

20 May 2022

## REPLACEMENT SECTION 708A(12C)(e) CLEANSING NOTICE

This notice is given by Security Matters Limited (**SMX** or the **Company**) under section 708A(12C)(e) of the Corporations Act 2001 (Cth) (Corporations Act) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82.

The Company hereby confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12c)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**), to be on-sold to retail investors without further disclosure.

### 1. BACKGROUND

#### 1.1 Convertible Note Term Sheet

As announced on 18 May 2022, the Company secured an aggregate of \$828,240 in funding from professional and sophisticated investors (**Subscribers**), each entered into on or around 18 May 2022.

The material terms of the Convertible Notes are as follows:

Item	Matter	Particulars
1.	Type of instrument	Unsecured convertible notes convertible into ordinary fully paid shares at the Conversion Price ( <b>Notes</b> ).
2.	Denomination	AUD
3.	Face value	The face value of each Note is \$1.00
4.	Maturity Date	6 months from date of issue (unless converted early due to a Liquidity Event)
5.	Interest payable on Notes	\$Nil.
6.	Conversion prior to Maturity Date	<p>If the Company executes a binding agreement for an M&amp;A transaction and shareholder approval is received (if required) or receives US\$20.0 million or more in return for the issue of shares (whether in single or multiple closings) (<b>Qualified Transaction</b>) on or before the Maturity Date, the principal amount of each Note and all interest due and unpaid (if any) (<b>Note Balance</b>) will automatically convert into shares in the Company as follows:</p> <ul style="list-style-type: none"> <li>the issue price per share will be calculated at a 20% discount to the higher of the offer price or price paid by the investors participating in the Qualified Transaction, subject to a floor cap of no lower than A\$0.15 per Share.</li> <li>the number of shares to be issued to the Investor calculated by dividing the Note Balance by the issue price per share specified above.</li> </ul>

7.	<b>Conversion Price after Maturity Date</b>	<p>On the Maturity Date, if the Company has not executed a binding agreement for a Qualified Transaction, the Note Balance will automatically convert into ordinary shares as follows:</p> <ul style="list-style-type: none"> <li>the issue price per share will be calculated at the lower of: <ul style="list-style-type: none"> <li>a 20% discount to the 21 day VWAP to the Maturity Date, subject to a cap of no lower than A\$0.15 per Share;</li> <li>the number of shares to be issued to the Investor calculated by dividing the Note Balance by the issue price per share specified above.</li> </ul> </li> <li>On Conversion after the Maturity Date, the Investor will be issued unlisted 2 year options on a 1:2 basis with an exercise price of \$0.45.</li> <li>The issue of options will be subject to shareholder approval under ASX LR 7.1.</li> </ul>
8.	<b>Redemption</b>	<ul style="list-style-type: none"> <li>Subject to compliance with all relevant laws, regulations and directives, each Note will be redeemed on the earliest of the occurrence of an event of insolvency or the occurrence of an Event of Default by the Issuer.</li> </ul>
9.	<b>Events of Default</b>	Standard Events of Default including but not limited to Insolvency occurs in relation to the Company or the Company is in breach of any material obligation, covenant or undertaking to the Noteholders and the breach is not rectified within 10 Business Days.
10.	<b>Voting</b>	The Notes do not entitle the holder to any voting rights.
11.	<b>Governing Law</b>	Victoria, Australia

## 2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Notes:
  - (i) the effect of the issue on the Company;
  - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
  - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- (b) any information that:
  - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
  - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
    - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
    - (B) the rights and liabilities attaching to the Shares; and
  - (iii) other information relating to the Company's status as a disclosing entity.

### 3. THE EFFECT OF THE ISSUE ON THE COMPANY

#### 3.1 Effect of the issue on the Company

The principal effect of the issue of the Convertible Notes on the Company will be:

- (a) the satisfaction of the Company's obligations under the Convertible Notes;
- (b) an increase in the number of unquoted Convertible Notes on issue from nil to 828,240;
- (c) the Company having a liability for the aggregate amount of the Face Value of the Convertible Notes issued under the Terms Sheet; and
- (d) if the Convertible Notes are converted at the lowest possible conversion price (being \$0.15), a maximum increase in the number of Shares on issue from 165,911,534 to 171,433,134.

