

3 May 2019

Change of Director's Interest Notice

Security Matters Limited (ASX:SMX) (the **Company**) attaches an Appendix 3Y (Change of Director's Interest Notice) in relation to on-market acquisitions of shares by Kibbutz Ketura ACS Ltd (**Kibbutz Ketura**), an entity associated with Director Ed Hofland.

ASX Listing Rule 3.19A requires an Appendix 3Y to be lodged within 5 business days of a Director's change in relevant interests. In addition, the Company's Securities Trading Policy provides that certain designated persons and their associates must not trade in SMX's securities during closed periods.

In this particular instance, the on-market trades occurred during a closed period, and an Appendix 3Y was not lodged within the prescribed timeframe. The Board (other than Mr Hofland) has investigated the circumstances, and concluded that this was due to an administrative oversight, rather than a systemic problem with the Company's existing share trading policies and procedures. The Company notes that:

- Mr Hofland has a technical and remote relevant interest in the SMX shares held by Kibbutz Ketura, which arises from his membership of that entity. Mr Hofland has advised the Company that he does not control the investment activities of Kibbutz Ketura, and was not aware of the execution of the on-market trades the subject of the Appendix 3Y.
- Mr Hofland notified the Company of the on-market trades immediately upon becoming aware of them.
- For the avoidance of doubt, the Company has sought and received confirmations from each of Kibbutz Ketura and Mr Hofland that they were not in possession of any price sensitive information at the time that the trades occurred.

Having taken the above factors into account, the Board has determined not to take any disciplinary action in this instance.

The Board has also reviewed its existing governance practices, and notes that in accordance with ASX Listing Rule 3.19B, the Company has adequate arrangements in place with its Directors which are enforced to ensure that the Company is able to meet its disclosure obligations under ASX Listing Rule 3.19A. The Company further notes that its Securities Trading Policy requires all Directors to provide notification as soon as possible of any changes in their relevant interests in the Company's securities, to enable the Company to meet its disclosure obligations.

Notwithstanding the Board's view that the Company's current procedures are adequate to ensure compliance with the relevant ASX Listing Rules, it has taken further steps to reinforce and clarify internal and external protocols as they relate to share trading and reporting.

--Ends--

For further information, please contact:

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About Security Matters Limited

Security Matters has commenced the commercialisation of its unique, patented technology that uses a hidden chemical-based 'barcode' to permanently and irrevocably 'mark' any object, be it solid, liquid or gas. The barcode is read using the company's unique 'reader' to access the corresponding stored data, recorded and protected using blockchain technology.

Appendix 3Y

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Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	Security Matters Limited (ASX:SMX)
ABN	78 626 192 998

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Ed Hofland
Date of last notice	15 October 2018

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Kibbutz Ketura ACS Ed Hofland is a member of Kibbutz Ketura. Kibbutz Ketura holds shares through Kibbutz Ketura ACS. Kibbutz Ketura is the beneficial holder of 50% of the shares held by Energy Ketura Cooperative Agricultural Society Ltd.
Date of change	7 - 8 February 2019
No. of securities held prior to change	Energy Ketura Cooperative Agricultural Society Ltd 8,902,311 Fully Paid Ordinary Shares Kibbutz Ketura ACS Ltd 2,437,458 Fully Paid Ordinary Shares Kibbutz Ketura ACS Ltd 5,000,000 Unquoted Performance Options
Class	Fully Paid Ordinary Shares
Number acquired	33,000

+ See chapter 19 for defined terms.

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Number disposed	Nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	\$9,900.00
No. of securities held after change	Energy Ketura Cooperative Agricultural Society Ltd 8,902,311 Fully Paid Ordinary Shares Kibbutz Ketura ACS Ltd 2,470,458 Ordinary Shares Kibbutz Ketura ACS Ltd 5,000,000 Unquoted Performance Options
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	On-market trade

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	N/A
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

Part 3 – +Closed period

+ See chapter 19 for defined terms.

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Were the interests in the securities or contracts detailed above traded during a ⁺closed period where prior written clearance was required?	Yes – refer to explanatory notes in attached announcement.
If so, was prior written clearance provided to allow the trade to proceed during this period?	No – refer to explanatory notes in attached announcement.
If prior written clearance was provided, on what date was this provided?	

⁺ See chapter 19 for defined terms.