

3 January 2023

SECURITY MATTERS LIMITED

Bridging Loans Update

Bridging Loans

Security Matters Limited (ASX: SMX) (Security Matters or the “Company”), a company focused on digitising physical objects on the blockchain to enable a circular and closed loop economy, is pleased to announce that it has secured further Bridging Loans, in addition to what was previously disclosed. These now total \$3.7mUSD.

Details of the Bridging Loan terms previously disclosed are set out below:

On 24 August 2022, SMX and Empatán entered into a binding term sheet with a private investor who agreed to lend SMX and Empatán US\$1,000,000. The key terms of the term sheet were:

- (1) interest is 10% per annum (paid quarterly in arrears);
- (2) repayment of 50% of the loan is to be repaid, with interest, within 12 months of execution of the term sheet;
- (3) repayment of the balance of the loan is to be repaid, with interest, on or before:
 - (1) 24 months of execution of the term sheet; or
 - (2) a "change of control" event, which is defined to exclude the closing of the Business Combination.
- (4) The lender will also receive a first priority security interest in the shares owned by SMX in the capital of trueGold.

The Bridge Loan Lender will also receive 200,000 redeemable warrants in Empatán and 50,000 bonus warrants. The warrants will have a 5-year term and an exercise price of US\$11.50. The investor has the right to redeem 50% of the warrants held within 3 months of the implementation of the Schemes for US\$5 each and a further 25% on both the third and fourth anniversary of the implementation of the Schemes for US\$5 each.

Between 24 August 2022 and the Scheme Booklet date, SMX has raised further funding on the same or similar terms as above, totalling \$2,760,000 USD, with pro-rata number of redeemable and bonus warrants issued in Empatán.

--Ends--

This announcement has been approved by release to ASX by the Chief Executive Officer.

For further information, please contact:

Media Enquiries - SMX

Melissa Hamilton

Media and Capital Partners

P: 04 1775 0274

E: Melissa.hamilton@mcpartners.com.au

Corporate Enquiries

Eric Dusansky

Inflection Partners LLC

P: +1 (917) 420 1309

E: eric@inflectionpartnersllc.com