#### 3.2 Pro Forma Consolidated Statement of Financial Position taking into Account the Issue of the Convertible Notes

- (a) Set out in Annexure A is a pro forma consolidated Statement of Financial Position for the Company and its controlled entities ("consolidated entity") based on the reviewed financial statements of the consolidated entity as at 31 December 2021 adjusted to reflect the proposed Convertible Notes issue and has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

#### 3.3 POTENTIAL EFFECT ON CAPITAL STRUCTURE

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 165,911,534;
- (b) As at the date of this Cleansing Notice, the total number of options is as follows:

Options	Number
SMXAAZ : OPTION EXPIRING 27-MAR-2027 EX \$0.40	8,000,001
SMXABA : OPTION EXPIRING 25-MAR-2027 EX \$0.70	200,000
SMXAY : OPTION EXPIRING 02-OCT-2022 EX \$0.50	300,000
SMXAZ : OPTION EXPIRING 28-JAN-2025 EX \$0.39	150,000
SMXAAA : OPTION EXPIRING 31-DEC-2024 EX \$0.357	50,000
SMXAAB : OPTION EXPIRING 28-JAN-2024 EX \$0.31	600,000
SMXABB : OPTION EXPIRING 25-MAR-2027 EX \$0.26	500,000
SMXAAW : OPTION EXPIRING 31-DEC-2023 EX \$0.50	100,000
SMXAAC : OPTION EXPIRING 07-DEC-2023 EX \$0.60	1,000,000
SMXAAX : OPTION EXPIRING 21-JAN-2027 EX \$0.70	150,000
SMXAAY : OPTION EXPIRING 21-JAN-2025 EX \$0.28	600,000

SMXAAK : OPTION EXPIRING 01-JUN-2025 EX \$0.20	2,500,000
SMXAAN : OPTION EXPIRING 21-MAR-2026 EX \$0.355	500,000
SMXAK : OPTION EXPIRING 24-OCT-2025 EX \$0.36	100,000
SMXAAO : OPTION EXPIRING 06-AUG-2026 EX \$0.351	1,000,000
SMXAAL : OPTION EXPIRING 31-DEC-2025 EX \$0.36	105,000
SMXAA : OPTION EXPIRING 09-JUL-2024 EX \$0.60	1,000,000
SMXAAJ : OPTION EXPIRING 11-JAN-2024 EX \$0.60	500,000
SMXAAR : OPTION EXPIRING 27-SEP-2026 EX \$0.70	50,000
SMXAAP : OPTION EXPIRING 14-AUG-2026 EX \$0.70	667,000
SMXAAQ : OPTION EXPIRING 27-SEP-2026 EX \$0.351	100,000
SMXAAI : OPTION EXPIRING 04-JAN-2024 EX \$0.70	1,000,000
SMXAAG : OPTION EXPIRING 04-JAN-2024 EX \$0.60	500,000
SMXAAE : OPTION EXPIRING 24-DEC-2023 EX \$0.70	1,341,815
SMXAN : OPTION EXPIRING 27-JUN-2022 EX \$0.40	500,000
SMXAO : OPTION EXPIRING 02-OCT-2022 EX \$0.31	675,000
SMXAP : OPTION EXPIRING 12-MAR-2023 EX \$0.60	4,926,466
SMXAQ : OPTION EXPIRING 25-MAR-2023 EX \$0.60	1,391,255
SMXAR : OPTION EXPIRING 01-JUN-2023 EX \$0.60	3,250,000
SMXAS : OPTION EXPIRING 01-SEP-2023 EX \$0.20	4,277,947
SMXAT : OPTION EXPIRING 15-OCT-2023 EX \$0.20	15,712,844
SMXAU : OPTION EXPIRING 23-NOV-2023 EX \$0.60	3,089,591
SMXAAS : OPTION EXPIRING 31-MAR-2022 EX \$0.40	4,469,331
SMXAAT : OPTION EXPIRING 10-DEC-2023 EX \$0.35	1,150,000
SMXAAV : OPTION EXPIRING 31-MAY-2026 EX \$0.351	200,000
SMXAE : OPTION EXPIRING 26-Mar-2025 EX 34C	700,000
SMXAF : OPTION EXPIRING 26-MAR-2025 EX 60C	200,000
<b>Total Options on issue on completion of the Offer</b>	<b>61,556,250</b>

- (c) The capital structure of the Company will be affected by both the conversion of Convertible Notes by the Noteholder and the issue of Options which will each result in additional Shares being issued.
- (d) The effect on the issued share capital of the Company upon the issue and conversion of the Convertible Notes.

