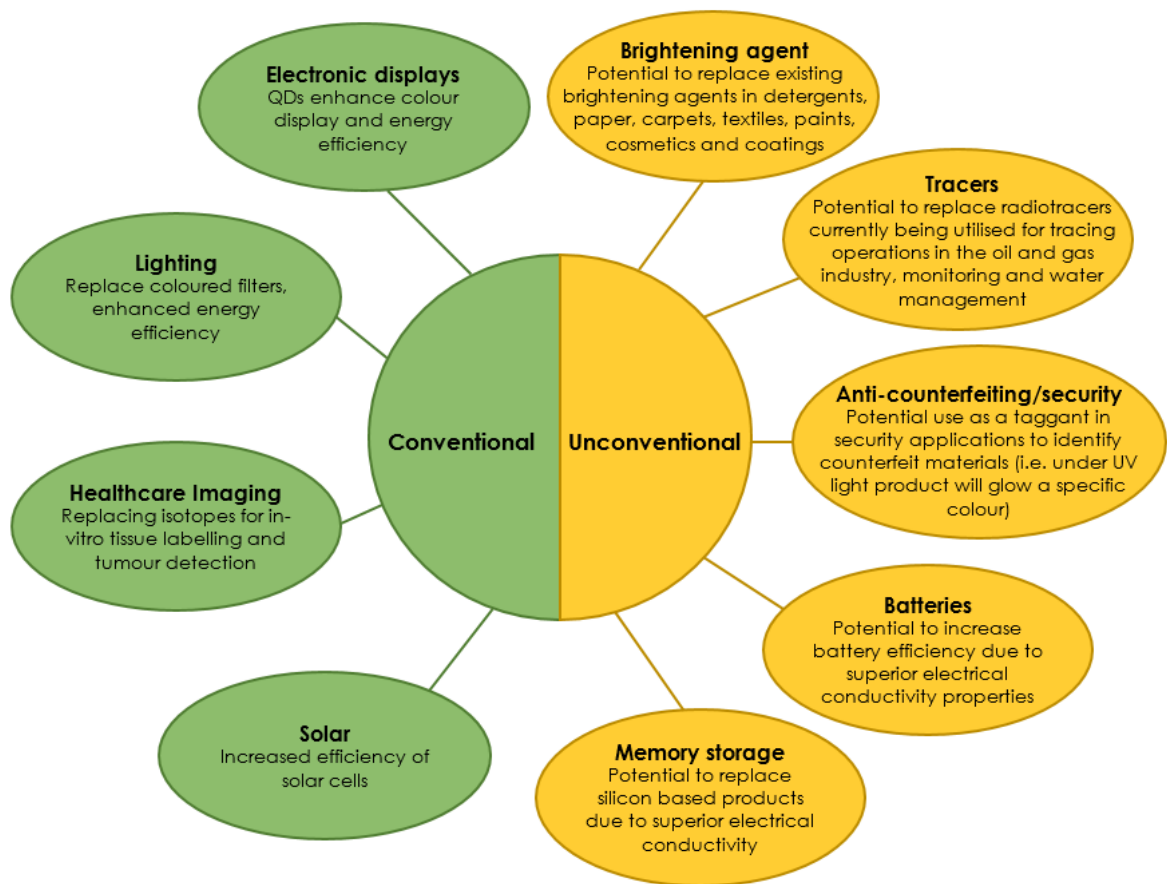


When the QDs are illuminated by UV light, some of the electrons receive enough energy to break free from the atoms. This capability allows them to move around the nanoparticle, creating a specific area (the conduction band) in which electrons are free to move through a material and conduct electricity. 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.

QDs can be used in various forms (as liquid solutions or in solid state, embedded in polymers, inks or electronic devices). As a result, QDs have a wide range of applications and potential applications.

(ii) **QD applications**

Dotz considers the application of QDs can be split into conventional and unconventional markets.



Conventional markets are those where QDs are currently being used.

Unconventional or '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. Further testing, research and collaboration is required before knowing how well QDs can be applied in unconventional markets, and whether they will be economical.

Dotz intends to approach the low end/high volume markets (such as (but not limited to) laundry detergents, textile manufacturing, oil and gas applications, monitoring applications, coatings, paint and dyes, and cosmetics). QDs are not presently used in these markets due to costs of production. See Section 7.3(d) for further details.

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

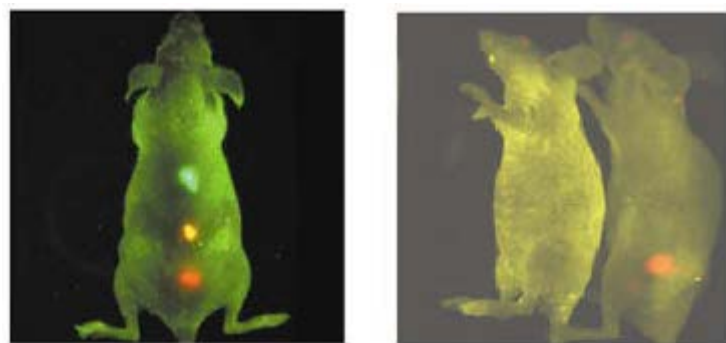
- (A) **Electronic Displays:** Several companies including Sony Corp, LG Display and others are currently forming alliances with QD technology providers to commercialise QD displays. QDs are becoming an increasingly popular choice for next-generation displays, as they offer energy-efficient operations, brighter images, and improved colour purity. However, Dotz believes that 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. At present, current QD applications cannot be used inside the human body due to toxicity issues. However, existing healthcare applications include QDs being used for in-vitro (i.e. outside the body) tissue labelling and in-vitro tumour detection to replace existing dyes. For example, in biopsy imaging QDs are injected into the sample and converge on the tumour to show if a tumour is present.

Potential uses of biocompatible QDs are being evaluated to replace isotopes with biocompatible QDs for in-vivo imaging (i.e. in the body). The picture below depicts an experiment of QDs being used to identify tumours in a rat.



- (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 because there is no need for coloured filters to produce the colours and are cheaper to run than current LED lighting. For example, QD Vision has

collaborated with Nexxus Lighting to launch its first QD LED light, 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.

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 (see Section 7.3(b)(iv) for further information).

(iii) **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.

Most existing forms of QDs are toxic materials, being made from inorganic metallic elements. Due to this toxicity, QDs are not presently usable in human in-vivo (i.e. in the body) biological applications, and can be problematic in other applications such as textiles, coatings and paints.

(iv) **Graphene Quantum Dots**

While typical QDs are produced from inorganic metallic elements, GQDs are typically produced from carbon-based materials (e.g., graphite, carbon-fibres).

GQDs have a unique combination of a number of key merits, including:

- (A) excellent photo stability;
- (B) water solubility;
- (C) no apparent toxicity (compared to metallic based QDs);
- (D) small size;
- (E) biocompatibility;
- (F) electrical conductivity;
- (G) highly tunable; and
- (H) easily integrated with other biomolecules and chemicals.

As GQDs are carbon based, they do not have the toxicity issues associated with typical QDs. Toxicity testing of GQDs has demonstrated that GQDs exhibit no apparent in-vivo toxicity, making GQDs biocompatible when compared to metallic based QDs. Dotz has also undertaken toxicity testing with the same outcome, with mouse brain endothelial cells treated with biologically relevant concentrations of GQDs showing no signs of toxicity over a five day period. Whilst researchers will continue to test GQDs for toxicity, Dotz believes such results demonstrate that GQDs can be considered 'non-toxic' (i.e. biocompatible in relevant concentrations), in the same way that consuming a glass of wine is considered non-toxic.

Due to their biocompatibility, GQDs provide opportunities for bio-imaging and other biomedical applications when compared to metallic based QDs. For example, researchers are presently testing the suitability of GQDs for bio-imaging via CT scans, MRI's and PET/CTs. 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 (the use of electromagnetic radiation to treat medical conditions).

Researchers are also testing the suitability of GQDs for optical sensing (such as displays, smartphones and smart "heartbeat" watches) to replace the LEDs currently used in those devices.

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 the key merits outlined above.

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, whereby GQDs higher electrical conductivity is being tested for the potential to make more efficient semi-conductor chips and memory storage.

Presently some potential applications of GQDs at the lower end of the market are uneconomical largely due to the price and availability of graphite as the source material to produce GQDs. GQDs produced from graphite or carbon-fibres sell for as much as \$2,200,000 per kilogram.

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 is performing research aimed at increasing the quantum yield to the required levels. Current GQD quantum yields have been identified by Dotz for potential use in lower end markets. The suitability of GQDs for lighting, bio-imaging, solar cells and others, is still being tested and researched.

(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 (a much cheaper source material when compared to graphite) using Professor Tour's developed method. See Section 7.3(b)(vi) below for further details.

Dotz entered into the Rice University Licence Agreement in December 2014, and since then has spent approximately US\$902,000 further developing the technology by scaling up the production from nano-sized samples to gram sized samples that have been sent to potential customers for evaluation. Dotz is continuing to work with these potential customers to achieve commercialisation of its GQDs.

Since licensing the technology, Dotz has produced approximately 50 grams of GQDs (for testing and sampling). To put that into perspective:

- (A) a whole year's worth of research into the suitability of GQDs for memory storage (due to their unique electrical properties) is expected to use just 3 grams of GQDs; and
- (B) current research by Dotz shows approximately 1 gram of GQDs would be enough to tag thousands of casino chips (i.e. casino chips are coated in a solution containing GQDs which then fluoresce a specific colour under UV light enabling the identification of counterfeit chips).

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.

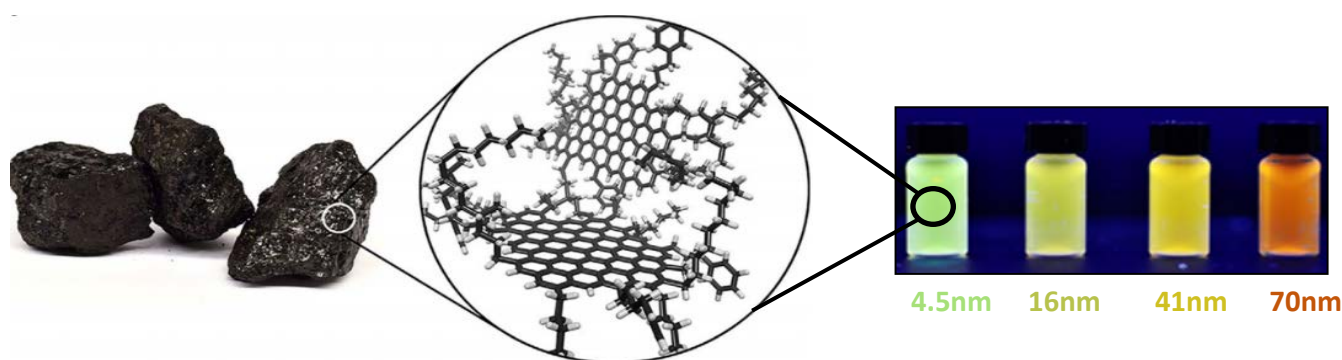
As explained in Section 7.3(b)(i), band gaps determine how a semiconducting material carries an electric current. In QDs, band gaps are responsible for their fluorescence and can be tuned by changing the QDs' size. The GQD technology licensed to Dotz allows controlling the size of the GQDs, generally from 2 to 70 nanometres, depending on the source of the coal, process temperature and filter pore size. This is significant since it allows Dotz to produce specific sized QDs for utilisation by customers specifically in their applications, such as specific GQDs currently being researched for potential use in laundry detergents, coatings, paints or memory storage, each of which are different sizes.

Current methods of producing GQDs are expensive (primarily due to the cost of graphite as a source material). Using the Dotz licensed production method for producing GQDs (described below in further detail) demonstrates low yield rates of approximately 2-4% (i.e. 20-40 grams of GQDs from 1kg of graphite).

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 70 nanometers.

The production of GQDs using coal yields much greater quantities of GQDs. Currently Dotz is achieving yield rates of between 20-30%, which means that 200-300 grams of GQDs can be produced from just 1kg of coal. This is primarily due to graphite having a significantly larger crystalline 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 these bonds, 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**

GML (Dotz's wholly owned subsidiary) was purchased by Dotz to commercialise the BGN Licensed IP, which relates to the production of graphene based on sonication technology, including additional technology for the production of GQDs based on microfluidization technology.

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 sonication 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 commercially 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**

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.

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 tonnes of QDs per year. With the advent of new synthetic approaches and the graduation of QDs from the specialty to commodity markets, the Incoming Directors expect that the price of QDs will benefit greatly from economies of scale, thus allowing for rapid penetration into a myriad of markets.

As at the date of this Prospectus, the Incoming Directors and Company are not aware of any competitors or participants in the unconventional industries in which Dotz will target, nor are they aware of any other entities using coal as a source material for the production of GQDs.

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

There is no current commercial market for Dotz produced GQDs. While current QDs are suitable for use in the conventional QD market (such as healthcare, displays and lighting), it is in the unconventional and 'low specification' application QD markets that Dotz has recognised a potential point for market entry. The Incoming 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).

As Dotz produced GQDs are anticipated to have lower production costs than GQDs produced from graphite due to the cost and unique structure of the source materials, the Incoming Directors' objective is for Dotz produced GQDs to penetrate these untapped low end markets. Current GQDs produced with graphite make the use of graphite-produced GQDs in these markets uneconomical.

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

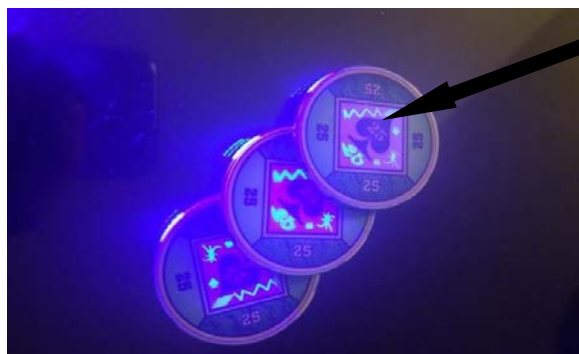
- (i) GQDs for use as a replacement for fluorescent brightening agents in detergents (see diagrams below) and optical brightening agents in paper, carpets and textiles;



- (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.



GQD marking is disclosed under UV light.

However, Dotz research suggests 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 7.3(b)(ii).

(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 13.2:

- (i) **Phase 1:** Establishment of a production facility for the development of manufacturing protocols for specific GQD applications and manufacturing of large scale commercial samples of GQDs (i.e. kilogram sized). Dotz' current laboratory facilities are not suitable for this purpose. The establishment of a production facility is a simple set up requiring purchase of off-the-

shelf laboratory equipment items 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 7.3(d) above (including commencing discussions with potential customers, distributors and sub-licensees). Dotz has already commenced discussions with various parties to whom small samples of GQDs have already been provided for evaluation.

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 7.3(b)(ii) 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 13.2). The Company and Dotz will work towards meeting these milestones in order to continue development of the GQD technology and ensure that Dotz retains its interest in the relevant intellectual property.

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

## 7.4 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 QODs based on sonication and microfluidization technologies. Under the BGN Licence Agreement, the following patent applications have 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

Further information on Dotz's intellectual property is contained in the intellectual property report at Section 10.

## 7.5 Use of Funds

Following Settlement, the Company intends to apply funds raised from the Public Offer, together with existing cash reserves post-Acquisition, in the next two years following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

Fund Available	Minimum Subscription (\$5,000,000)	Percentage of Funds (%)	Assuming full oversubscriptions of an additional \$1,000,000 (\$6,000,000)	Percentage of Funds (%)
Existing cash reserves of the Company	\$477,000	8.07%	\$477,000	6.91%
Funds raised from the Capital Raising	\$5,000,000	84.63%	\$6,000,000	86.85%
Funds to be raised by Dotz prior to Settlement	\$430,918	7.30%	\$430,918	6.24%



Total	\$5,907,918	100%	\$6,907,918	100%
Allocation of Funds	Minimum Subscription \$5,000,000	Percentage of Funds (%)	Assuming full oversubscriptions of an additional \$1,000,000 (\$6,000,000)	Percentage of Funds (%)
Research <sup>1</sup>	\$1,627,199	27.54%	\$1,942,725	28.12%
Development and Fabrication <sup>2</sup>	\$997,105	16.88%	\$1,385,666	20.06%
Sales and Marketing <sup>3</sup>	\$1,079,169	18.27%	\$1,219,635	17.66%
Expenses associated with the Acquisition <sup>5</sup>	\$901,840	22.05%	\$965,340	20.19%
Working Capital <sup>6</sup>	\$1,302,604	27.54%	\$1,394,551	28.12%
<b>Total</b>	<b>\$5,907,918</b>	<b>100%</b>	<b>\$6,907,918</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. Business Development 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	\$90,850
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>\$965,340</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 are intended to be first applied towards research, development and fabrication. On completion of the Capital Raising, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above tables are statements of current intentions as of the date of this Prospectus. 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.

