



30 April 2021

Dear Optionholder,

Non-Renounceable Rights Issue – Notice to Optionholders

As announced on Wednesday, 28 April 2021, Security Matters Limited ACN 626 192 998 (ASX: SMX) (**SMX** or **Company**) is undertaking a pro rata non-renounceable rights offer to the Company's shareholders (**Offer**).

The Offer is open to all eligible shareholders of the Company who are on the share register as at 5.00pm (Melbourne time) on Tuesday, 4 May 2021 (the **Record Date**) and who have a registered address in Australia or New Zealand.

Under the terms of the Offer, each eligible shareholder will have the right to subscribe for New Shares in the Company on the basis of 1 ordinary share in the capital of the Company (**Share**) for every 49 Shares held as at the Record Date at a price of \$0.35 per new share.

You are the holder of unlisted options to purchase Shares in the Company. The Offer is only available to holders of issued Shares in the Company.

The purpose of this letter is to advise you that you are not entitled to participate in the Offer (with respect to any Shares that underlie your options) without first exercising some or all of your options. The exercise of your options needs to be completed before the Record Date.

If you decide to exercise some or all of your options before the Record Date, the Shares that issue upon that exercise of those options will be included in your shareholding as at the Record Date. Your aggregate holding of Shares at the Record Date determines the extent of your entitlement to participate in the Offer.

The anticipated timetable for the Offer is as set out below. The timetable is indicative only and subject to change. Subject to the *Corporations Act 2001 (Cth)* and the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.

The particulars of the Offer are contained in the Company's ASX announcement made on Wednesday, 28 April 2021. The Company lodged an offer document with the Australian Securities Exchange (**ASX**) on Wednesday, 28 April 2021 (**Offer Document**). The Offer Document and the entitlement and acceptance form are expected to be sent to all eligible shareholders on Wednesday, 5 May 2021.

If you have any questions about the exercise of your options or the Offer, you should consult your stockbroker or other professional adviser or the Company Secretary on +61 407 849 611.

Yours faithfully,

Haggai Alon
Founder and CEO
Security Matters Limited

Indicative Timetable

Event	Date
Announcement of Placement and Entitlement Offer (Offer). Lodgement of Appendix 3B.	Pre-market open, Wednesday, 28 April 2021
Lodgement of Offer Document and Cleansing Notice with ASX.	Post market open, Wednesday, 28 April 2021 (Thursday, 29 April 2021 treated as Day 0)
Notice to Optionholders to advise that they must exercise their options to participate in the Offer. Notice to Ineligible Foreign Shareholders.	Friday, 30 April 2021
"Ex" date for the Offer (being the date that Shares start trading without the Entitlements to participate in the Offer).	Monday, 3 May 2021
Record Date to determine Entitlements under the Offer.	5:00 pm (Melbourne time) on Tuesday, 4 May 2021
Dispatch of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders. ASX announcement that this has occurred. Opening Date of Offer.	Wednesday, 5 May 2021
Last date to extend Closing Date	Tuesday, 11 May 2021
Closing Date for acceptances under the Offer	5:00 pm (Melbourne time) on Friday, 14 May 2021
If agreed by ASX, New Shares quoted on a deferred settlement basis	Market open, Monday, 17 May 2021
Announcement of results of the issue	Monday, 17 May 2021
Issue of the New Shares (ASX to be advised by 12.00pm that the issue has occurred) Deferred settlement trading ends Appendix 2A (applying for quotation of New Shares) to be lodged with ASX.	Before 12:00 pm (Melbourne time) Thursday, 21 May 2021
Issue of holding statements Trading of New Shares expected to commence	Thursday, 21 May 2021

*The dates above are indicative only, and are subject to change, subject to compliance with Appendix 7A of the Listing Rules.

Important Information

This letter is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of shares in the Company.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been made or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act, as amended (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of persons in the United States unless they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.