Shares	Number
Shares issued on the date of this Cleansing Notice	165,911,534

Shares issued upon conversion of the Convertible Notes <sup>1</sup>	5,521,600
<b>Total Shares on issue following conversion of all Convertible Notes</b>	<b>171,433,134</b>

NOTE:

1. This assumes that the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.15).

Options	Number
SMXAAZ : OPTION EXPIRING 27-MAR-2027 EX \$0.40	8,000,001
SMXABA : OPTION EXPIRING 25-MAR-2027 EX \$0.70	200,000
SMXAY : OPTION EXPIRING 02-OCT-2022 EX \$0.50	300,000
SMXAZ : OPTION EXPIRING 28-JAN-2025 EX \$0.39	150,000
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SMXAK : OPTION EXPIRING 24-OCT-2025 EX \$0.36	100,000
SMXAAO : OPTION EXPIRING 06-AUG-2026 EX \$0.351	1,000,000
SMXAAL : OPTION EXPIRING 31-DEC-2025 EX \$0.36	105,000
SMXAA : OPTION EXPIRING 09-JUL-2024 EX \$0.60	1,000,000
SMXAAJ : OPTION EXPIRING 11-JAN-2024 EX \$0.60	500,000
SMXAAR : OPTION EXPIRING 27-SEP-2026 EX \$0.70	50,000
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SMXAAS : OPTION EXPIRING 31-MAR-2022 EX \$0.40	4,469,331
SMXAAT : OPTION EXPIRING 10-DEC-2023 EX \$0.35	1,150,000
SMXAASV : OPTION EXPIRING 31-MAY-2026 EX \$0.351	200,000
SMXAE : OPTION EXPIRING 26-Mar-2025 EX 34C	700,000
SMXAF : OPTION EXPIRING 26-MAR-2025 EX 60C	200,000
Options issued upon conversion of the Convertible Notes <sup>1</sup>	2,760,800
<b>Total Options on issue on issue following issue of the Options under the Terms Sheet</b>	<b>64,317,050</b>

NOTE:

1. This assumes that the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.15).

Convertible Notes	Number
Convertible Notes on issue at the date of this Cleansing Notice	0
Convertible Notes to be issued under the Terms Sheet	828,240
<b>Total Convertible Notes on issue following issue of the Convertible Notes under the Terms Sheet</b>	<b>828,240</b>

#### 4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE CONVERTIBLE NOTES

The Shares issued to the Noteholder on the conversion of the Convertible Notes under the Terms Sheet will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Shares, including new Shares to be issued to the Noteholder on the conversion of the Convertible Notes, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX for quotation of the Shares issued on conversion of any Convertible Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

##### (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 Company's 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 shall, 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 shall 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 shall 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 shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(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, with the authority of a special resolution of the Company, 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 to be issued on the conversion of the Convertible Notes will be fully paid shares, they will not be 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) FUTURE INCREASE IN CAPITAL

The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Company's constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their absolute discretion, determine.

(H) 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.

(I) ALTERATION OF CONSTITUTION

In accordance with the Corporations Act, the Company's 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.

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## 5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a "**disclosing entity**" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2021;



- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
19 May 2022	Notice under section 708A of the Corporations Act opens new window
19 May 2022	Notification regarding unquoted securities - SMX
18 May 2022	Proposed issue of securities - SMX
18 May 2022	SMX raises A\$0.8m through Convertible Notes
13 May 2022	Notice under section 708A of the Corporations Act
13 May 2022	Application for quotation of securities - SMX
12 May 2022	Proposed issue of securities - SMX
6 May 2022	Results of Meeting
29 April 2022	Quarterly Activities Report And Appendix 4C
5 April 2022	SMX completes trial in facility marking recycled plastics
31 March 2022	Notice of Annual General Meeting/Proxy Form
28 March 2022	Appendix 4G
28 March 2022	Annual Report to shareholders
25 March 2022	Notification regarding unquoted securities - SMX
25 March 2022	Notification of cessation of securities - SMX
25 March 2022	Cleansing notice under Section 708A of the Corporations Act
25 March 2022	Notification regarding unquoted securities - SMX
22 March 2022	Security Matters to Review Strategic Alternatives
18 March 2022	Proposed issue of securities - SMX opens new window
1 March 2022	Advisory Board Appointment
28 February 2022	Appendix 4E and Preliminary Final Report
11 February 2022	Correction to previously lodged Appendix 2A
11 February 2022	Notification of cessation of securities - SMX
31 January 2022	Investor Webinar (Updated Time)
31 January 2022	Investor Webinar
31 January 2022	Quarterly Activities/Appendix 4C Cash Flow Report
25 January 2022	Notification regarding unquoted securities - SMX
18 January 2022	Notification regarding unquoted securities - SMX
18 January 2022	Notification of cessation of securities - SMX
10 January 2022	Develop first product ensuring provenance of organic oysters