## **7.6 Historical Financial Information**

The Investigating Accountant's Report set out in Section 11 contains a pro forma balance sheet of the Company following its acquisition of Dotz together with an Investigating Accountant's Report. Investors should note the scope limitations of the Investigating Accountant's Report (refer to Section 11 for further information).

The Financial Information set out in the Investigating Accountant's Report also includes the following historical financial information:

- (a) the audited financial statements of the Company for the years ended 31 December 2013, 31 December 2014 and 31 December 2015; and
- (b) the audited financial statements for Dotz for the year ended 31 December 2014 and 31 December 2015. As Dotz was incorporated in March 2014, there are no financial statements for previous years.

Investors are urged to read the Investigating Accountant's Report in Section 11 in full.

The full financial statements for the Company for its financial year ended 31 December 2015, which include the notes to the financial statements, can be found from the Company's ASX announcements platform on [www.asx.com.au](http://www.asx.com.au).

## **7.7 Dividend Policy**

It is anticipated that, following Settlement of the Acquisition, the Company will focus on developing and commercialising the Dotz business and technology. Accordingly, the Company does not expect to declare any dividends during this period or in the short to medium term.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 7.8 Capital Structure

A pro forma capital structure following Settlement is set out below:

	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 milestones <sup>1</sup>	Options
Current	54,844,400	54,844,400		50,000,000
Post-Consolidation Shares	5,484,440	5,484,440		5,000,000 <sup>2</sup>
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 <sup>3</sup>
Transaction Options				1,000,000 <sup>4</sup>
<b>TOTAL</b>	<b>104,984,440</b>	<b>109,984,440</b>	<b>66,000,000</b>	<b>10,500,000</b>

### Notes

1. Terms and conditions of the Performance Share are set out at Section 14.5.
2. Unlisted options exercisable at \$0.20 on or before 14 June 2020.
3. Facilitator Options (unlisted) exercisable at \$0.40 on or before that date which is 36 months from the date of issue. Terms and conditions of the Facilitator Options are set out at Section 14.7.
4. Transaction Options (unlisted) exercisable at \$0.30 on or before that date which is 36 months from the date of issue. Terms and conditions of the Transaction Options are set out at Section 14.6.

## 7.9 Substantial Shareholders

On completion of the Offers (assuming full oversubscriptions under the Public Offer, no Options are exercised, and exclusive of any Performance Rights converting), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Ariel Malik	11,746,611	10.68%
Dr. Amiram Bornstein	11,988,809	10.90%

No existing holders of NFE will have a substantial shareholding at completion of the Offers.

## 7.10 Future funding requirements

The Merged Group may require additional funds in order to fully implement its business strategy as set out at Section 7.3(e), or to fully commercialise its intellectual property. In the event that further funds are required, it is intended that the Company will raise funds through either:

- (a) additional equity offerings to the public or to private investors; or
- (b) through strategic partners who have an interest in the development of GODs or any of the Company's licenced intellectual property, by joint venture or similar arrangement.

### 7.11 Intellectual property rights attached to agreements

As at the date of the Prospectus, the Merged Group will be reliant on each of the Rice University Licence Agreement, the Sponsored Research Agreement, and the BGN Research and Licence Agreement remaining in force in order to successfully implement its business strategy as set out at Section 7.3(e).

The termination provisions of each agreement are as follows:

- (a) **(Rice University Licence Agreement):**
  - (i) by Dotz, at its option, by giving thirty (30) days prior written notice;
  - (ii) by Rice University, at its option, as follows:
    - (A) upon Dotz failure to rectify a monetary breach within thirty (30) days after receiving written notice;
    - (B) upon Dotz failure to rectify any other breach within forty five (45) days of receiving written notice;
    - (C) upon any underreporting or underpayment by Dotz in excess of 20% for a twelve (12) month period;
    - (D) 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
    - (E) immediately upon Dotz becoming insolvent.
- (b) **(Sponsored Research Agreement):**
  - (i) by mutual written agreement between the parties;
  - (ii) 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
  - (iii) by either party in the event that the principal investigator (being Professor James Tour) is no longer able to conduct the Research Project on behalf of Rice University.
- (c) **(BGN Research and Licence Agreement):**
  - (i) 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;

- (ii) 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;
- (iii) immediately by either party in the event of an incurable material breach;
- (iv) immediately by BGN by written notice to GML in the event that GML files an opposition to any of the Licenced IP; or
- (v) mutually by written consent of both parties.

Due to the termination provisions set out above, the Incoming Directors hold the view that it is unlikely that all of the above agreements will be terminated in the short to medium term, and if one or two are prematurely terminated, the company will still have one or two agreements to work with.

If all three agreements are terminated in the short term, however unlikely, the Merged Group will seek other opportunities, using the experience and expertise available to it, to acquire rights to develop technology in the QD and / or graphene sector.

## 7.12 Consideration matters

The Board considers that the quantum of the Consideration Shares and Performance Shares to be issued to Vendors in relation to the Acquisition reflects reasonable fair value of Dotz in view of the key investment highlights set out in Section 7.2 of the Prospectus, and the Company having conducted arm's length negotiations with representatives of Dotz to arrive at the commercial terms of the Acquisition.

In determining the consideration for the Acquisition, the Company also took into account the following considerations:

- (a) recent third party backdoor listing transactions involving mining companies transitioning into technology companies;
- (b) internal revenue and profit forecasts of Dotz. However, those forecasts cannot be stated publicly as they do not comply with ASIC guidelines (in particular, ASIC Regulatory Guide 170 which requires directors to have a reasonable basis for disclosing forecast financial information);
- (c) as the QD market is an emerging market, the ability of the Company to produce GODs pursuant to its intellectual property interests at a low cost compared to producing GODs from other methods gives the Company an ideal opportunity to commercialise its intellectual property and compete with existing QD products;
- (d) the Board's assessment of the future prospects of Dotz based on the status of its technology; and
- (e) the fact that Dotz has licences over existing patent applications, which potentially provides Dotz's licenced intellectual property with a defensible position in relation to third party infringement.

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always an appropriate formal valuation methodology (e.g. discounted cash flow) available when determining

the purchase price, and the Company was required to take into account qualitative factors such as those set out above in coming to a decision on price.

The Investigating Accountant's Report set out in Section 11 of the Prospectus contains a discussion with respect to the deemed fair value of the 66,000,000 Consideration Shares and 66,000,000 Performance Shares to be issued to the Vendors as consideration for their shares in Dotz.

As the Vendors will together acquire a controlling interest in the Company following Settlement (not withstanding that the Vendors are not associates of one another for the purposes of the Corporations Act), the Investigating Accountant has deemed that Dotz is the "acquirer" for accounting purposes and has therefore determined that the most appropriate accounting treatment for the Acquisition is under AASB 2 – Share Based Payments. Under this treatment, Dotz is deemed to have issued shares in Dotz to the Company's Shareholders in exchange for the assets held by the Company.

Using this method, the Investigating Accountant has determined that the fair value of the Consideration Shares and Performance Shares is \$14,520,000. Refer to the Investigating Accountant's Report in Section 11 of the Prospectus for a more detailed discussion of the fair value of the Consideration Shares and Performance Shares.

It should be noted that the fair value determined above was based on the pro-forma adjustments as at 31 December 2015, and will require re-determination based on the identifiable assets and liabilities as at the date of Settlement, which may result in changes to the fair value determined by the Investigating Accountant.

The Board is of the opinion that the opportunity presented under the Acquisition represents an opportunity that is in the best interest of current Shareholders of the Company and was involved in a lengthy negotiation process prior to executing the HOA.

The opportunity structured and presented under the proposed Acquisition presents Shareholders with the opportunity to hold a position in a unique business with the ability to generate revenue in an emerging market with an opportunity for growth.

### **7.13 Restricted Securities**

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, the Company understands that certain Securities on issue (including the Consideration Shares, Performance Shares, the Capital Raising Options and the Transaction Options) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

#### **7.14 Top 20 Shareholders**

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offers and prior to the Shares re-commencing trading on ASX.

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## **8. RISK FACTORS**

### **8.1 Introduction**

An investment in the Company is not risk free and the Board strongly recommends that potential investors consider the key risk factors detailed in the Investment Overview in Section 5 of this Prospectus as well as the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

This Section 8 identifies circumstances that the Board regards as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company and the market price of the Shares if they were to arise.

There are risks associated with the contemplated Acquisition, specifically in relation to the success of the Company which may adversely impact the value of an investment in the Securities of the Company (Section 8.2 and 8.3).

In addition, there are other general investment risks, many of which are largely beyond the control of the Company and its Directors (Section 8.3(a)).

The Incoming Directors aim, and will aim, to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which they can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed. In addition, this Section 8 has been prepared without taking into account offerees' individual financial objectives, financial situation and particular needs. Offerees should seek professional investment advice if they have any queries in relation to making an investment in the Company.

### **8.2 Specific Risks Associated with the Change in Nature and Scale of Activities**

#### **(a) 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.

#### **(b) Dilution Risk**

The Company currently has 5,484,440 Shares on issue. At Settlement, the Company proposes to issue:

- (i) the Consideration Shares and Performance Shares to Vendors;



- (ii) the Facilitator Securities to the Facilitators;
- (iii) the Conversion Shares to NFE and Dotz Lenders; and
- (iv) Shares to raise at least \$5,000,000 under the Public Offer (or \$6,000,000 assuming full oversubscriptions).

On issue of the Consideration Shares and assuming full oversubscriptions of an additional \$1,000,000 under the Capital Raising (being a total of \$6,000,000) at an issue price of \$0.20 per Share (and no exercise of Options):

- (v) the existing Shareholders will retain approximately 4.99% of the Company's issued Share capital;
- (vi) the Vendors will hold approximately 60.01% of the Company's issued Share capital;
- (vii) the investors under the Capital Raising will hold approximately 27.28% of the Company's issued Share capital;
- (viii) the Dotz Lenders will hold approximately 1.59% of the Company's issued Share capital;
- (ix) the NFE Lenders will hold approximately 4.55% of the Company's issued Share capital; and
- (x) the Facilitators will hold approximately 1.59% of the Company's issued Share capital

If, subsequently, the Facilitator Options and the Transaction Options are exercised and the Performance Shares are converted into Shares, the interests of the existing Shareholders in the Company will reduce to approximately 2.94%, assuming full oversubscriptions 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.

(c) **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.

The Company has made submissions to the ASX for "cash formula relief" in respect of the Consideration Shares to be issued to Vendors. In the absence of this relief, all Consideration Shares will likely be escrowed for a period of either 12 or 24 months (depending on the relevant Vendor's relationship with the Company).

However, if cash formula relief is granted, the number of Consideration Shares that will be subject to ASX imposed escrow will be reduced to take into account the fact that a majority of the Vendors paid cash for their shares in Dotz. In this regard, the number of escrowed Consideration Shares would be reduced in proportion to the deemed amount paid by

a Vendor for the Consideration Shares to be issued to them, based on the amount paid for their shares in Dotz when compared with the value of the Consideration Shares (based on the issue price under the Public Offer).

Based on the post-Acquisition capital structure (assuming no further Shares are issued or Options exercised), the Consideration Shares will equate to approximately 60.01% of the issued Share capital on an undiluted basis (assuming full oversubscriptions 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.

In addition, the Company notes that certain Vendors holding approximately 80% of the shares of Dotz are subject to a ruling provided by the Israel Tax Authority, which provides that if any one Vendor were to sell their Consideration Shares before 1 January 2019, this will trigger a tax event for the other Vendors the subject of the tax ruling. As such, it is likely that these Vendors will not trade their Shares for a period of approximately 28 months as at the date of this Prospectus.

(d) **Contractual Risk**

Pursuant to the HOA, the Company has conditionally agreed to acquire 100% of Dotz. 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.

### 8.3 Risks in Respect of Dotz's Current Operations

(a) **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, including the production of GQDs in commercial quantities or to otherwise meet demand, 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 7.3(d) for further details). There is currently no market for 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.

(b) **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

(c) **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 13.2 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.

(d) **Staff Risk**

There is a risk that knowledge will be lost in the event that development staff who have knowledge of the technology and business 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.

(e) **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.

(f) **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 will 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.

(g) **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 commercialization. Given Dotz' limited operating history, there can be no guarantee that Dotz will achieve commercial viability.

(h) **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.

## 8.4 **General Risks Relating to the Company**

(a) **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.

(b) **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.

(c) **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.

(d) **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.

(e) **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.

(f) **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:

- (i) general economic outlook;

- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(g) **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.

(h) **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.

## 8.5 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.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

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## 9. BOARD, MANAGEMENT AND INTERESTS

### 9.1 Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Michael Davy (Non-Executive Director);
- (b) Ms Kyla Garic (Non-Executive Director); and
- (c) Mr Robert Jewson (Non-Executive Director).

(together, the “**Existing Directors**”).

It is proposed that upon Settlement of the Acquisition:

- (a) Messrs Gross, Baruch, Bajic, Ismail, and Lekkas will be appointed to the Board of the Company (together, “**Incoming Directors**”); and
- (b) Messrs Davy and Jewson, and Ms Garic will resign as Directors.

The profiles of each of the Incoming Directors, and Senior Management are set out below. Those directors who are independent directors are specified as such below.

**(a) Mr Faldi Ismail**  
*Chairman*  
*B Bus MAICD*

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

The Board considers that Mr Ismail will be non-independent Director.

**(b) Dr Moti Gross**  
*Director and CEO*  
*PhD Economics, LLB*

PhD in Economics and Finance at Oxford University and a Bachelors Degree in Law from the Peres Academic Centre in Israel, 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. The Board considers that Mr Gross will be a non-independent Director.



- (c) **Mr Menashe Baruch**  
*Non Executive Director*

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

The Board considers that Mr Baruch will be an independent Director.

- (d) **Mr Steve Bajic**  
*Non Executive Director*  
*Financial Management Diploma*

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 experience in current and past private and public director and officer positions.

The Board considers that Mr Bajic will be an independent Director.

- (e) **Mr Athan Lekkas**  
*Non Executive Director*  
*AICD, Diploma business management*

Mr Lekkas has participated in a broad range of business and corporate transactions on the ASX and specialises 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.

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

The Board considers that Mr Lekkas will be an independent Director.

## 9.2 Key Management

- (a) **Dr. Michael Shtein**  
*CTO*  
*Ph.D. in Nano technology*

Dr. Shtein holds a Ph.D. in Nano technology interdisciplinary studies from Ben-Gurion University, together with an M.Sc in Chemical Engineering and an MBA. He was the Chief Material Engineer – R&D Department for the Israeli Ministry of Defense and has developed several new materials and compounds. His main research topic is composite nanomaterials (CNT, Graphene, WS<sub>2</sub>).

(b) **Eran Gilboa**

CFO

*B.A in economics and management & M.A. in law*

Mr. Gilboa has vast experience as the Chief Financial Officer for numerous global companies in the fields of hi-tech, real estate, finance and media. As a result of serving as the CFO, Mr. Gilboa gained a wide background in capital offerings, working with venture capital firms and various boards of directors. Mr. Gilboa also played a crucial role in various mergers and acquisitions of international companies, where he led the intricate financial and tax processes. Moreover Mr. Gilboa was responsible for private and public companies in his role as Senior Accountant at Ernst & Young. Mr. Gilboa has a CPA license. Mr. Gilboa also holds a B.A in Economics and Management, specializing in finance, from the College of Management in Israel, and an LLM from Bar Ilan University.

### Remuneration of Existing Directors and Incoming Directors

Details of the Existing Directors' and Incoming Directors' remuneration are set out in the table below:

Director	Remuneration for year ended 30 June 2015	Remuneration for year ended 30 June 2016	Proposed remuneration for year ended 30 June 2017 <sup>1</sup>
<b>Remuneration</b>			
<b>Existing Directors<sup>1</sup></b>			
Michael Davy	0	\$2,437	\$4,500
Kyla Garic	0	\$2,437	\$4,500
Robert Jewson	0	\$2,437	\$4,500
<b>Incoming Directors<sup>2</sup></b>			
Dr Moti Gross <sup>3</sup>	not applicable	not applicable	USD\$180,000
Menashe Baruch	not applicable	not applicable	\$37,500
Steve Bajic	not applicable	not applicable	\$37,500
Faldi Ismail <sup>4</sup>	not applicable	not applicable	\$75,000
Athan Lekkas	not applicable	not applicable	\$37,500

**Notes:**

1. Existing director remuneration has been set at \$1,500 per month;
2. Non-executive Director remuneration will be set at \$50,000pa and assumes 9 months of director fees before 30 June 2017;
3. CEO and executive director remuneration will be set at US\$240,000pa and assumes 9 months of director fees before 30 June 2017. The above remuneration is for CEO service, not remuneration for director services; and
4. Chairman remuneration will be set at \$100,000pa and assumes 9 months of director fees before 30 June 2017.

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Constitution provides that the aggregate remuneration for Non-

Executive Directors may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board.

### 9.3 Personal interests of Existing Directors and Incoming Directors

#### 9.3.1 Pre-Acquisition interests in securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. Immediately prior to completion of the Transaction, the Directors and Incoming Directors are expected to have relevant interests in Securities as set out in the table below.

