

ASX RELEASE

Security Matters enters into Standby Equity Facility

Melbourne, Australia, 12 August 2022: Security Matters Limited (ASX:SMX) ("SMX" or "the Company") is pleased to announce that it has entered into a standby equity deed ("Deed") with Evolution Capital Pty Ltd ("Evolution Capital").

The agreement will give Security Matters up to \$2 million of standby equity capital over the next three months. Proceeds will be used for working capital including transaction costs for the Lionheart Merger announced on 26 July 2022.

Under the Agreement, SMX retains full control of the subscription process, with the discretion as to whether or not to request share placements to Evolution Capital, the timing of the share placements and the maximum number of shares to be requested to be issued under each placement. Each placement is conditional on SMX having available placement capacity under LR 7.1. and LR 7.1A. The Company's current capacity under LR 7.1 is 18,858,239 equity securities and 16,553,226 equity securities under 7.1A.

There is no lock-up, Evolution Capital can trade or otherwise deal in the shares immediately on issue.

Under the Deed, Evolution Capital can call for up to 2,000,000 Security Shares to ensure that it has the ability to meet settlement obligations for any on-market trade conducted by Evolution Capital.

A summary of the material terms of the Deed are set out in Annexure A.

ENDS.

By order of the Chief Executive Officer.

For further information, please contact:

Media Enquiries

Melissa Hamilton


Media and Capital Partners

P: 04 1775 0274

E: Melissa.hamilton@mcpartners.com.au

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.

Follow us through our social channel  @secmattersltd

Annexure A - Material Terms of the Standby Equity Deed

Terms	Detail
Total Commitment	Aggregate maximum of A\$2 million. SMX has no obligation to make a drawdown on the facility.
Commitment period	Until 31 October 2022
Maximum requested amount per placement	Number of shares available under ASX LR 7.1 and ASX LR 7.1A of the facility limit of A\$2 million.
Purchase price per Share	Greater of: <ul style="list-style-type: none"> 91.5% of the of the volume weighted average price of Shares during the relevant Valuation Period as notified to the Company by Evolution Capital; and A floor price of A\$0.17.
Security Shares	SMX will issue Evolution Capital, up to 2,000,000 security shares at a deemed price of 91.5% of the volume weighted average price for the day before the issue. These security shares may be used by Evolution Capital in place of a new share issue at the discretion of Evolution Capital. Further Security Shares may be called by Evolution.
Fees	No Fees will be payable to Evolution Capital other than A\$10,000 on account of legal fees.
Warranties	Various standard warranties are given in terms of capacity and authorisation, valid obligations, breaches and defaults, solvency, validity of shares and share capital, third party rights, no encumbrances and compliance with continuous disclosure
Termination	Termination occurs on the expiry date, being 31 October 2022.
Other terms	The agreement is subject to the laws of NSW, Australia. Other standard terms such as notices, confidentiality, indemnities for breach of warranties, assignment and waivers.