24 December 2021	SMX Acquires interest in SMX Beverages Joint Venture
23 December 2021	Change of Director's Interest Notice
23 December 2021	Change of Director's Interest Notice
23 December 2021	Change of Director's Interest Notice
16 December 2021	Change of Director's Interest Notice
10 December 2021	Notification regarding unquoted securities - SMX
10 December 2021	Notification regarding unquoted securities - SMX
10 December 2021	Notice under section 708A of the Corporations Act
10 December 2021	Application for quotation of securities - SMX
8 December 2021	Proposed issue of securities - SMX
6 December 2021	Results of Meeting
11 November 2021	Investor Webinar
4 November 2021	Shareholder Access Letter - EGM
1 November 2021	Notice of Extraordinary General Meeting/Proxy Form
27 October 2021	Notice under Section 708A(5)(e) of the Corporations Act
27 October 2021	Application for quotation of securities - SMX
27 October 2021	Quarterly Activities/Appendix 4C Cash Flow Report
21 October 2021	Notification of cessation of securities - SMX
21 October 2021	Notification regarding unquoted securities - SMX
12 October 2021	Proposed issue of securities - SMX
12 October 2021	Reinstatement to official quotation
12 October 2021	SMX completes strongly supported \$3.1M placement
11 October 2021	Voluntary suspension extended to 12 October 2021
7 October 2021	Voluntary suspension
5 October 2021	Trading halt
27 August 2021	SMX reappoints Mr Ed Hofland as Chair & Haggai Alon as CEO
27 August 2021	Appendix 4D and Half Year Report
27 August 2021	H1 FY21 Progress and Commercialisation Summary
10 August 2021	Investor Webinar
9 August 2021	Investor Presentation
9 August 2021	Notification regarding unquoted securities - SMX
30 July 2021	Quarterly Activity Report Update

30 July 2021	Notice under section 708A of the Corporations Act
30 July 2021	Application for quotation of securities - SMX
28 July 2021	Broker Briefing Investor Webinar
28 July 2021	Quarterly Activities/Appendix 4C Cash Flow Report
9 July 2021	Notification regarding unquoted securities - SMX
16 June 2021	Notice under section 708A of the Corporations Act
15 June 2021	SMX Plastic Circular Economy Online Unit
15 June 2021	Appendix 2A
15 June 2021	Placement Update
7 June 2021	Notice under section 708A of the Corporations Act
4 June 2021	Appendix 2A
4 June 2021	Placement update
4 June 2021	Appointment of new Chief Financial Officer
26 May 2021	Change in substantial holding
25 May 2021	Notice under Section 708A(5)(e) of the Corporations Act
24 May 2021	Appendix 2A
21 May 2021	Appendix 2A

## 6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Notes and the Shares.

For more information, please contact the Company Secretary on (03) 8689 9997.

### Released on authority of the Board by:

Haggai Alon  
CEO

## Annexure A

	<u>Note</u>	<b>Audited 31 December 2021 US\$</b>	<b>Unaudited ProForma 31 December 2021 US\$</b>
<u>Current Assets</u>			
Cash and cash equivalents	1	4,171,125	4,751,946
Trade receivables		--	--
Other receivables		920,506	920,506
<b>Total current assets</b>		<b>5,091,631</b>	<b>5,672,452</b>
<u>Non-current assets</u>			
Property and equipment		1,191,965	1,191,965
Intangible assets		3,908,289	3,908,289
Investment in joint venture		146,612	146,612
<b>Total non-current assets</b>		<b>5,246,866</b>	<b>5,246,866</b>
<b>Total assets</b>		<b>10,338,497</b>	<b>10,919,318</b>
<u>Current Liabilities</u>			
Trade payables		916,522	916,522
Lease liability		37,553	37,553
Other payables		672,877	672,877
Borrowings from related parties		269,311	269,311
Convertible notes	1	-	580,821
<b>Total current liabilities</b>		<b>1,896,263</b>	<b>2,477,084</b>
<u>Non-Current Liabilities</u>			
Lease liability		465,812	465,812
Provisions		--	--
Other Liabilities		84,858	84,858
<b>Total non-current liabilities</b>		<b>550,670</b>	<b>550,670</b>
<b>Total liabilities</b>		<b>2,446,933</b>	<b>3,027,754</b>
<b>Net Assets</b>		<b>7,891,564</b>	<b>7,891,564</b>
<u>Equity</u>			
Issued capital		28,221,177	28,221,177
Share based payment reserve		4,730,781	4,730,781
Foreign currency translation reserve		223,026	223,026
Accumulated losses		(25,283,420)	(25,283,420)
<b>Total Equity</b>		<b>7,891,564</b>	<b>7,891,564</b>

### Notes:

1. Issue of A\$ 828,227 face value of convertible notes (shown here as US\$580,821).
2. Exchange rates used: May 18, 2022 at 0.7013.