Director	Shares	Options	Performance Shares
<b>Existing Directors</b>			
Michael Davy	nil	nil	nil
Kyla Garic	nil	nil	nil
Robert Jewson	nil	nil	nil
<b>Incoming Directors</b>			
Dr Moti Gross	3,160,687	nil	3,160,687
Menashe Baruch	242,198	nil	242,198
Steve Bajic	nil	nil	nil
Faldi Ismail	2,816,667	2,000,000	1,866,667
Athan Lekkas	nil	nil	nil

**Notes:**

- In relation to the above securities, Faldi Ismail (in either his personal capacity, or through an entity / entities controlled by Mr Ismail) has an interest in: up to 750,000 Facilitator Shares and 2,000,000 Facilitator Options pursuant to the Mandate Agreement with Otsana Pty Ltd; 200,000 Shares pursuant to the NFE Convertible Loan Agreement with Benefico Pty Ltd; and 1,866,667 Consideration Shares and 1,866,667 Performance Shares in the name of Romfal Sifat Pty Ltd <The Fizmail Family A/c> pursuant to the Heads of Agreement with Dotz Nano Ltd.

#### 9.3.2 Post-Acquisition interests in securities

Following the successful completion of the Dotz Acquisition and the Public Offer, the Existing Directors and Incoming Directors will have relevant interests in Securities as set out in the table below:

Director	Shares	Options	Performance Shares	Voting Power
<b>Existing Directors</b>				
Michael Davy	nil	nil	nil	0%
Kyla Garic	nil	nil	nil	0%
Robert Jewson	nil	nil	nil	0%

<b>Incoming Directors<sup>6</sup></b>				
Dr Moti Gross	3,660,687	nil	3,160,687	3.33%
Menashe Baruch	742,198	nil	242,198	0.67%
Steve Bajic	500,000	nil	nil	0.45%
Faldi Ismail	4,816,667	2,000,000	1,866,667	4.38%
Athan Lekkas	1,000,000	nil	nil	0.90%

**Notes:**

1. The voting power above is calculated on an undiluted basis and on the basis of there being 109,984,440 Shares on issue upon completion of the Acquisition. This assumes no additional Shares are issued and oversubscriptions of an additional \$1,000,000 are raised under the Capital Raising.
2. It is proposed that Messrs Davy, Jewson, and Ms Garic will resign as directors of the Company following successful completion of the Transaction.
3. The terms and conditions of the above Securities are set out in Section 14 of this Prospectus.
4. The actual Shareholdings of the parties on completion of the Transaction may vary.
5. The numbers of Securities in the above table are subject to rounding.
6. Messrs Gross, Baruch, Bajic, Ismail, and Lekkas have sought shareholder approval pursuant to the Notice of Meeting to apply for the following number of Shares respectively pursuant to the Public Offer: 500,000, 500,000, 500,000, 2,000,000, and 1,000,000.

#### **9.4 Agreements with Existing Directors and Incoming Directors**

The agreements the Company has entered into with Existing Directors and Incoming Directors are listed in Section 13.

#### **9.5 Deeds of indemnity, insurance and access**

The Company is in the process of finalising deeds of indemnity, insurance and access with each of the Incoming Directors and will enter into such deeds with the Incoming Directors following their appointments. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

For existing directors, the Company has entered into deeds of indemnity, insurance and access on similar terms.



3 August 2016

The Directors  
Northern Iron Limited  
(ACN 125 264 575)  
108 Outram Street  
West Perth WA 6005

**Intellectual Property Report for Northern Iron Limited  
Dotz Nano Ltd – Patent Licence from William Marsh Rice University  
Our Ref: 700262**

Dear Directors

FB Rice has been instructed by Northern Iron Limited (**NFE**), to provide this report (**Report**) in relation to intellectual property rights owned or controlled by Dotz Nano Ltd (**Dotz**), including but not limited to intellectual property rights obtained by Dotz from William Marsh Rice University (**Rice**) by virtue of a License Agreement executed between Dotz and Rice, as well as intellectual property rights obtained by Dotz from B.G. Negev Technologies and Applications Limited (a company wholly owned by Ben-Gurion University) (**BGN**) by virtue of a Research and Licence Agreement executed between Dotz and BGN.

The Report is for inclusion in a prospectus (**Prospectus**) proposed to be issued by NFE as part of its proposed acquisition of Dotz. We understand that the Prospectus will be lodged with the Australian Securities & Investments Commission by NFE.

Based on information provided to us by NFE, it is our understanding that Dotz is an Israeli company that was formerly named General Graphene Ltd, and that General Graphene Ltd is the correct name of the Company referred to in Research and Licence Agreement (as discussed in further detail below). We have prepared this Report on the assumption that this information is correct.

This Report sets out the particulars of intellectual property residing in patents, know-how and confidential information licensed in favour of Dotz. This Report is based on information provided by NFE and data provided online by the relevant patent offices, including the World Intellectual Property Office (**WIPO**), the United States Patent Office (**USPTO**), and the European Patent Office (**EPO**).

The Report is correct to the best of our knowledge as at the date of the Report, subject to the limits and qualifications set out further below.

## **Background**

### FB Rice

FB Rice is a firm of patent and trade mark attorneys specialising in the law and practices relating to intellectual property and, more particularly, patents, trademarks, industrial designs and plant breeders rights. All patent attorney partners of FB Rice are Fellows of the Institute of Patent and Trade Mark Attorneys of Australia. In addition, all patent attorney partners of FB Rice are registered

New Zealand patent attorneys. The patent attorneys of FB Rice are specialists in the technology areas of electrical and mechanical engineering, electronics, chemistry, biotechnology, medical devices, computers, information technology and communication technology. Each of the professional staff members in the patent department of FB Rice hold tertiary qualifications in the technology area in which that person practises. Many professional staff members of FB Rice in the patent department also hold postgraduate qualifications.

## Licence Agreement

### Summary

A licence agreement (**Licence**) was executed between General Graphene Ltd (the Israeli company subsequently renamed Dotz Nano Ltd) and Rice on 16 December 2014, being the Effective Date of the Licence. The Licence grants to Dotz an exclusive licence to certain intellectual property including patent rights, know-how and confidential information. On 22 September 2015, the Licence was amended to include a replacement schedule of relevant patent applications. We have reviewed the Licence (as amended) to the extent that it relates to intellectual property and, particularly, patent rights, confidential information and know-how.

We have prepared this Report on the assumption that Rice has the right to grant to Dotz an exclusive licence to use the Licensed Technology (see definition below).

The terms of the Licence specify that Rice (as licensor) grants to General Graphene Ltd (i.e. Dotz) (as licensee) an exclusive, sublicensable, assignable (subject to the assignment provisions specified in the Licence), worldwide, licence under the Rice Patents to make, have made, use, import, offer for sale, sell, lease, distribute, or otherwise transfer Rice Licensed Products in the Field of Use in the Territory during the term of the Licence.

The 'Field of Use' is defined in the Licence as meaning "medical imaging, energy, oil and gas, photovoltaics, flat panel displays, coating, composites, and consumer lighting applications". The 'Territory' is defined in the Licence as being worldwide. The "Term" is defined in the Licence as meaning "the term of this Agreement which shall commence on the Effective Date and continue until the date of expiration of the last to expire of Rice's rights in Rice Patents, unless sooner terminated pursuant to the terms of this Agreement". The "Rice Patents" are defined in the Licence as "those United States patent applications and issued patents listed in Exhibit A hereto and any corresponding foreign patent applications and issued patents, and any divisionals, continuations (excluding continuations-in-part), reissues and reexaminations to the extent that the claims are directed to subject matter with the Field of Use". Finally, the 'Rice Licensed Product(s)' are defined in the Licence as "product(s) whose manufacture, use or sale is covered in whole or in part by any claim of the Rice Patents; product(s) which are made in whole or in part using a process or machine covered in whole or in part by a claim of the Rice Patents; or product(s) made, at least in part, using Rice Patents" and "any service rendered in whole or in part through the use of a product, process or machine covered in whole or in part by any claim of any of the Rice Patents or enabled by Rice Patents".

### Patent Rights

Patents are an important component of an intellectual property portfolio. To obtain protection in any jurisdiction, it is necessary to file an application for registration of the relevant right in that jurisdiction. Patents are a form of intellectual property that cover inventions and provide exclusive rights in exchange for an inventor's full disclosure of his or her invention to the public. Patents are granted for inventions that are new or improved useful products or methods. A patent has a finite term and provides the owner with a period in which others may be excluded from commercially exploiting an invention that is covered by the claims of the granted patent. However, the granting of

patent rights does not confer a right on the patentee to exploit an invention. The freedom to exploit an invention is subject to the existence of any intervening third party rights, such as an earlier patent which is in force in the same field.

The granting of a patent does not necessarily mean the patent is valid. A granted patent can be revoked through re-examination proceedings before the Patent Office in those jurisdictions that provide for re-examination, or through revocation proceedings before the Courts. Grounds for invalidity include the invention not being proper subject matter, not novel, not inventive (obvious), and the patent specification being deficient.

Maintenance of a patent right is subject to payment of maintenance fees to the national or regional patent office that the patent application was filed at. If the maintenance fees are not paid within the allowed time, this will result in the patent right ceasing.

In order to locate all relevant patent applications (**Rice Patent Applications**), we queried a database of the European Patent Office (EPO). We performed a family search for each of the Rice Patents referred to in the Licence in order to ascertain whether any other patent family members exist. We also queried the databases of the corresponding patent offices for the statuses of all patent applications identified. For completeness, we note from the records of the respective patent offices that Rice is recorded as the owner/applicant of the Rice Patents referred to in the Licence, which are a sub-set of the Rice Patent Applications.

Rice is officially recorded, in the records of the respective patent offices as at 22 July 2016, as the owner of the Rice Patent Applications, which are set out in the following table:

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
	CN201480036 235.4	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
	KR201600032 31	South Korea	Methods of Producing Graphene Quantum Dots from Coal and Coke	2 May 2014	US 61/818,800 – 2 May 2013	Pending
	SG112015090 11S	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



As shown in the table above, the Rice Patent Applications can be grouped into four patent families. Members of a patent family typically relate to similar inventions in one specific area of technology, which means that the likely number of significantly different inventions captured by the Rice Patent Applications is four. However, it is possible for a single patent application to permit the granting of multiple patents for multiple inventions described in that single patent application.

With regard to the first patent family, an international patent application (PCT/US2014/036604) was filed under the Patent Cooperation Treaty (**PCT**), claiming priority from one US provisional application No. US 61/818,800. National Phase applications, based on the international patent application, were subsequently filed in the United States (Patent Application No. 14/888,301), China (Patent Application No. 201480036235.4), Europe (Patent Application No. EP2991929), South Korea (Patent Application No. 20160003231), Singapore (Patent Application No. 11201509011S), Israel (Patent Application No. 242393) and Japan (Patent Application No. 2016-512070).

With regard to the second patent family, an international patent application (PCT/US2015/032209) was filed under the PCT, claiming priority from one US provisional application No. US 62/002,982. We note that while no subsequent patent applications have yet been filed in relation to this patent family, the international patent application (PCT/US2015/032209) still provides the applicant with the ability to file patent applications in up to a maximum of 148 contracting states (i.e. countries or regions that are party to the PCT).

With regard to the third patent family, an international patent application (PCT/US2015/036729) was filed under the PCT, claiming priority from one US provisional application No. US 62/014,627. We note that while no subsequent patent applications have yet been filed in relation to this patent family, the international patent application (PCT/US2015/036729) still provides the applicant with the ability to file patent applications in up to a maximum of 148 contracting states (i.e. countries or regions that are party to the PCT).

With regard to the fourth patent family, an international patent application (PCT/US2015/059437) was filed under the PCT, claiming priority from one US provisional application No. US 62/076,394. We note that while no subsequent patent applications have yet been filed in relation to this patent family, the international patent application (PCT/US2015/059437) still provides the applicant with the ability to file patent applications in up to a maximum of 148 contracting states (i.e. countries or regions that are party to the PCT).

#### General Statements about the Status of Patents and Patent Applications

We believe the information provided here to be accurate but caution that the accuracy of such information is, of necessity, subject to the accuracy of the databases accessed.

#### United States Specific Requirements

In the United States, each person associated with filing and prosecution of a patent application owes a duty of good faith and candour toward the USPTO. Under this duty, any prior art known to those persons that could be material to the question of patentability of the claimed invention must be disclosed to the USPTO. This duty continues up to the date of grant of the United States patent.

The disclosure of relevant prior art takes place by filing an Information Disclosure Statement (**IDS**) with the USPTO. Failure to disclose relevant prior art in an application can lead to any United States patent that issues on that application being unenforceable.

Based on our searching, Rice appears to have met the required duty of disclosure, and there are no issues apparent from publicly available records in this regard that might affect Rice's ability to

enforce its United States patent applications. With respect to US 14/669,849, the USPTO records show that an IDS was filed on 23 January 2016. With respect to 14/888,301, since it is still pending, there still remains an opportunity to comply with the duty of good faith and candour by filing an IDS with the USPTO - it is not unusual for an IDS to be filed with the USPTO some months after an application has been filed.

Under the applicable US law, patent applications are commonly filed in the names of the inventors and the ownership lies with the inventors, absent any obligation to assign the inventors' right to another party. Typically, the inventors assign the invention to the assignee at filing or shortly after filing. As a result, assignments play a significant role in the ownership of US patents.

We confirm that for each of the Rice Patent Applications filed in the United States, we identified that an assignment has been recorded from the applicable inventor or inventors to William Marsh Rice University. However, we have not performed a detailed review of the assignment documents themselves to determine their legal effectiveness.

#### Patent Validity and Infringement of Third Party Rights

Enforcement of patent rights varies from country-to-country. The remedies for unauthorised use (patent infringement) available to the patent owner often include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs. In some countries, the patent owner can also file criminal complaints against the infringer.

This Report is not a 'Freedom to Operate' opinion and FB Rice makes no assertion that the patent applications are valid or enforceable or that Dotz has the freedom in any country to exploit the technology referred to in the relevant patent specifications without infringing intellectual property rights of third parties. We are not aware of any specific prior art related issues that would be expected to affect the validity of the Rice Patent Applications. However, we have not performed a prior art search and have not conducted an analysis of any prior art documents.

Further, it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention.

FB Rice cannot guarantee that the patents, even if valid, will adequately cover any commercial products commercialised by Dotz, or its sub-licensees, or that the inventions achieve the stated results or advantages.

#### **Research and Licence Agreement**

##### Summary

A research and licence agreement (**Research and Licence Agreement**) was executed between Graphene Group Ltd. (a tentative name given to General Graphene Ltd, the Israeli company subsequently renamed Dotz Nano Ltd) and BGN on 6 March 2014, being the Effective Date of the Research and Licence Agreement. The Research and Licence Agreement grants to Dotz an exclusive licence to certain intellectual property including patent rights, know-how and confidential information. On 26 July 2016, the Research and Licence Agreement was amended to include an additional patent application.

We have reviewed the Research and Licence Agreement (as amended) to the extent that it relates to intellectual property and, particularly, patent rights, confidential information and know-how. We have prepared this Report on the assumption that BGN has the right to grant to Dotz an exclusive license.

The terms of the Licence specify that BGN (as licensor) grants to Graphene Group Ltd. (i.e. Dotz) (as licensee) an exclusive, perpetual (subject to the termination provisions specified in the Research and Licence Agreement), sublicensable, transferrable (subject to certain conditions specified in the Research and Licence Agreement) and assignable (subject to the assignment provisions specified in the Licence), worldwide, royalty-bearing licence to “develop, exploit, utilize and Commercialize the Licensed BGN IP and the Licensed Products in the Field”.

#### Ownership of Intellectual Property and License Rights

The term ‘Commercialize’ is defined in the Research and Licence Agreement as meaning “to manufacture, have manufactured, market, distribute, sell, lease and/or make any other disposition of the Licensed Products”.

The term “Licensed Products” is defined in the Research and Licence Agreement as meaning “(a) any Product the manufacture, use or sale of which without a license from BGN would infringe upon any Licensed Patent; (b) any Product which embodies, comprises, contains, uses or was developed using the Licensed BGN IP and/or the New IP; (c) any Product which embodies, comprises, contains, uses or was developed using Intellectual Property developed independently by the Company that is based on the Licensed BGN IP and/or New IP; (d) any Product which embodies, comprises, contains, uses or was developed using Intellectual Property developed independently by the Company and “relating to” any of the above Products referenced in Sub-Sections (a) through (c) above; and/or (e) any improvement to any of the foregoing Products referenced in Sub-Sections (a) through (d) above”.

The term “Licensed BGN IP” is defined in the Research and Licence Agreement as including “(a) the Licensed Patents; (b) BGN Research Results which are not New IP; and (c) know-how and information related to the above-mentioned in Sub-sections (a) and (b).”

The term “New IP” is defined in the Research and Licence Agreement as meaning “any BGN Research Results not pertaining to the patent applications contemplated as defined under “BGN Existing Patents” and/or the inventions described or claimed therein, as well as any patentable IP and/or new patents filed and/or registered in connection therewith, not including the Existing BGN Patents (“New Patents”).”

The terms “Existing BGN Patents” or “Licensed Patents” are collectively defined in the Research and Licence Agreement (as amended) as meaning “(a) (i) BGN patent application no. 62/204,481 entitled “Graphene manufacturing method” filed on 13/08/2015, and (ii) BGN patent application 62/234,696 entitled “A process for production of few layers graphene nano platelets” filed on 30/09/2015, and (iii) BGN patent application 62/253,155 entitled “Method of Producing Graphene Quantum Dots” filed 10/11/2015; (b) all divisions, continuations, continuations-in-part, re-examinations, reissues, substitutions or extensions of the above; and (c) all patents which may be granted pursuant to any of the foregoing patent application”.

US Provisional Patent Application No. 62/204,481 was filed on 13 August 2015. We note that while no subsequent patent applications have yet been filed in relation to US Provisional Patent Application No. 62/204,481, the applicant still has until 13 August 2016 to file an international patent application or specific national patent applications. US Provisional Patent Application No. 62/234,696 was filed on 30 September 2015. We note that while no subsequent patent applications have yet been filed in relation to US Provisional Patent Application No. 62/234,696, the applicant still has until 30 September 2016 to file an international patent application or specific national patent applications. US Provisional Patent Application No. 62/253,155 was filed on 10 November 2015. We note that while no subsequent patent applications have yet been filed in relation to US Provisional

Patent Application No. 62/253,155, the applicant still has until 10 November 2016 to file an international patent application or specific national patent applications.

We have not been advised, by NFE or otherwise, of the existence of any additional patent applications or patents that would constitute New IP or New Patents, as defined in the Research and Licence Agreement.

### Sponsored Research Agreement

#### Summary

A sponsored research agreement (**Sponsored Research Agreement**) was executed between Dotz (as Sponsor) and Rice on 1 January 2015, being the Effective Date of the Sponsored Research Agreement. The Sponsored Research Agreement specifies that “the Sponsor is interested in scientific research related to Coal Derived Graphene Quantum Dots for Energy and Biological Applications, (“Research Area”), and Rice has certain faculty, students, and postdoctoral and staff scientists with knowledge and experience in substantive fields related to the Research Area”.

We have reviewed the Sponsored Research Agreement to the extent that it relates to intellectual property and, particularly, patent rights, confidential information and know-how.

The term “Research Project” is defined in the Sponsored Research Agreement as meaning “the research project and deliverables pertaining to the Research Area as described in Exhibit A”. In relation to intellectual property, the relevant terms of the Sponsored Research Agreement state that “[a]ny Intellectual Property invented, reduced to practice, created, or developed solely by Rice under this Agreement shall be owned by Rice”, that “[a]ny Intellectual Property invented, reduced to practice, created, or developed solely by Sponsor under this Agreement shall be owned by Sponsor”, and that “[a]ny Intellectual Property invented, reduced to practice, created, or developed jointly by Rice and Sponsor under this Agreement shall be owned jointly by Rice and Sponsor”.

With regard to possible licensing, the relevant terms of the Sponsored Research Agreement state that “Intellectual Property owned by Rice resulting from the Research Project disclosed by Rice to Sponsor may be used by Sponsor on a non-exclusive royalty-free basis, solely for internal research purposes to evaluate whether or not Sponsor is interested in licensing the technology from Rice”.

The Sponsored Research Agreement does not specify, nor have we been advised by NFE of, any patent applications or patents that have been filed as a direct result of the Research Project.

### Independence

This is an independent report. When considering this Report, it should be noted that

- a) FB Rice has reviewed the data on record for the Rice Patent Applications and provided this Report accordingly. This service was charged on FB Rice’s standard terms and conditions of engagement, being hourly rates for time spent. Payment of FB Rice for its services is not contingent on the outcome of the offer under the Prospectus or the acquisition of Dotz by NFE.
- b) FB Rice has no involvement in the preparation of the Prospectus by NFE, other than the preparation of this Report and gives its consent for inclusion of this Report in the Prospectus.

- c) Neither FB Rice, nor any of its principals or employees that were involved in preparing this Report has any entitlement to any shares in NFE, Dotz, Rice or BGN, or has any interest in the promotion of NFE, Dotz, Rice or BGN, and has no financial interest in the outcome of the offer under the Prospectus or the acquisition of Dotz. The Report has been prepared by Anja Bartels, Associate and Nick Stamatiou, Senior Associate.

Yours sincerely  
FB Rice



Sylvan Browne  
Principal  
sbrowne@fbrice.com.au

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11. INVESTIGATING ACCOUNTANT'S REPORT

22 August 2016

The Directors  
Northern Iron Limited (to be renamed as "Dotz Nano Limited")  
108 Outram Street  
WEST PERTH WA 6005

Dear Sirs

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

The Directors of Northern Iron Limited ("**NFE**" or the "**Company**") have requested PA Audit Pty Ltd ("**PA**") to prepare an Investigating Accountant's Report ("**Report**") for inclusion in a Prospectus to be dated on or around 22 August 2016 ("**Prospectus**"), relating to:

- a) Capital raising of a minimum of \$5,000,000, by the issue of 25,000,000 Shares at 20 cents per Share with the capacity to accept oversubscriptions for up to 5,000,000 Shares to raise up to a further \$1,000,000 ("**Public Offer**"); and
- b) Issue of:
  - 66,000,000 Consideration Shares and 66,000,000 Performances Shares to the Vendors Dotz Nano Limited ("**Dotz**") ("**Dotz Offer**");
  - 5,000,000 Shares to NFE Lenders ("**NFE Convertible Loan Offer**");
  - 1,750,000 Shares to Dotz Lenders ("**Dotz Convertible Loan Offer**"); and
  - 1,750,000 Shares, 4,500,000 Facilitator Options, and 1,000,000 Transaction Options to Facilitators ("**Facilitator Offer**");

(together, the "**Additional Offers**").

All amounts stated in this Report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

### 2. Basis of Preparation

This Report has been prepared to provide investors with information on the Consolidated Statement of Financial Position, the Consolidated Statement of Profit and Loss and other Comprehensive Income and related information ("**Financial Information**"), which comprises the:

- Historical consolidated Statement of Financial Position of NFE as at 31 December 2015 and Historical consolidated Statement of Profit or Loss and Other Comprehensive Income of NFE for the year then ended ("**Historical Financial Information**");
- Historical consolidated Statement of Financial Position of Dotz Nano Ltd ("**Dotz**"), a Company incorporated in Israel, as at 31 December 2015 ("**Historical Financial Information**"); and

- Pro-forma consolidated Statement of Financial Position of NFE and Dotz as at 31 December 2015 (“**Pro-Forma Financial Information**”).

The Pro-Forma Financial Information is based on the Historical Financial Information referred to above as detailed, adjusted for transactions and assumptions, including significant transactions subsequent to 31 December 2015 up to the date of this Report, as if they had occurred at 31 December 2015. These transactions and assumptions are detailed in Appendix 2.

This Report does not address the rights attaching to the Securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for NFE, the Securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. Accordingly, we take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out in the Prospectus.

### 3. Background

The Company was incorporated on the 22 May 2007 and was admitted to the official list of the ASX on 13 December 2007. The Company’s primary operation during that time has been the production of magnetite iron concentrate in northern Norway via its former wholly-owned Norwegian subsidiary Sydvaranger Gruve AS (“**SVG**”).

SVG operated the Sydvaranger Iron Project in Kirkeness, in Northern Norway. On 18 November 2015, the board of SVG filed for bankruptcy under Norwegian law.

On 19 November 2015, the Company’s board of directors passed a resolution to appoint Mr James Thackray as voluntary administrator of the Company.

Under the SVG bankruptcy process the Company’s interest in the Norwegian iron ore mine was divested. Furthermore on 16 May 2016, the Deed of Company Arrangement (“**DOCA**”) was effectuated, cleansing the Company of its historical liabilities. Following effectuation of the DOCA the Company did not have any assets.

The Company’s 31 December 2015, 2014 and 2013 financial statements have been included in the Investigating Accountant’s Report at Appendix 4 for compliance reasons and are no longer a true reflection of the Company’s operations or financial position. This information is not relevant to the financial performance of Dotz moving forward.

On 23 May 2016, the Company announced it had entered into a Heads of Agreement (“**HOA**”) (amended on 15 June 2016) with Dotz under which the Company has been granted a conditional option to acquire 100% of the issued capital of Dotz from all security holders of Dotz.

Dotz will merge with a recently acquired wholly-owned subsidiary of the Company, Intellisense (Israel) Ltd, incorporated in Israel, following which Dotz will be the surviving corporation and shall be a wholly owned subsidiary of the Company.

### 4. Scope

#### 4.1 Historical Financial Information

You have requested PA to review the Historical Financial Information set out in Appendix 1.

- *NFE’s Statement on Historical Consolidated Financial Information*

The Historical Financial Information has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*. The Historical Financial Information has been extracted from the financial Report of NFE for the year end 31 December 2015, for which the external auditor Ernst & Young issued a disclaimer of opinion on the Financial Report for the



year ended 31 December 2015. Please refer to note 1(b) of Appendix 3. The Historical Financial Information is presented in the Prospectus in a condensed form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

- *Dotz's Statement on Historical Consolidated Financial Information*

The Historical Financial Information has been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (“**IFRS**”). The Historical Financial Information has been extracted from the financial report of Dotz for the year end 31 December 2015, which was audited by BDO Ziv Haft Israel (“**BDO**”) in accordance with the International Standards of Auditing. BDO issued an unmodified audit opinion on the financial report for the year ended 31 December 2015.

#### **4.2 Pro-Forma Financial Information**

You have requested PA to review the Pro-Forma Financial Information set out in Appendix 1.

The Pro-Forma Financial Information has been derived from the Historical Financial Information of NFE and Dotz, after adjusting for the effects of pro-forma adjustments described in Appendix 2. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro-forma adjustments relate, as described in Appendix 2, as if those events or transactions have occurred as at the date of the Historical Financial Information. Due to its nature, the Pro-Forma Financial Information does not represent the Company's actual or prospective financial position and financial performance.

#### **5. Responsibility for the Financial Information**

The directors of NFE are responsible for the preparation and presentation of the Historical and Pro-Forma Financial Information, including the selection and determination of the Pro-Forma adjustments made to the Historical Financial Information and included in the Pro-Forma Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro-Forma Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit on any financial information used as a source of the financial information.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

## **6. Conclusion**

### **6.1 Statement on Historical Consolidated Financial Information**

- *NFE's Statement on Historical Consolidated Financial Information*

Based on our review, which is not an audit, the Historical Consolidated Financial Information of NFE as at 31 December 2015 as set out in the Appendixes to this Report does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all the presentation and disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended.

- *Dotz's Statement on Historical Consolidated Financial Information*

Based on our review, which is not an audit, nothing has come to our attention which would cause us to believe that the Historical Consolidated Financial Information of Dotz as at 31 December 2015 as set out in the Appendixes to this Report does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all the presentation and disclosure requirements) of IFRS, and the performance as represented by its results of its operations for the period then ended.

### **6.2 Statement on Pro-Forma Consolidated Financial Information**

Based on our review, which is not an audit, nothing has come to our attention which would cause us to believe that the Pro-forma Financial Information of NFE and Dotz as at 31 December 2015 as set out in the Appendixes to this Report does not present fairly the financial position of the Company as at that date in accordance with the stated basis of preparation as described in section 2 of this Report.

## **7. Subsequent Events**

Apart from the matters dealt in this Report and having regard to the scope of this Report and the information provided by the directors, to the best of our knowledge and belief, there have been no material items, transactions, or events outside of the ordinary course of business of either NFE or Dotz subsequent to 31 December 2015, that have come to our attention during the course of our engagement which would require comments on, or adjustments to, the information referred in our Report or that such information included in this Report to be misleading or deceptive.

## 8. Disclosures

PA is a registered authorised audit company under the *Corporations Act 2001*.

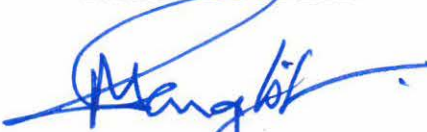
Mr Mark English is a director of PA and is a Registered Company Auditor. He has the relevant professional qualifications and experience appropriate to the preparation of this Report.

PA has acted as the Investigating Accountant for the Company but has not been involved in the preparation of any other part of this Prospectus. Accordingly, it makes no representations as to the completeness and accuracy of the information in any other part of this Prospectus. PA has not made and will not make any recommendation, through the issue of this Report, to potential investors in the Company as to the merits of the investment.

PA will receive a fee for the preparation of this Report based on actual hours spent on the assignment at normal professional rates. With the exception of the above fees, neither Mark English nor PA will receive any other benefits, or other interest, which could be regarded as affecting the ability to provide an unbiased conclusion in relation to the proposed transaction.

PA has consented to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears. At the date of this Report, this consent has not been withdrawn.

**Yours faithfully**  
**PA AUDIT PTY LTD**



**MARK ENGLISH**  
**EXECUTIVE DIRECTOR**

**APPENDIX 1**  
**NORTHERN IRON LIMITED (TO BE RENAMED AS “DOTZ NANO LIMITED”)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Audited as at 31 December 2015		Subsequent Events \$	Pro-Forma at	
		NFE* \$	Dotz \$		Minimum \$	Maximum \$
<b>Current Assets</b>						
Cash and cash equivalent	2	85,613	736,381	86,660	5,006,814	5,943,314
Trade and other receivables	3	-	53,381	-	53,381	53,381
Marketable securities		-	123,186	-	123,186	123,186
Prepayments	4	-	-	48,017	48,017	48,017
<b>Total Current Assets</b>		85,613	912,948	134,677	5,231,398	6,167,898
<b>Non Current Assets</b>						
Property, plant and equipment		-	32,850	-	32,850	32,850
Restricted deposit		-	34,219	-	34,219	34,219
Goodwill		-	1,138,790	-	1,138,790	1,138,790
Intangible assets		-	577,607	-	577,607	577,607
<b>Total Non Current Assets</b>		-	1,783,466	-	1,783,466	1,783,466
<b>Total Assets</b>		85,613	2,696,414	134,677	7,014,864	7,951,364
<b>Current Liabilities</b>						
Trade and other payables	5	111,330,420	286,066	(110,956,496)	309,990	309,990
Convertible notes	6	-	-	1,000,000	-	-
<b>Total Current Liabilities</b>		111,330,420	286,066	(109,956,496)	309,990	309,990
<b>Non Current Liabilities</b>						
Convertible loans	6	-	591,295	(591,295)	-	-
Deferred tax liability		-	116,343	-	116,343	116,343
Derivative		-	46,537	(46,537)	-	-
<b>Total Non Current Liabilities</b>		-	754,175	(637,832)	116,343	116,343
<b>Total Liabilities</b>		111,330,420	1,040,241	(110,594,328)	426,333	426,333
<b>Net (Liabilities)/ Assets</b>		(111,244,807)	1,656,173	110,729,005	6,588,531	7,525,031
<b>Equity</b>						
Issued capital	7	422,606,171	3,135,779	3,059,056	13,122,379	14,058,879
Option Reserve	8	-	-	695,929	1,241,429	1,241,429
Accumulated losses	9	(533,850,978)	(1,479,606)	106,974,020	(7,775,277)	(7,775,277)
<b>Total Equity</b>		(111,244,807)	1,656,173	110,729,005	6,588,531	7,525,031

The pro-forma Consolidated Statement of Financial Position after issue is as per the Consolidated Statement of Financial Position before issue adjusted for the transactions relating to the issue of Shares and related matters pursuant to the Prospectus. The Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3.

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**APPENDIX 1**  
**NORTHERN IRON LIMITED TO BE RENAMED AS “DOTZ NANO LIMITED”**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**

	NFE Audited as at 31 December 2015* \$
<b>Discontinued operations</b>	
Revenue	56,291,423
Other income	1,403,011
Total Revenue and Other Income	57,694,434
Mining and processing expenses	(70,867,490)
Depreciation and amortisation expenses	(11,802,997)
Administrative expenses	(1,331,608)
Foreign exchange gain/(loss)	144,374
Hedging gain/(loss)	(17,647,812)
Loss on deconsolidation of subsidiaries	(137,306,904)
Other expenses	(25,146)
Total Operating expenses	(238,837,583)
Results from operating activities	(181,143,149)
Finance Income	2,304
Finance expense	(3,275,807)
Net finance expense	(3,273,503)
Profit/(Loss ) for the year	(184,416,652)

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor’s Report for the year ended 31 December 2015.

## APPENDIX 2

### NOTHERN IRON LIMITED (TO BE RENAMED AS “DOTZ NANO LIMITED”) PRO-FORMA TRANSACTIONS AND ASSUMPTIONS

The Pro-Forma Financial Information incorporates the following assumptions and transactions, including some transactions that have occurred subsequent to 31 December 2015, as if they have occurred at 31 December 2015.

Transaction subsequent to 31 December 2015 of NFE:

- a) On 24 March 2016 at the second meeting of creditors, it was resolved that the Company enter into a deed of company arrangement (**DOCA**) to facilitate a recapitalisation proposal by Ostana. The deposit and recapitalisation payments of \$425,000 are to be repaid to Ostana upon reinstatement of the Company’s securities to the official list. As part of the DOCA Trade Creditors as at 31 December 2015 of \$111,305,420 have been eliminated against the accumulated losses.
- b) The capital consolidation was approved by shareholders on 13 May 2016 to consolidate existing fully paid shares on a one for one hundred basis (1:100).
- c) On 14 June 2016, 50,000,000 shares were issued to various Promoters at the issue price of \$0.00001 per share in the Company. The shares were re-valued and a fair value adjustment was posted as a share based payment for the difference to the consideration received. The share based payment recognised in the profit and loss was \$999,500.
- d) On 14 June 2016, 50,000,000 Promoter options were granted to various Promoters for nil consideration. The option is for each option to have the right to acquire one share in the Company exercisable at \$0.02 on or before 14 June 2020. The options were valued under Black and Scholes and a fair value adjustment was posted as a share based payment. The options vest immediately and the share based payment recognised in the profit and loss was \$695,929. The options hold no dividend or voting rights and are transferrable.
- e) The Company will undertake a consolidation of existing fully paid shares and options on a one for ten (1:10) basis upon approval by the shareholders at a meeting to be held on 2 September 2016.
- f) On 23 May 2016, the Company announced the intention to acquire 100% of Dotz Nano Limited (“Dotz”), an entity developing technology to produce Graphene Quantum Dots (“GQDs”). As consideration for 100% of the issued capital of Dotz, the Company has agreed to issue:
  - 66,000,000 fully paid ordinary shares (on a post-consolidation basis) in NFE at a deemed issued price of \$0.20 each.
  - 66,000,000 performance shares (on a post-consolidation basis) will convert upon satisfaction of any on the following milestones:
    - 22,000,000 Performance shares shall convert upon Dotz achieving the production and distribution of an aggregate of 20 kilograms of GQDs within an 18 month period from the issue date through formal off-take agreements or commercial samples with a reputable third party;
    - 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
    - 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 48 months from the issue date.
- g) Dotz has entered into agreements with various lenders pursuant to which it has been provided with a loan facility of \$350,000. 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.

- h) Under the acquisition, NFE acquires all the shares in Dotz by issuing 66,000,000 ordinary shares, 66,000,000 Performance shares and 1,750,000 ordinary shares for the convertible note in NFE to the Dotz shareholders, giving Dotz shareholders a controlling interest in NFE and equating to a controlling interest in the combined entity following the acquisition. Dotz is therefore the acquirer for the accounting purposes as Dotz shareholders will own approximately 86.6% of the consolidated entity (prior to the shares to be issued in the Public Offer and the NFE's Convertible Note Holders and Facilitators) and have control of the Board. The acquisition of Dotz by NFE is not deemed to be a business combination, as a NFE is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two entities 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 in accordance with 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 shareholders.

- i) NFE has entered into loan agreements with various lenders pursuant to which it has been provided with aggregate loans of up to \$1,000,000. The NFE convertible loans shall convert into shares on the conversion date through the issue of 5,000,000 shares at a deemed issue price of \$0.20 each.
- j) The facilitator offer consist of the issue of 1,750,000 shares, 4,500,000 facilitator options, and 1,000,000 transaction options to parties that have assisted with facilitating the acquisition and completing the capital raising (or their nominees) in NFE.
- k) Capital raising of a minimum of \$5,000,000, by the issue of 25,000,000 Shares at 20 cents per Share with the capacity to accept oversubscriptions for up to a further 5,000,000 Shares to raise up to a further \$1,000,000.
- l) Payment in cash of Prospectus costs of \$901,840 for minimum capital raising and additional \$63,500 to raise a further \$1,000,000.

Transactions subsequent to 31 December 2015 of Dotz:

- a) Raised approximately \$720,000 in share capital during the period 1 January 2016 to the date of this Report by the issue of 208 fully ordinary shares.
- b) Paid approximately \$70,000 for the cost to terminate an agreement, \$1,480,000 in working capital, research & development and settlement of creditors during the period 1 January 2016 to the date of this Report.
- c) Raised \$350,000 since the 1 January 2016 to the date of this Report from the issue of the Dotz Convertible Notes that shall be satisfied and repaid from the issue of shares by NFE.
- d) Discharged and paid the convertible notes as at 31 December 2015 by the issue of 334 fully paid ordinary shares in Dotz.
- e) Issued 816 fully paid ordinary shares for non cash consideration amounting to \$1,931,932 for the options on issue as at 31 December 2015 and other amounts due and payable to directors and related entities.

**APPENDIX 3**  
**NOTHERN IRON LIMITED (TO BE RENAMED AS “DOTZ NANO LIMITED”)**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

**(a) Basis of preparation of the financial report**

*Statement of Compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Standards (“AASBs”) (including Australian interpretations) adopted by the Australian Accounting Standard Board (“AASB”) and the Corporation Act 2001 where possible (refer to Note 1(b)). These financial statements of the Group also comply with the International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”) where possible (refer to Note 1 (b)).

These financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(b) Incomplete records**

On 19 November 2015, the Board of directors resolved to place the Company into voluntary administration and appointed James Thackray as voluntary administrator of the Company.

Following appointment of the administrators, the powers of the Company’s officers (including Directors) was suspended and the administrators assumed control of the Company’s business, property and affairs.

The financial report has been prepared by Directors who were not in office for the period presented in this report, nor were they parties involved with the Company and did not have oversight or control over the group’s financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. Sydaranger Gruve AS (a subsidiary of the Company) (“Sydvaranger”) filed for bankruptcy on 19 November 2015 at which point the Company lost control of Sydvaranger and its subsidiary. The directors have not been able to source books and records of Sydvaranger and have determined to deconsolidate the financial information of Sydvaranger from 1 July 2015 (rather than 19 November 2015, the date when control of Sydvaranger was lost). In addition, the directors have also not been able to source books and records of Northern Iron Marketing AG (another subsidiary of the company). Accordingly, the financial information of Northern Iron Marketing AG has been deconsolidated from 1 July 2015. The Directors who prepared this financial report were appointed on 16 May 2016. Reasonable efforts have been made by the Directors to ascertain in the true position of the Company as at 31 December 2015.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group’s accounting system. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group’s financial position as at 31 December 2015 and for the year then ended.



**(c) Functional and presentation currency**

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements for the year ended 31 December 2014 are presented in United States Dollars (“US dollars” or “US\$”) which is the Company’s functional and presentation currency.

During the year ended 31 December 2015, the Company changed its presentation currency from US dollars to Australian dollars. The Company was placed into voluntary administration on the 19 November 2015. A recapitalisation process was undertaken in Australia and on the 16 May 2016 the conditions for recapitalisation of the Company were satisfied. The consolidated financial statements for the year ended 31 December 2015 are therefore presented in Australian dollars (AUD\$) which is also the Company’s functional currency.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the Group.

**(d) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investments retained; and
- Recognises any surplus or deficit in profit and loss.
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial report comprises the financial statements of the Company and its controlled entities. A controlled entity is any entity controlled by the Company whereby the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those applied by the parent entity.

Where a subsidiary enters or leaves the Group during the year, its operating results are included or excluded from the date control was obtained or until the date control ceased.

Investments in subsidiaries are carried at cost in Company's financial statements.

As detailed in Note 1(b), Sydvaranger filed for bankruptcy on 19 November 2015 at which point the Company lost control of Sydvaranger and its subsidiary. The directors have not been able to source books and records of Sydvaranger and have determined to deconsolidate the financial information of Sydvaranger from 1 July 2015 (rather than 19 November 2015, the date when control of Sydvaranger was lost). In addition, the directors have also not been able to source books and records of Northern Iron Marketing AG. Accordingly, the financial information of Northern Iron Marketing AG has been deconsolidated from 1 July 2015.

**(e) Reverse acquisition accounting**

Under the acquisition, NFE acquires all the shares in Dotz by issuing 66,000,000 ordinary shares, 66,000,000 Performance shares and 1,750,000 ordinary shares for the convertible note in NFE to the Dotz shareholders, giving Dotz shareholders a controlling interest in NFE and equating to a controlling interest in the combined entity following the acquisition. Dotz is therefore the acquirer for the accounting purposes as Dotz shareholders will own approximately 86.6% of the consolidated entity (prior to the shares to be issued in the Public Offer and the NFE's Convertible Note Holders and Facilitators) and have control of the Board. The acquisition of Dotz by NFE is not deemed to be a business combination, as a NFE is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two entities 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 in accordance with 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 shareholders.

**(f) Income tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## **(g) Financial instruments**

### **Initial recognition and measurement**

Financial instruments, incorporating financial assets and liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

### **Classification and subsequent measurement**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint venture entities are being subject to the requirements of accounting standards specifically applicable to financial instruments.

#### **i. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

#### **ii. Financial assets at fair value through profit and loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or enable performance evaluation where a Group of financial assets is managed by Key Management Personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### **iii. Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

### **Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instruments has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(h) Foreign currency****Functional and presentation currency**

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

**(i) Share capital**

Incremental costs directly attributable to an equity transaction are shown as a deduction from equity, net of any recognised income tax benefit.

**(j) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares.

Basic EPS is calculated by dividing the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, which comprises share options granted.

**(k) Employee benefits***Equity-settled compensation*

The Group determines the fair value of securities issued to directors, executives and members of staff as remuneration and recognises that amount as an expense in the consolidated statement of comprehensive income over the vesting period with a corresponding increase in equity.

The fair value at grant date is independently determined using a Black Scholes pricing model or Binominal that takes into account the exercise price, the term of the option or performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or performance right.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each consolidated statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments.

**(m) Goods and services tax**

Revenue, expenses, and assets are recognised net of the amount of Australian goods and services tax (“GST”) and Norwegian value added tax (“VAT”), except where the amount of GST or VAT incurred is not recoverable from the taxation authorities. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST and VAT.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST or VAT components of investing and financing activities, which are disclosed as operating cash flows.

**(n) Trade and other payables**

Trade and other payables are stated at amortised cost. The amounts are unsecured and usually paid within 45 days of recognition.

**(o) Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed and are included in profit or loss as part of borrowing of costs.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity’s outstanding borrowings during the period.

**(p) Revenue**

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

*Interest*

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(q) Adoption of new and revised standards**

For the year ended 31 December 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2015.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**(r) Critical Accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Consolidation of group's subsidiaries*

As detailed in Note 1(b), Sydvaranger filed for bankruptcy on 19 November 2015 at which point the Company lost control of Sydvaranger and its subsidiary. The directors have not been able to source books and records of Sydvaranger and have determined to deconsolidate the financial information of Sydvaranger from 1 July 2015 (rather than 19 November 2015, the date when control of Sydvaranger was lost). In addition, the directors have also not been able to source books and records of Northern Iron Marketing AG. Accordingly, the financial information of Northern Iron Marketing AG has been deconsolidated from 1 July 2015.

*Functional and presentation currency*

During the year ended 31 December 2015, the Company changed its presentation currency from US dollars to Australian dollars. The Company was placed into voluntary administration on the 19 November 2015. A recapitalisation process was undertaken in Australia and on the 16 May 2016 the conditions for recapitalisation were satisfied. The consolidated financial statements for the year ended 31 December 2015 are therefore presented in Australian dollars (AUD\$) which is also the Company's functional currency.

**2. Cash and cash equivalents**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	85,613	5,006,814	5,943,314
Audited balance of the at 31 December 2015			
- NFE		85,613	85,613
- Dotz		736,381	736,381
<i>Subsequent event:</i>			
- Convertible note raised		1,350,000	1,350,000
- Shares issued		722,195	722,195
- Interest received		1,142	1,142
- Other costs		(108,000)	(108,000)
- GST refund		14,398	14,398
- Other expenses incurred		(1,382,444)	(1,382,444)
- Settlement of DOCA		(510,631)	(510,631)
<i>Pro-Forma adjustments:</i>			
- IPO Capital raised		5,000,000	6,000,000
- Prospectus costs – cash costs		(901,840)	(965,340)
Pro-Forma balance of cash and cash equivalents		<u>5,006,814</u>	<u>5,943,314</u>

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**3. Trade and other receivables**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	\$	\$	\$
Trade and other receivables	-	53,381	53,381
Audited balance of the Group at 31 December 2015			
- NFE		-	-
- Dotz		53,381	53,381
<i>Subsequent event:</i>			
- GST paid		14,398	14,398
- GST refund		(14,398)	(14,398)
Pro-Forma balance of trade and other receivables		<u>53,381</u>	<u>53,381</u>

**4. Prepayments**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	\$	\$	\$
Prepayments	-	48,017	48,017
Audited balance of the Group at 31 December 2015			
- NFE		-	-
- Dotz		-	-
<i>Subsequent event:</i>			
- ASX annual listing fees		22,917	22,917
- Insurance		25,100	25,100
Pro-Forma balance of prepayments		<u>48,017</u>	<u>48,017</u>

**5. Trade and other payables**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	\$	\$	\$
Trade and other payables	111,330,420	309,990	309,990
Audited balance of the Group at 31 December 2015			
- NFE		111,330,420	111,330,420
- Dotz		286,066	286,066
<i>Subsequent event:</i>			
- Settlement of DOCA		(111,305,420)	(111,305,420)
- Net movement		(1,076)	1,076
- Issue of Convertible note		350,000	350,000
<i>Pro-Forma adjustments:</i>			
- Elimination of Convertible note upon issue of shares in NFE		(350,000)	(350,000)
Pro-Forma balance of trade and other payables		<u>309,990</u>	<u>309,990</u>

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**6. Convertible note**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	\$	\$	\$
Convertible note	-	-	-
Audited balance of the Group at 31 December 2015			
- NFE		-	-
- Dotz		591,295	591,295
<i>Subsequent event:</i>			
- Convertible note raised in NFE		1,024,378	1,024,378
- Convertible note raised in Dotz		350,000	350,000
- Issue shares in Dotz for Convertible notes of Dotz		(591,295)	(591,295)
- Deferred finance costs		(24,378)	(24,378)
<i>Pro-Forma adjustments:</i>			
- Issue shares in NFE for Convertible notes of NFE		(1,000,000)	(1,000,000)
- Issue shares in NFE for Convertible notes of Dotz		(350,000)	(350,000)
Pro-Forma balance of Convertible note		-	-

**7. Issued capital**

	<b>Audited 31 December 2015 Numbers*</b>	<b>Pro-forma After Issue (Minimum) Numbers</b>	<b>Pro-forma After Issue (Maximum) Numbers</b>
Issued capital	484,405,314	33,505,125	38,505,125
Audited balance of the Group at 31 December 2015			
- NFE		484,405,314	484,405,314
- Dotz		3,101	3,101
<i>Subsequent event:</i>			
- Share consolidation in NFE		(479,561,261)	(479,561,261)
- Shares issue for cash in Dotz		208	208
- Conversion of Convertible notes of Dotz into shares in Dotz		334	334
- Conversion of Management Option into shares in Dotz		632	632
- Shares issued in Dotz for non cash		184	184
- Issue of shares to Promoters		50,000,000	50,000,000
<i>Pro-Forma adjustments:</i>			
- Proposed share consolidation		(49,359,613)	(49,359,613)
- Issue of shares in relation to Prospectus		25,000,000	30,000,000
- Issue shares in NFE for Convertible notes of NFE		5,000,000	5,000,000
- Issue shares in NFE for Convertible notes of Dotz		1,750,000	1,750,000
- Issue of shares to Lead Manager for Prospectus		1,750,000	1,750,000
- Issue of consideration of shares in Dotz		666	666
- Elimination of NFE Shares on Reverse Acquisition		(5,484,440)	(5,484,440)
Pro-Forma balance of issued capital		33,505,125	38,505,125

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.



	<b>Audited 31 December 2015*</b>	<b>Ordinary shares (Minimum)</b>	<b>Ordinary shares (Maximum)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Issued capital	422,606,171	13,122,379	14,058,879
Audited balance of the Group at 31 December 2015			
- NFE		422,606,171	422,606,171
- Dotz		3,135,779	3,135,779
<i>Subsequent event:</i>			
- Shares issue for cash in Dotz		721,646	721,646
- Conversion of Convertible notes of Dotz into shares in Dotz		664,717	664,717
- Shares issued in Dotz for non cash		672,693	672,693
- Issue of shares to Promoters		1,000,000	1,000,000
<i>Pro-Forma adjustments:</i>			
- Issue of shares in relation to Prospectus		5,000,000	6,000,000
- Conversion of Convertible notes of NFE into shares in NFE		1,000,000	1,000,000
- Conversion of Convertible notes of Dotz into shares in NFE		350,000	350,000
- Issue of shares to Lead Manager in relation to Prospectus		350,000	350,000
- Issue of consideration of shares in Dotz		2,024,884	2,024,884
- Elimination of NFE Shares on Reverse Acquisition		(423,606,171)	(423,606,171)
- Capital raising cost		(1,797,340)	(1,860,840)
		<u>13,122,379</u>	<u>14,058,879</u>

## 8. Option reserve

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Option reserve	-	1,241,429	1,241,429
Audited balance of the Group at 31 December 2015			
- NFE		-	-
- Dotz		-	-
<i>Subsequent event:</i>			
- Options issued in lieu of services rendered		695,929	695,929
<i>Pro-Forma adjustments:</i>			
- Issue of Options to Lead Manager in relation to Prospectus		109,000	109,000
- Issue of Facilitators Share Options		436,500	436,500
Pro-Forma balance of option reserve		<u>1,241,429</u>	<u>1,241,429</u>

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**9. Accumulated losses**

	<b>Audited 31 December 2015*</b>	<b>Pro-forma After Issue (Minimum)</b>	<b>Pro-forma After Issue (Maximum)</b>
	\$	\$	\$
Accumulated losses	(533,850,978)	(7,775,277)	(7,775,277)
Audited balance of the Group at 31 December 2015			
- NFE		(533,850,978)	(533,850,978)
- Dotz		(1,479,606)	(1,479,606)
<i>Subsequent event:</i>			
- Interest received		1,142	1,142
- Gain on debt forgiveness		111,305,420	111,305,420
- DOCA- transfer of assets		(510,613)	(510,613)
- Share based payment expense		(1,695,429)	(1,695,429)
- Interest expenses		(24,396)	(24,396)
- Other expenses		(127,317)	(127,317)
- Termination Agreement		(68,046)	(68,046)
- Deferred finance cost of Convertible Notes of Dotz		(26,885)	(26,885)
- Other costs		(108,000)	(108,000)
- Deferred finance costs		24,378	24,378
- Shares issued in Dotz for non cash		(672,693)	(672,693)
- Other operating expenses		(1,123,540)	(1,123,540)
<i>Pro-Forma adjustments:</i>			
- Elimination of NFE's Accumulated losses on Reverse Acquisition		420,581,286	420,581,286
Pro-Forma balance of accumulated losses		<u>(7,775,277)</u>	<u>(7,775,277)</u>

**9. Post balance date events**

Other than as detailed in this Report and the Prospectus we are not aware of any substantial and material post balance date events.

**10. Related Party Transactions**

Transactions with Related Parties and directors interests are disclosed in the Prospectus.

**11. Commitments and contingencies**

Apart from the above, at the date of this Report, there are no other material commitments or contingent liabilities that we are aware of, other than those disclosed and detailed in the Prospectus.

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015

**APPENDIX 4**  
**NORTHERN IRON LIMITED (TO BE RENAMED AS DOTZ NANO LIMITED)**  
**HISTORICAL FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Audited as at</i> <i>31.12.2015*</i> <i>AU\$</i>	<i>Audited as at</i> <i>31.12.2014</i> <i>AU\$</i>	<i>Audited as at</i> <i>31.12.2013</i> <i>AU\$</i>
<b>Current assets</b>			
Cash and cash equivalents	85,613	8,080,699	21,732,231
Trade and other receivables	-	27,508,747	37,820,742
Derivative financial assets	-	-	596,781
Inventory	-	24,136,860	31,489,718
Prepayments	-	303,850	371,033
<b>Total current assets</b>	<b>85,613</b>	<b>60,030,156</b>	<b>92,010,505</b>
<b>Non-current assets</b>			
Trade and other receivables	-	1,504,673	1,319,848
Mine properties	-	39,471,170	67,133,438
Property, plant and equipment	-	157,410,892	257,114,439
Deferred tax asset	-	3,370	34,989,942
<b>Total non-current assets</b>	<b>-</b>	<b>198,390,105</b>	<b>360,557,667</b>
<b>Total assets</b>	<b>85,613</b>	<b>258,420,261</b>	<b>452,568,172</b>
<b>Current liabilities</b>			
Trade and other payables	111,330,420	32,725,965	35,132,991
Derivative financial liabilities	-	49,587,271	7,893,384
Provisions	-	7,006,908	407,912
Current tax liabilities	-	157,564	379,973
Interest bearing loans and borrowings	-	46,336,380	56,155,565
<b>Total current liabilities</b>	<b>111,330,420</b>	<b>135,814,088</b>	<b>99,969,826</b>
<b>Non-current liabilities</b>			
Provisions	-	14,768,652	2,064,148
Interest bearing loans and borrowings	-	34,665,676	41,316,495
<b>Total non-current liabilities</b>	<b>-</b>	<b>49,435,328</b>	<b>43,380,644</b>
<b>Total liabilities</b>	<b>111,330,420</b>	<b>185,248,416</b>	<b>143,350,469</b>
<b>Net assets</b>	<b>(111,244,807)</b>	<b>73,171,845</b>	<b>309,217,702</b>
<b>Equity</b>			
Share capital	422,606,171	422,606,171	425,526,375
Reserves	-	(25,198,646)	18,789,674
Accumulated losses	(533,850,978)	(324,235,680)	(135,098,346)
<b>Total equity</b>	<b>(111,244,807)</b>	<b>73,171,845</b>	<b>309,217,702</b>

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**APPENDIX 4**  
**NORTHERN IRON LIMITED (TO BE RENAMED AS DOTZ NANO LIMITED)**  
**HISTORICAL FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	<i>Audited as at 31.12.2015*</i> AU\$	<i>Audited as at 31.12.2014</i> AU\$	<i>Audited as at 31.12.2013</i> AU\$
Revenue	56,291,423	201,093,559	228,603,040
Other income	1,403,011	794,608	534,198
Mining and processing expenses	(70,867,490)	(199,882,330)	(195,911,936)
Depreciation and amortisation expenses	(11,802,997)	(26,150,850)	(24,908,359)
Administrative expenses	(1,331,608)	(6,034,835)	(8,238,713)
Foreign exchange gain/(loss)	144,374	(4,106,878)	3,533,751
Hedging (loss)	(17,647,812)	(39,712,922)	(7,489,942)
Loss on deconsolidation of subsidiaries	(137,306,904)	-	-
Impairment on non-current assets	-	(86,246,522)	-
Other expenses	(25,146)	(74,250)	-
<b>Results from operating activities</b>	<b>(181,143,149)</b>	<b>(160,320,420)</b>	<b>(3,877,962)</b>
Finance income	2,304	145,218	194,457
Finance expense	(3,275,807)	(16,661,871)	(5,258,158)
<b>Net finance expense</b>	<b>(3,273,503)</b>	<b>(16,516,653)</b>	<b>(5,063,701)</b>
<b>Loss before income tax</b>	<b>(184,416,652)</b>	<b>(176,837,073)</b>	<b>(8,941,663)</b>
Income tax (expense)/benefits	-	(33,726,175)	7,093,205
<b>Loss for the period</b>	<b>(184,416,652)</b>	<b>(210,563,248)</b>	<b>(1,848,458)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	-	8,677,223	(41,621,591)
Exchange differences arising on translation of foreign loans	-	-	40,490,612
Exchange differences on translation of foreign operations reclassified to profit or loss on deconsolidation of foreign operations	29,721,231	-	-
<b>Other comprehensive income (loss) for the year</b>	<b>29,721,231</b>	<b>8,677,223</b>	<b>(1,130,979)</b>
<b>Total comprehensive loss for the period net of tax</b>	<b>(154,695,421)</b>	<b>(201,886,015)</b>	<b>(2,979,437)</b>
<b>Basic &amp; Diluted loss per share (dollar per share)</b>	<b>(38.07)</b>	<b>(43.47)</b>	<b>(0.34)</b>

\* Please refer Note 1(b) in Appendix 3. Ernst & Young has issued a disclaimer of opinion in their Auditor's Report for the year ended 31 December 2015.

**APPENDIX 5**  
**DOTZ NANO LIMITED**  
**HISTORICAL FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Audited as at</i> <b>31.12.2015</b> AU\$	<i>Audited as at</i> <b>31.12.2014</b> AU\$
<b>Current assets</b>		
Cash and cash equivalents	736,381	288,954
Trade and other receivables	53,381	2,438
Marketable securities	123,186	-
<b>Total current assets</b>	<b>912,948</b>	<b>291,392</b>
<b>Non-current assets</b>		
Property, plant and equipment	32,850	-
Restricted deposit	34,218	-
Goodwill	1,138,790	-
Intangible assets	577,607	85,345
<b>Total non-current assets</b>	<b>1,783,466</b>	<b>85,345</b>
<b>Total assets</b>	<b>2,696,414</b>	<b>376,737</b>
<b>Current liabilities</b>		
Trade and other payables	286,066	113,387
<b>Total current liabilities</b>	<b>286,066</b>	<b>113,387</b>
<b>Non-current liabilities</b>		
Convertible loan	591,295	221,897
Deferred tax liability	116,343	-
Derivative	46,537	32,919
<b>Total non-current liabilities</b>	<b>754,175</b>	<b>254,816</b>
<b>Total liabilities</b>	<b>1,040,241</b>	<b>368,203</b>
<b>Net assets</b>	<b>1,656,173</b>	<b>8,535</b>
<b>Equity</b>		
Share capital	3,135,779	49,988
Accumulated losses	(1,479,606)	(41,453)
<b>Total equity</b>	<b>1,656,173</b>	<b>8,535</b>

**APPENDIX 5**  
**DOTZ NANO LIMITED**  
**HISTORICAL FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	<i>Audited as at</i> <b>31.12.2015</b> <i>AU\$</i>	<i>Audited as at</i> <b>31.12.2014</b> <i>AU\$</i>
Administrative expenses	(516,014)	(41,453)
Research and development expenses	(796,606)	-
<b>Results from operating activities</b>	<b>(1,312,620)</b>	<b>(41,453)</b>
Finance expense	(119,080)	-
<b>Loss before income tax</b>	<b>(1,431,700)</b>	<b>(41,453)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(1,431,700)</b>	<b>(41,453)</b>

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## 12. CORPORATE GOVERNANCE

### 12.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Incoming Directors are committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's websites at [www.northernironlimited.com](http://www.northernironlimited.com).

### 12.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Incoming Directors will develop strategies for the Company, review strategic objectives and monitor performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Incoming Directors will assume the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### **12.3 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting.

The composition of the Board is reviewed regularly to ensure that the appropriate mix of skill and expertise is present to facilitate successful strategic direction.

Where practical, the majority of the Board is to be comprised of Non-Executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationships, which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers, has been committed to by the Board.

### **12.4 Performance evaluation**

In the absence of a separate nomination committee, the Board will conduct a performance evaluation of its individual Directors on an annual basis. To assist in this process an independent advisor may be used.

Where applicable, the review will include:

- (a) comparing the performance of the Board with the requirements of its Charter;
- (b) examination of the Board's interaction with management;
- (c) the nature of information provided to the Board by management; and
- (d) management's performance in assisting the Board to meet its objectives.

### **12.5 Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings

### **12.6 Ethical Standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

### **12.7 Independent Professional Advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

### **12.8 Remuneration Arrangements**

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in



general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The Directors may determine the manner in which all or part of that maximum amount is divided between the non-executive Directors, or until so determined, must be divided equally.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

## **12.9 Trading Policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that written notification to the Chairman must be obtained prior to trading.

## **12.10 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

## **12.11 Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

## **12.12 Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

## **12.13 Departures from Recommendations**

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

**NORTHERN IRON LIMITED (TO BE RENAMED "DOTZ NANO LIMITED")**  
**ACN 125 264 575**  
**(Company)**

**CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the size and nature of the incoming Board and the magnitude of the Company's operations upon completion of the Transaction, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas, as the incoming Board is of the strong view that at this stage the experience and skill set of the incoming Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees will be carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at [www.northernironlimited.com.au](http://www.northernironlimited.com.au).

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b><i>Principle 1: Lay solid foundations for management and oversight</i></b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.  The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		<p>establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	<p>YES</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>YES</p>	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has written agreements with each of its Directors and senior executives.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c)</p> <p>(i) The Board does not presently intend to set measurable gender diversity objectives as a result of the Company's size and the stage of the entity's life.</p> <p>(ii) The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
Indicators”, as defined in the Workplace Gender Equality Act.		
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website.</p> <p>(b) The Company’s Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company’s senior executives on an annual basis. The Company’s Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company’s senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company’s Corporate Governance Plan, which is available on the Company’s website.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		<p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes.</p> <p>At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Company has not appointed any senior executives.</p>
<p><b>Principle 2: Structure the Board to add value</b></p>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the</p>	<p>YES</p>	<p>(a) The Company does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> <li>(i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>(ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>PARTIALLY</p>	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company does not yet have a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in this Prospectus.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position,</p>	<p>YES</p>	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers the following Existing Directors are independent:</p> <p>(i) Michael Davy;</p> <p>(ii) Kyla Garic; and</p> <p>(iii) Robert Jewson.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>		<p>The Board considers that the following Incoming Directors are independent:</p> <p>(A) Menashe Baruch;</p> <p>(B) Steve Bajic; and</p> <p>(C) Athan Lekkas.</p> <p>(b) There are no independent Directors who fall into this category. The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent.</p> <p>(c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	YES	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of 3 Directors, all of whom are considered to be independent.</p> <p>Following Settlement of the Acquisition it is proposed that the Board will comprise of 5 Directors, 3 of whom are considered to be independent.</p>
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	PARTIALLY	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The current Chair of the Company is an independent Director and is not the CEO/Managing Director.</p> <p>The Proposed Chair of the Company, Mr Faldi Ismail, is not an independent Director and is not the CEO/Managing Director.</p>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nomination Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<p><b>Principle 4: Safeguard integrity in financial reporting</b></p>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p>	YES	<p>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time at Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b> A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. New Directors sign an ASX disclosure agreement when they join the Company.</p> <p>(b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p><b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<p><b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p><b>Recommendation 6.4</b></p>	YES	The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>		<p>to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>YES</p>	<p>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework:</p> <ul style="list-style-type: none"> <li>(i) the Board devotes time at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</li> </ul>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. The Company has no internal audit function.</p> <p>(b) The Board devotes time at Board meetings to evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>(a) The Company does not have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <ul style="list-style-type: none"> <li>(i) the Board devotes time at appropriate Board meetings to assess the level and composition of remuneration for Directors and senior executives;</li> <li>(ii) items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required; and</li> <li>(iii) the Board may seek external advice and benchmarking to inform their decisions.</li> </ul>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed on the Company's website.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>		
<p><b>Recommendation 8.3</b>  A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company has an equity based remuneration scheme. The Company does have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>(b) The conditions are disclosed in the Trading Policy and available on the Company's website.</p>

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## 13. MATERIAL CONTRACTS

### 13.1 HOA

- (a) **(Merger)**: Dotz will merge with the Israel Subsidiary, a wholly-owned subsidiary of the Company that will be incorporated in Israel, following which Dotz will be the surviving corporation and shall be a wholly-owned subsidiary of the Company and the Vendors shall be issued Consideration Shares and Performance Shares.
- (b) **(Conditions Precedent)**: Completion of the Acquisition is conditional upon the satisfaction (or waiver) of the following outstanding conditions precedent:
- (i) the Company undertaking a capital raising and receiving valid non-revocable applications for at least \$3,500,000 worth of Shares in the Company under the capital raising (**Capital Raising**) at an issue price of not less than \$0.20 per share;
  - (ii) the Company undertaking the Consolidation;
  - (iii) the conditional approval by ASX to reinstate the securities of the Company to trading on ASX (after the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of the Company and Dotz;
  - (iv) 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;
  - (v) 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 the Company nor Dotz will be required to withhold any part of the Consideration payable to the Vendors;
  - (vi) 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;
  - (vii) Vendors holding more than 50% of the voting power of Dotz having passed a resolution approving the Merger;
  - (viii) the Company 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:
    - (A) the transactions contemplated by the HOA; and



- (B) the change of name from “Northern Iron Ltd” to “Dotz Nano Limited” (or such other name as is agreed between Dotz and the Company); and
- (ix) there being 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, the Company or Dotz may terminate the agreement constituted by the HOA by written notice to the other.

- (c) **(Consideration)**: In the event of the completion of the Merger, the consideration payable to Vendors by the Company is the issue of:
  - (i) 66,000,000 Shares; and
  - (ii) 66,000,000 Performance Shares.
- (d) **(Facilitator Securities)**: The parties acknowledge and agree that at Settlement, the Company will issue:
  - (i) 1,750,000 Facilitator Shares and 4,500,000 Facilitator Options to the Facilitators; and
  - (ii) 1,000,000 Transaction Options to the Facilitators.

## 13.2 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:

- (a) **(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;
- (b) **(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;
- (c) **(Fees and Royalties)**: Dotz is required to pay Rice University the following royalties and fees:

- (i) a royalty calculated at 4% on adjusted gross sales (sales of products developed using the Licence less costs attributable to such sales); and
  - (ii) 25% of any cash or non-cash consideration received as consideration under a sub-licence;
- (d) **(Annual Minimum Royalties)**: in addition to the above, Dotz shall pay Rice University annual minimum royalties on the following milestone dates:
- (i) 1 January 2017 - \$50,000;
  - (ii) 1 January 2018 - \$100,000;
  - (iii) 1 January 2019 - \$100,000;
  - (iv) 1 January 2020 - \$450,000; and
  - (v) 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;

- (e) **(First Commercial Sale)**: Dotz shall fulfil, and shall cause any sub-licensee to fulfil, the following obligations:
- (i) 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;
  - (ii) 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
  - (iii) 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;

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

- (B) upon Dotz failure to rectify any other breach within forty five (45) days of receiving written notice;
- (C) upon any underreporting or underpayment by Dotz in excess of 20% for a twelve (12) month period;
- (D) 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
- (E) immediately upon Dotz becoming insolvent.

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

### 13.3 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:

(a) **(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.

(b) **(Project Funds):**

- (i) 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).
- (ii) 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.
- (iii) 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.

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

- (i) solely by Rice University shall be owned by Rice University (**Rice Created Intellectual Property**);
- (ii) solely by Dotz shall be owned by Dotz (**Dotz Intellectual Property**); or

- (iii) jointly by Rice University and Dotz shall be owned jointly by Rice University and Dotz (**Joint Intellectual Property**).
- (d) (**Licensing Options**):
  - (i) 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:
    - (A) a non-exclusive, non-transferable, limited term, royalty bearing licence; or
    - (B) 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
  - (ii) 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.

(e) (**Termination**):

The Sponsored Research Agreement may be terminated as follows:

- (i) by mutual written agreement between the parties;
- (ii) 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
- (iii) 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.

#### 13.4 **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:

- (a) 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
- (b) BGN granting an exclusive, sub-licensable, worldwide, royalty-bearing licence (**BGN Licence**) to develop, exploit, utilize and commercialise:

- (i) the BGN Patent (being patent application number 62/204481);
- (ii) any results derived from the BGN Research (**BGN Research Results**); and
- (iii) 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:

- (a) (**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:
  - (i) the date of expiration of both the BGN Patent, and the last of any new patents derived from any BGN Research (**New IP**); or
  - (ii) 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**).
- (b) (**Grant of Licence**): In relation to BGN's grant of the BGN licence to GML:
  - (i) 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;
  - (ii) 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
  - (iii) GML shall be entitled to grant any sub-licences in writing consistent with the terms of the Research and Licence Agreement (**Sub-Licence Agreement**).
- (c) (**Consideration and Payment Terms**): GML is required to pay BGN:
  - (i) an annual licence fee of:
    - (A) 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
    - (B) US\$15,000 for any calendar year thereafter;
  - (ii) the following for all amounts received by GML from a third party in connection with the commercialisation of the Licensed BGN IP or the New IP, including all amounts actually received from a third party which are generated from sales of the Licensed Products less any costs attributable to such sales (**Net Sales**):

- (A) 2% of all Net Sales in respect of sales by GML of the Licenced Products which are raw materials;
  - (B) 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
  - (C) 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**);
- (iii) 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:
    - (A) US\$20,000 per year with regard to each of the first three (3) calendar years; and
    - (B) 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;
  - (iv) the following with respect to income derived from the Sub-Licence Agreements:
    - (A) 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
    - (B) 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,
  - (v) an agreed research budget of \$195,295 to assist with the BGN Research and any future agreed research budget; or
  - (vi) 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.
- (d) **(Intellectual Property)**: Pursuant to the Research and Licence Agreement:
- (i) all rights, title and interest in and to the Licenced BGN IP shall be owned by BGN;
  - (ii) 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
  - (iii) 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.

- (e) **(Termination)**: The Research and Licence Agreement may be terminated:
- (i) 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;
  - (ii) 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;
  - (iii) immediately by either party in the event of an incurable material breach;
  - (iv) immediately by BGN by written notice to GML in the event that GML files an opposition to any of the Licenced IP; or
  - (v) 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.

### 13.5 NFE Convertible Loan Agreements

The Company 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:

- (a) **(Interest)**: The NFE Convertible Loan is provided on an interest-free basis.
- (b) **(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
- (c) **(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 the Company on the date which is the earlier of:
  - (i) 31 October 2016; and
  - (ii) 5 Business Days after the date on which the Company receives a notice for repayment of the NFE Convertible Loan upon default by the Company.

## 13.6 Dotz Convertible 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:

- (a) **Repayment:** Repayment of the Dotz Convertible Loan will be the date that is the earlier of:
  - (i) 14 October 2016; and
  - (ii) the day which is immediately prior to settlement of the Acquisition,  
**(Repayment Date)**;
- (b) **Interest:** The Dotz Convertible Loan is provided on an interest-free basis; and
- (c) **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.

## 13.7 Otsana Mandate

On 9 August 2016, the Company and Otsana entered into a corporate advisory mandate pursuant to which Otsana agreed to be appointed as the Company's corporate advisor in relation to the Acquisition (**Mandate**). A summary of the key terms of the Mandate is set out below.

- (a) **Term**

The Company will engage Otsana as a corporate advisor for a period of 24 months (effective from 9 August 2016), with access to its corporate team as required.
- (b) **Capital Raising Fees**

With respect to the Public Offer, Otsana, acting in its capacity as corporate advisor, will be entitled to a 2% advisory fee on total monies raised, excluding any monies raised or contributed directly by anyone that the Company or its shareholders have solicited themselves during the course of the transaction.

In addition, the Company will pay up to an additional 4% on any capital raised by Otsana or any AFSL holders that Otsana introduces.
- (c) **Retainer**

The Company will pay to Otsana \$10,000 (plus GST) per month as a retainer for a period of 12 months commencing post re-quotations to the ASX.



**(d) Management fee and advisor securities**

The Company will pay to Otsana a management fee of \$135,000 for Otsana's assistance with the Transaction, and in particular, the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

In addition, subject to shareholder approval at the General Meeting, up to 4,500,000 Options and 1,750,000 Shares may be issued to Otsana or its nominees for capital raising and lead manager services (refer to the Facilitator Offer – see Section 6.1.2(d) for further details).

**(e) Termination**

Either party may terminate the Mandate:

- (i) by providing the other party with thirty (30) days written notice; or
- (ii) if the other party fails to perform any material obligation under the Mandate, and does not remedy such failure within fourteen (14) days of receiving written demand.

**13.8 Lease agreement**

The Company (as Tenant) has entered into a lease agreement with Adamantium Holdings Pty Ltd (**Landlord**), an entity controlled by Mr Faldi Ismail.

A summary of the key terms of the lease agreement is set out below:

- (a) **Premises:** The Landlord gives the Tenant the right to use the premises located at 108 Outram Street, West Perth, Western Australia, as its registered office and principal place of business, including all fixtures and fittings, use of desk space, use of boardroom, IT related usage from the date the agreement is executed.
- (b) **Rent:** Monthly rent of \$1,500 plus GST is payable in advance commencing upon the Company's re-listing. In addition, a monthly fee of \$500 plus GST, is payable as the fee for the registered office of principal place of business.
- (c) **Outgoings:** Outgoings including electricity, gardening, landline telephone, water usage are included in the monthly rent fee.
- (d) **Term and Termination:** The term of the agreement is for an initial period of 12 months and then monthly thereafter. The minimum cancellation notification period is 3 months.

**13.9 Corporate services agreement**

The Company has entered into a corporate services agreement with Onyx Corporate Pty Ltd, an entity in which Mr Faldi Ismail holds a minority interest, for the provision of accounting and book keeping services to the Company. The agreement can be terminated for any reason by either party giving the other 3 months' notice. The consultancy fee under the agreement is \$5,000 per month plus GST, however the Company is not liable to pay the fee until its securities are reinstated to trading on ASX.

## 13.10 Executive Services Agreements

### 13.10.1 Moti Gross - Executive services Agreement

On 1 December 2014 Dotz (previously named General Graphene Ltd) entered into an executive employment agreement with Dr. Moti Gross, pursuant to which Dr. Moti Gross is employed as the Chief Executive Officer (**CEO**) of Dotz (**Executive Services Agreement**). Pursuant to the Acquisition, the CEO also entered into an executive appointment letter with the Company dated 18 August 2016 (**Executive Appointment Letter**), which confirms the CEO's arrangements as an executive director of the Company, and is subject to Settlement of the Acquisition.

A summary of the key terms of the Executive Services Agreement and the Executive Appointment Letter is set out below:

- (a) (**Salary**): Upon completion of the Transaction and subject to approval by the Board, a monthly fee of USD\$20,000 (plus value added tax) is payable to the CEO.
- (b) (**Term**): The Executive Services Agreement commenced on 1 December 2014, and has been extended by mutual agreement between the parties until 1 December 2017 unless: terminated earlier in accordance with the termination provisions set out below, upon the retirement or resignation of the CEO, or otherwise in accordance with the Company constitution (**Initial Term**). The Term may be extended for additional one-year periods by written agreement between the parties.
- (c) (**Termination**): Termination may occur in the event of cause (upon written notice by the Company to the CEO), without cause (upon written notice by Dotz to the CEO), for good reason (upon written notice by the CEO to Dotz) and in the event of death or upon permanent disability.
- (d) (**Consequences of Termination**): Upon termination for cause and upon death, Dotz is required to make payment of any base salary compensation and expense reimbursement accrued and unpaid to the date of termination.
- (e) (**Compliance with Australian Laws**): Pursuant to the Executive Appointment Letter, any provision contained in the Executive Services Agreement that is not consistent with, or is in breach of the Corporations Act, the ASX Listing Rules, or any Australian law, has no force or effect.

The Executive Services Agreement and the Executive Appointment Letter otherwise contain terms and conditions which are considered standard for agreements of their respective nature, including those relating to confidentiality, and intellectual property.

### 13.10.2 Michael Shtein – CTO Agreement

Dotz entered into an executive employment agreement with Dr. Michael Shtein (the **Executive**) on 1 August 2016 pursuant to which the Executive is employed as the Chief Technological Officer of Dotz (**CTO Agreement**).

A summary of the key terms of the agreement is set out below:

- (a) (**Salary**): On completion of the Acquisition, in consideration for the services to be provided by the Executive in his capacity as a full time

employee of Dotz, Dotz shall pay the Executive a gross monthly salary of USD\$15,750 (plus 5% retirement pay, 8.33% separation pay, 2.5% disability insurance, and 7.5% education payment).

- (b) **(Term):** The CTO Agreement commenced on 1 August 2016, and shall continue until terminated in accordance with the termination provision set out below
- (c) **(Termination):** Termination may occur without cause (upon written notice by Dotz to the Executive), for good reason (upon written notice by the Executive to Dotz) and without good reason (upon 30 days' prior written notice by the Executive to Dotz) and in the event of death, disability or cause (ie: conviction of a felony).
- (d) **(Consequences of Termination):** subject to return of all of Dotz' property held by the Executive, if Dotz terminates the Executive's employment agreement without cause or if the Executive terminates for good reason, Dotz shall pay the Executive his then current base salary for a period of three months from the date of termination as well as any accrued amounts and a pro-rata portion of any annual bonus if applicable.

The CTO Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to confidentiality, intellectual property, and non-competition.

### 13.10.3 Eran Gilboa – CFO Agreement

On 8 May 2016 Dotz entered into a service agreement with Gview Financial Services Ltd (**Gview**) (an entity associated with Mr Eran Gilboa) for the provision of CFO services in connection with the development of the ongoing and future business of Dotz (**CFO Agreement**).

A summary of the key terms of the CFO Agreement is set out below:

- (a) **(Salary):** A monthly fee of USD\$7,000 (plus value added tax) is payable to Gview for provision of the CFO services.
- (b) **(Term):** The CFO Agreement commenced on 8 May 2016, and shall continue until terminated in accordance with the termination provision set out below.
- (c) **(Termination):** Each party may terminate the CFO Agreement upon: all obligations of the parties pursuant to the CFO Agreement being fulfilled; or by either party providing the other party with four months written notice.

The CFO Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to confidentiality, and intellectual property.

### 13.10.4 Ariel Malik – VP International Finance Agreement

#### Ariel Malik – Background

Mr Ariel Malik is a business strategy consultant retained by Dotz, as the Senior Vice President for International Finance. Mr Malik, through his extensive corporate network from his many years as an investment banker, is responsible for

overseeing: strategic planning, international business development, cross border negotiations, capital raising and finance development.

Ariel Malik is an Israeli biotech and materials investor and entrepreneur. He was a founder and co-founder of Pluristem (NASDAQ:PSTI), Oramed Pharma (NASDAQ:ORMP), Brainstorm Cells (NASDAQ:BCLI), Savicell, Blue Sphere (NASDAQ:BLSP), each a technology company that was built around technologies from Tel Aviv Universities, the Hebrew University of Jerusalem, the Technion and other research institutes. Mr Malik is also a founding shareholder of Dotz, and has, in addition to Dotz, and in co-operation with Ben Gurion University and Rice University, established Weebit Nano (ASX:WBT).

Mr. Malik holds a BA in Economics and Social Anthropology from Haifa University and an MBA from Heriot Watt University.

In line with the Company's corporate governance policy, the Company has conducted checks in respect of Mr Malik's character, experience, criminal record, and bankruptcy history, all of which are in good order.

#### VP International Finance Agreement

Dotz entered into a consulting agreement with Mr Ariel Malik (the **Consultant**) on 1 December 2015 for the provision of consulting services to Dotz (**VP Agreement**).

A summary of the key terms of the VP Agreement is set out below:

- (a) **(Assignment)**: Upon the completion of an IPO or a reverse merger, Dotz shall assign the VP Agreement to the Company. No party shall assign this agreement without the consent of the other.
- (b) **(Salary)**:
  - (i) in consideration for the services provided by the Consultant, the Consultant is paid a monthly salary of USD\$10,000 (plus value added tax); but
  - (ii) upon the assignment of the VP Agreement as contemplated by 13.10.4(a), the Consultant's monthly compensation shall increase to USD\$20,000 (plus value added tax).
- (c) **(Term)**: The VP Agreement commenced on 1 December 2015, and shall remain in effect for two years (and shall automatically extend for an additional year unless the Company notifies the Consultant otherwise) **(Period)**. At the end of the Period, the VP Agreement may be extended by mutual agreement between the parties).
- (d) **(Termination)**: Either party may terminate the VP Agreement with or without cause by providing 60 days written notice to the other.
- (e) **(Consequences of Termination)**: On termination by Dotz:
  - (i) the Consultant is entitled to any unpaid accrued compensation as of the date the Consultant ceases work under this agreement. In lieu of any claims, the Consultant shall also be entitled to an additional compensation equal to six times the monthly compensation to be paid immediately upon termination; and

- (ii) the Consultant shall be reimbursed for non-cancellable obligations and cancellation penalties as well as any expenditures reasonably made; and
- (iii) all records pertaining to any confidential information of Dotz shall be returned to Dotz, except for one copy of each document which may be retained by the Consultant, but will be subject to the confidentiality requirements of this agreement.

The VP Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to confidentiality, and intellectual property.

### **13.11 Non-Executive Appointment Letters – Messrs Ismail, Baruch, Bajic, and Lekkas**

The Company has entered into non-executive letters of appointment with Messrs Faldi Ismail, Menashe Baruch, Steve Bajic, and Athan Lekkas (**Non-Executive Agreements** or **Non-Executive Agreement** as the context requires) pursuant to which, each of the abovementioned parties are to be appointed as non-executive directors (other than Mr Ismail who is to be appointed as Non-Executive Chairman) of the Company upon completion of the Transaction, and from then on in accordance with the Company's Constitution relating to retirement by rotation and re-election of directors.

Messrs Ismail, Baruch, Bajic, and Lekkas will each be remunerated \$100,000, \$50,000, \$50,000, and \$50,000 respectively, per annum (inclusive of superannuation). Each director is also entitled to additional payments for devoting special attention to business outside the scope or ordinary duties and is entitled to reasonable expenses properly incurred whilst undertaking their respective duties.

Messrs Baruch, Bajic, and Lekkas are independent Directors of the Company, whilst Mr Ismail is a non-independent Director of the Company.

### **13.12 Company Secretarial Corporate Services Engagement**

The Company and Platinum Corporate Secretariat Pty Ltd (**PCS**) have entered into a corporate services engagement whereby Mr Peter Webse shall provide company secretarial services to the Company (**Corporate Services Engagement**).

The Company shall pay to PCS a fee of \$4,000 per calendar month.

The Corporate Services Engagement may be terminated by either party giving 3 months written notice to the other.

The Corporate Services Engagement contains various other terms and conditions that are considered standard for an agreement of this nature, including those regarding expenses and confidentiality.

### **13.13 Agreements with Existing Directors**

Following completion of the Acquisition, Messrs Michael Davy, Robert Jewson, and Ms Kyla Garic will resign as Directors of the Company. Ms Garic will also resign from her role as Joint Company Secretary of the Company. Other than as set out above, there are no agreements between the Company and the abovementioned parties.

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## **14. ADDITIONAL MATERIAL INFORMATION**

### **14.1 Suspension and Re-Admission to ASX**

As the Company is currently a mineral exploration company, the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to a technology company.

ASX has advised that this change in the nature and scale of the Company's activities will require:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Shares are currently suspended and will not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders;
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3; and
- (c) the issue price of Shares must be at least 20 cents and the exercise price of Options must be at least 20 cents unless ASX grants the Company a waiver.

It is expected that the conduct of the Public Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offers and will repay all Application Monies received by it in connection with this Prospectus (without interest).

If Shareholder approval to the change in nature and scale of the Company's activities is not obtained, the Offers will not proceed.

### **14.2 Shareholder Approval of Essential Resolutions**

The Company has called the Annual General Meeting primarily for the purpose of seeking the approval of Shareholders to a number of resolutions required to implement the Acquisition.

By virtue of the Offers being conditional upon the HOA becoming unconditional, it is a condition to completion of the Offers under this Prospectus, as well as the Acquisition, that each of the following resolutions is approved by Shareholders:

- (a) the significant change in the nature or scale of the Company's activities to become a technology company, for which Shareholder approval is required under ASX Listing Rule 11.1.2;

- (b) 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;
- (c) the issue at Settlement of:
  - (i) 66,000,000 Shares; and
  - (ii) 66,000,000 Performance Shares;
 to the Vendors (or their nominees) in consideration for the Company's acquisition of 100% of the issued capital in Dotz;
- (d) the issue at Settlement of:
  - (i) 1,750,000 Facilitator Shares;
  - (ii) 4,500,000 Facilitator Options; and
  - (iii) 1,000,000 Transaction Options,
 to the Facilitators (or their nominees);
- (e) the issue at Settlement of up to:
  - (i) 750,000 Facilitator Shares; and
  - (ii) 2,000,000 Facilitator Options,
 to Otsana Pty Ltd (or its nominee), a company in which Mr Faldi Ismail is a director and the indirect sole shareholder, which may be issued as part of, and not in addition to the total number of Facilitator Shares and Options to be issued to Facilitators;
- (f) the issue at Settlement of no less than 25,000,000 Shares to raise a minimum of \$5,000,000 (with the ability to accept up to \$1,000,000 in oversubscriptions) via this Prospectus;
- (g) the issue at Settlement of 4,750,000 Shares to the NFE Lenders upon conversion under the NFE Convertible Loan Agreements;
- (h) the issue at Settlement of 200,000 Shares to Benefico Pty Ltd (or its nominee), a company controlled by Mr Faldi Ismail's spouse, in its capacity as an NFE Lender;
- (i) the issue at Settlement of 1,750,000 Shares to the Dotz Lenders upon conversion under the Dotz Convertible Loan Agreements;
- (j) 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;
- (k) the issue of up to 2,000,000 Shares to Mr Faldi Ismail, up to 1,000,000 Shares to Mr Athan Lekkas and up to 500,000 Shares each to Dr Moti Gross, Mr Menashe Baruch and Mr Steve Bajic at Settlement (the above parties will be issued these Shares pursuant to their participation in the Capital Raising);

- (l) the appointment of five Incoming Directors nominated by Dotz to the Board, being Mr Faldi Ismail, Dr Moti Gross, Mr Menashe Baruch, Mr Steve Bajic and Mr Athan Lekkas;
  - (m) the Company's issued capital being consolidated on a 10:1 basis (**Consolidation**); and
  - (n) the adoption of an Employee Incentive Option Plan,
- (each, an "**Essential Resolution**").

If any of the Essential Resolutions are not approved by Shareholders the Acquisition (including the Offers under this Prospectus) will not be completed.

### 14.3 Litigation

As at the date of this Prospectus, neither the Company nor Dotz is involved in any legal proceedings and the Directors and Incoming Directors are not aware of any legal proceedings pending or threatened against the Company or Dotz.

### 14.4 Rights Attaching to Shares

The following is a summary of the more significant rights and restrictions that will attach to Shares following the Shareholder approval of the Constitution at the General Meeting. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for



the Share, but in respect of partly paid Shares will have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend will carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit, under which participants may elect in respect of all or part of their Shares to receive a dividend or to forego a dividend from the Company and receive some other form of distribution or entitlement (including securities) from the Company or another body corporate or a trust.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder Liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of Rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 14.5 Terms and Conditions of Performance Shares

### 14.5.1 Terms of Performance Shares

- (a) **(Performance Shares)**: Each Performance Share is a share in the capital of the Company.
- (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 the Company that are circulated to the Company shareholders. Holders have the right to attend general meetings of the Company.
- (c) **(No Voting Rights)**: The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, 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 the Company.
- (f) **(Transfer of Performance Shares)**: The Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)**: In the event that the issued capital of the Company 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 the Company is listed on the ASX at the time, upon conversion of the

Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the 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 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 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.

#### 14.5.2 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 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 a Share within the period required under the relevant Milestone will be automatically redeemed by the Company for a sum of \$0.0000001 per Performance Share within 10 Business Days.
- (e) **(After Conversion):** The 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 Shares then on issue and, if the Company is listed on ASX at the time, application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (f) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (g) **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

#### 14.6 Terms and Conditions of the Transaction Options

(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 the Company 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 the Company.

(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 the Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company 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 the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company 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 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 the 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 Shares does not require disclosure to investors, the Company 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 Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

If at any time the issued capital of the Company 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 the Company's 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**

The Company 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.

## 14.7 Terms and Conditions of the Facilitator Options

(a) **Entitlement**

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

(b) **Exercise Price**

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

(c) **Expiry Date**

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

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(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 Facilitator Option being exercised in cleared funds (**Exercise Date**).

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Facilitator Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company 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 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 the Shares issued pursuant to the exercise of the Facilitator Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company 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 Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

The Shares issued on exercise of the Facilitator Options rank equally with the then issued shares of the Company.

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

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

(j) **Reconstruction of capital**

If at any time the issued capital of the Company 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 Facilitator Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Facilitator Options without exercising the Facilitator Options.

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Facilitator Options on ASX.

(n) **Transferability**

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

## 14.8 Employee Incentive Option Plan

The key terms of the employee incentive option plan (**Option Plan** or **Plan**) are as follows:

- (a) **Eligibility and Grant of Plan Options:** The board of the Company (**Board**) may grant Options under the Option Plan (**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).

#### 14.9 Interests of Directors

Other than as set out elsewhere in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers;
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

#### 14.10 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company;

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (d) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (e) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offers.

PA Audit Pty Ltd has acted as Investigating Accountant of the Company and has prepared the Investigating Accountant's Report which is included in Section 11 of this Prospectus. The Company estimates it will pay PA Audit Pty Ltd a total of \$15,000 (excluding GST) for these and related services. During the 24 months preceding lodgement of this Prospectus with the ASIC, PA Audit Pty Ltd has not received fees from the Company for their services.

FB Rice has acted as the Patent Attorney of the Company and has prepared the Patent Report which is included in Section 10 of this Prospectus. The Company estimates it will pay FB Rice a total of \$12,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, FB Rice has not received any fees from the Company for their services.

BDO has acted as independent auditor to Dotz. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO has received USD\$35,500 (inclusive of all local taxes) in fees for these services and for the provision of income tax advice in respect of the Acquisition.

Ernst & Young has acted as independent auditor to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young has received fees of \$17,500 (excluding GST) from the Company for audit services.

Otsana Pty Ltd will act as lead manager to the Company in respect of the Public Offer. The Company estimates it will pay Otsana Pty Ltd \$495,000 (excluding GST) for these services (assuming full oversubscriptions of an additional \$1,000,000 are accepted), provided that Otsana Pty Ltd may on-pay part of these fees to other parties who assist in the capital raising process. During the 24 months preceding lodgement of this Prospectus with the ASIC, Otsana Pty Ltd has not received any fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in respect of the Acquisition and the Offers. The Company estimates it will pay Steinepreis Paganin \$90,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding

lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any fees from the Company for legal services.

Goldfarb Seligman & Co. has acted as the Israeli solicitors to Dotz in respect of the Acquisition and the Offers. Dotz estimates it will pay Goldfarb Seligman & Co. US\$30,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Goldfarb Seligman & Co. has received fees of approximately USD\$41,000 (excluding GST) from Dotz for legal services.

Bellanhouse Legal has acted as the Australian legal advisor to Dotz in respect of the Acquisition and the Offers. Dotz estimates it will pay Bellanhouse Legal \$20,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bellanhouse Legal has not received any fees from Dotz for legal services.

#### **14.11 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Incoming Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Other than as set out below, each of the parties referred to in this Section 14.11:

- (a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the relevant party;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
- (c) did not authorise or cause the issue of all or any part of this Prospectus.

PA Audit Pty Ltd has given its written consent to being named as Investigating Accountant of the Company in this Prospectus and the Investigating Accountant's Report in Section 11 of this Prospectus in the form and context in which the information and report are included. PA Audit Pty Ltd has not withdrawn its written consent prior to lodgement of this Prospectus with ASIC.

FB Rice has given its written consent to being named as Patent Attorney in this Prospectus and to the inclusion of the Patent Report in Section 10 of this Prospectus in the form and context in which the information and report is included. FB Rice has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Ernst & Young has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company in Section 11 in the form and context in which it appears. Ernst

& Young has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO has given its written consent to being named as auditor of Dotz in this Prospectus and the inclusion of the audited financial information of Dotz in Section 11 in the form and context in which it appears. BDO has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Otsana Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as lead manager to the Company in relation to the Public Offer.

Steinepreis Paganin has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as lawyers to the Company in relation to the Offers.

Goldfarb Seligman & Co. has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Israeli lawyers to Dotz in relation to the Offers.

Bellanhouse Legal has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Australian legal advisor to Dotz in relation to the Offers.

Automic Registry Services has given its written consent to being named as share registry of the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

#### 14.12 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately \$965,340 (assuming full oversubscriptions of an additional \$1,000,000 under the Public Offer) and are expected to be applied towards the items set out in the table below:

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	\$90,850
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>\$965,340</b>

### **14.13 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### **14.14 Electronic Prospectus**

The Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.northernironlimited.com](http://www.northernironlimited.com).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **14.15 Financial Forecasts**

Given the current status of the Company’s operations and the significant changes anticipated the Incoming Directors do not consider it appropriate to forecast future earnings.

Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.

### **14.16 Governing Law**

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Securities pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

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**15. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Existing Director and Incoming Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.

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**Mr. Michael Davy**  
**Non-executive Director**  
**For and on behalf of**  
**Northern Iron Limited**

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## 16. GLOSSARY AND INTERPRETATION

### 16.1 Definitions

Unless the context requires otherwise, where the following terms are used in this Prospectus, they have the following meanings:

**\$** means an Australian dollar.

**Acquisition** means the purchase of 100% of the issued capital in Dotz by the Company in accordance with the HOA.

**Additional Offers** means the Dotz Offer, NFE Convertible Loan Offer, Dotz Convertible Loan Offer, and the Facilitator Offer.

**Applicant** means a person who has submitted an Application Form.

**Application** means an application for Securities made on an Application Form.

**Application Form** means an application form attached to or accompanying this Prospectus relating to an Offer.

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

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

**ASX Listing Rules** means the official listing rules of ASX.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

**BGN** means B. G. Negev Technologies and Applications Ltd (a company wholly owned by BGU).

**BGN Research and Licence Agreement** means the agreement as summarised at Section 13.4.

**BGU** means Ben-Gurion University.

**Board** means the board of Directors as constituted from time to time.

**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** means a capital raising of up to \$5,000,000 (with the Company having the ability to accept up to \$1,000,000 in oversubscriptions) pursuant to the Offer.

**CHESS** has the meaning given in Section 6.8.

**Closing Date** means the closing date of the Offers as set out in the indicative timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).



**Company** or **NFE** means Northern Iron Limited (ACN 125 264 575).

**Conditions** means the conditions to the Offers set out in Section 2.4 of this Prospectus.

**Consideration Shares** means the 66,000,000 Shares being issue Vendors.

**Consolidation** has the meaning given to it at Section 14.2(m).

**Constitution** means the constitution of the Company (as amended or replaced from time to time).

**Conversion Shares** means the Shares to be issued on conversion of the NFE and Dotz convertible loan agreements.

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

**Directors** means the directors of the Company appointed from time to time.

**Dotz** means Dotz Nano Ltd (Israel Registrar of Companies ID No. 515063790).

**Dotz Convertible Loan Agreements** means the agreement as summarised at Section 13.6.

**Dotz Convertible Loan Offer** means the issue of 1,750,000 Shares to Dotz Lenders upon conversion under the Dotz Convertible Loan Agreements.

**Dotz Lenders** means the lending parties to the Dotz Convertible Loan Agreements.

**Dotz Offer** means the issue of 66,000,000 Consideration Shares and 66,000,000 Performance Shares to Vendors.

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

**Dotz Shareholder** means the holder of a Dotz Share.

**Essential Resolutions** means those Shareholder resolutions referred to in Section 14.2 of this Prospectus to be considered at the General Meeting, as described in further detail in the Notice of Meeting.

**Existing Directors** means the directors of the Company as at the date of this Prospectus.

**Facilitator** means parties that have assisted with facilitating the Acquisition and completing the Capital Raising.

**Facilitator Offer** means the issue of 1,750,000 Shares, 4,500,000 Facilitator Options, and 1,000,000 Transaction Options to Facilitators.

**Facilitator Options** means Options with the terms and conditions as set out at Section 14.7.

**Facilitator Securities** means the 1,750,000 Shares, 4,500,000 Facilitator Options, and 1,000,000 Transaction Options to be issued to Facilitators.

**General Meeting** means the general meeting of the Company to be held on 2 September 2016, which seeks Shareholder approval for the matters set out in the Notice of Meeting (including the Essential Resolutions).

**GML** means Graphene Materials Limited (a wholly owned subsidiary of Dotz).

**GQDs** means graphene quantum dots.

**Group** means the Company and any subsidiaries, including Dotz after Settlement of the Acquisition.

**HOA** has the meaning given at Section 13.1.

**Incoming Directors** means Messrs Gross, Baruch, Bajic, Ismail, and Lekkas.

**Investigating Accountant** means PA Audit Pty Ltd (ACN 163 658 571).

**Licensed BGN IP** has the meaning as set out at Section 13.4(b).

**Merged Group** means the Company and its subsidiaries after successful completion of the Transaction, including without limitation, Dotz.

**Minimum Subscription** means the Company receiving Valid Applications for 25,000,000 Shares to raise \$5,000,000.

**NFE Convertible Loan Agreements** means the agreement as summarised at Section 13.5.

**NFE Convertible Loan Offer** means the issue of 5,000,000 Shares to NFE Lenders upon conversion under the NFE Convertible Loan Agreements.

**NFE Lenders** means the lending parties to the NFE Convertible Loan Agreements.

**Notice of Meeting** means the Notice of General Meeting and Explanatory Statement of the Company dated 2 August 2016 in relation to the General Meeting to be held on 2 September 2016.

**Offers** the Public Offer and the Additional Offers.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

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

**Otsana** means Otsana Pty Ltd (trading as Otsana Capital).

**Performance Shares** means the performance shares, the terms and conditions of which are set out at Section 14.5.

**Prospectus** means this prospectus.

**Public Authority** means any government or governmental, semi-governmental, administrative, statutory, fiscal, or judicial body, entity, authority, agency, tribunal, department, commission, office, instrumentality, agency or organisation (including any minister or delegate of any of the foregoing), any self-regulatory organisation established under statute and any recognised securities exchange (including without limitation ASX), in each case whether in Australia or elsewhere.

**Public Offer** means the offer of up to 25,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$5,000,000, with the Company having the ability to accept up to \$1,000,000 in oversubscriptions.

**QDs** means Quantum Dots.

**Recommendations** has the meaning given in Section 12.1.

**Related Bodies Corporate** has the meaning given to that term under section 9 of the Corporations Act.

**Rice Intellectual Property** has the meaning given to it at Section 7.3(a).

**Rice University** means Marshall Rice University in Houston Texas.

**Rice University Licence Agreement** means the agreement as summarised at Section 13.2.

**Section** means a section of this Prospectus.

**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 (or a superseding share exchange agreement).

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

**Share Registry** means Automic Registry Services.

**Shareholder** means a holder of one or more Shares.

**Sponsored Research Agreement** means the agreement as summarised at Section 13.3.

**Transaction** means the transaction between the Company and Dotz as contemplated by the HOA.

**Transaction Options** means Options to be issued on the terms and conditions set out in Section 14.6.

**US** means the United States of America.

**Valid Application** means a valid and complete Application to subscribe for Shares under the Offers, accompanied by the appropriate Application money in full.

**Vendors** means all of the securityholders of Dotz.

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

## 16.2 Interpretation

Unless the contrary intention appears, the following rules apply in interpreting this Prospectus:

- (a) words or phrases defined in the Corporations Act have the same meaning in this Prospectus;
- (b) a reference to legislation, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;

- (d) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (e) a reference to Australian dollars, AUD, \$ or dollars is to the lawful currency of the Commonwealth of Australia; and
- (f) a reference to time is to Western Australian Standard Time ("WST").