

6 April 2021

**Annual General Meeting of Security Matters Limited
to be held on 7 May 2021 at 5:00pm (AEST) (10:00am Israel time)**

The Manager
Market Announcements Office
ASX Limited

In accordance with Listing Rule 3.17, I attach a copy of the following documents:

1. A Letter to Shareholders regarding arrangements for the 2021 Annual General Meeting as despatched to Shareholders in lieu of the Notice of Meeting;
2. Notice of Meeting 2021; and
3. Proxy Form.

Yours faithfully



Mark Licciardo
Company Secretary
Security Matters Limited

6 April 2021

**Annual General Meeting of Security Matters Limited
to be held on 7 May 2021 at 5:00pm (AEST) (10:00am Israel time)**

Dear Shareholder

The Security Matters Limited Annual General Meeting (“AGM”) will be held on 7 May 2021 at 5:00pm via videoconference.

Due to the COVID-19 pandemic and related issues, the AGM will be held virtually via a live videoconference with strictly no Shareholders in physical attendance.

Details of how to participate in the meeting are as follows:

Online Voting Procedures during the AGM

Shareholders who wish to participate in the AGM online may do so by entering the following URL into an internet browser on your computer, laptop, smartphone, tablet or other smart device:

<https://web.lumiagm.com/393-849-386>

You can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC) which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online voting user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables shareholders to view the AGM live, ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

Although the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 (No. 3 Determination) expired on 21 March 2021 and the Treasury Laws Amendment (2021 Measures No. 1) Bill 2021 was not enacted, ASIC announced on 29 March 2021 that they have adopted a ‘no-action’ position in relation to the convening and holding of virtual meetings.

In accordance with the ‘no action’ position taken by ASIC, the Notice of AGM, accompanying explanatory statement and annexures (“the Meeting Materials”) are being made available to shareholders electronically. You will be able to access the Meeting Materials using the links below or the ASX market announcements page on the Company’s website.

To view the **Notice of Annual General Meeting**, please use the following link:

<https://www.reportsonline.net.au/?documentid=51135E9E207247FABE9AC83BBE79A1A9>

To view the **2020 Annual Report**, please use the following link:

<https://www.reportsonline.net.au/?documentid=862F95144FD049F9ACE7CD81BB86FA9>

VOTING IS NOW OPEN. To vote online in relation to the following account, please follow the instructions below:

STEP 1: Visit <https://www.votingonline.com.au/smxagm2021>

STEP 2: Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC) – as contained in attached proxy

STEP 4: Follow the prompts to vote on each resolution

Important Note: For your voting instructions to be valid and counted towards this meeting please ensure your online lodgement is received no later than **5:00pm (AEST) on Wednesday 5 May 2021**. Voting instructions received after this time will not be valid for the scheduled meeting.

You can also update your communications preferences to ensure you receive all communications from the Company electronically in the future by updating your shareholder details online via <https://www.investorserve.com.au/>. To log in you will need your SRN/HIN and postcode (or country for overseas residents).

Should you have any queries regarding your holding or the upcoming Security Matters Limited Annual General Meeting, please contact Boardroom Pty Limited on 1300 737 760 (within Australia), +61 2 9290 9600 (outside Australia) or email enquiries@boardroomlimited.com.au.



Mark Licciardo
Company Secretary
Security Matters Limited



(ACN 626 192 998)

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Security Matters Limited (**SMX** or the **Company**) will be held as follows:

Date: **Friday 7 May 2021**

Time: **5:00pm (AEST)**

Venue: **Online only**

SMX has been monitoring the impact of the COVID-19 pandemic. Having regard to social distancing requirements and in the interests of the health and safety of our shareholders, directors and staff, SMX has decided that its AGM will be held as a virtual event. This approach is in line with temporary modifications to the law and current regulatory guidance.

The Meeting will be held virtually via a live videoconference with strictly no Shareholders in physical attendance.

The Board encourages shareholders to monitor the ASX and the Company's website for any updates in relation to the General Meeting that may need to be provided. In the meantime, the Board encourages shareholders to submit their proxies as early as possible, even if they intend to attend the Virtual Meeting, as the situation may change (e.g. there may be restrictions on how the meeting itself may be held or conducted).

Online Voting Procedures during the AGM:

Shareholders who wish to participate in the AGM online may do so by entering the following URL into an internet browser on your computer, laptop, smartphone, tablet or other smart device:

<https://web.lumiagm.com/393-849-386>

You can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC) which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online voting user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables shareholders to view the AGM live, ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

In order to provide for an efficient virtual meeting, we request that any questions from Shareholders are provided to the Company Secretary at least 24 hours in advance of the Meeting. We also strongly recommend that all Shareholders lodge their votes via the Company's share register platform or by appointing a proxy prior to 5.00pm on Wednesday 5 May 2021.

Business

Financial Statements and Reports

To receive and consider the Company's Annual Financial Report, including the Directors' Report and the Auditor's Report for the year ended 31 December 2020.

1. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary resolution**:

"That the Company adopt the remuneration report for the year ended 31 December 2020 in accordance with section 250R(2) of the Corporations Act 2001 (Cth)."

Notes:

The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the Company's Key Management Personnel (**KMP**) whose remuneration details are disclosed in the remuneration report for the year ended 31 December 2020 or their closely related parties, in any capacity; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person who is entitled to vote on Resolution 1:

- in accordance with the directions on the proxy form; or
- by the person chairing the Meeting, in accordance with an express authorisation to exercise the proxy even though Resolution 1 is connected with the remuneration of KMP.

The Chairman intends to vote all available undirected proxies in favour of Resolution 1.

2. Re-election of Ed Hofland as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, having retired by rotation in accordance with article 20.3 of the Company's Constitution, being eligible and offering himself for re-election, Ed Hofland be re-elected as a Director of the Company."

3. Re-election of Jovanka Naumoska as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, having retired by rotation in accordance with article 20.3 of the Company's Constitution, being eligible and offering herself for re-election, Jovanka Naumoska be re-elected as a Director of the Company."

4. Election of Kathryn Davies as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Kathryn Davies, having been appointed by the Board on 10 June 2020 in accordance with 19.4 of the Company's Constitution, being eligible and offering herself for election, be formally elected as a Director of the Company."

5. Approval of issue of Shares to Jovanka Naumoska or her nominee in accordance with Listing Rule 10.11

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That approval be given, pursuant to ASX Listing Rule 10.11, for the issue of Fully Paid Ordinary Shares to Jovanka Naumoska or her nominee, details of which are set out in the Explanatory Memorandum."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by:

- a) Jovanka Naumoska (Director); and
- b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the entity need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- The Chairman intends to vote all available undirected proxies in favour of Resolution 5.

6. Approval of issue of Shares to Kathryn Davies or her nominee in accordance with Listing Rule 10.11

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given, pursuant to ASX Listing Rule 10.11, for the issue of Fully Paid Ordinary Shares to Kathryn Davies or her nominee, details of which are set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by:

- Kathryn Davies (Director); and
- any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the entity need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all available undirected proxies in favour of Resolution 6.

7. Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of equity securities of up to 10% of the total issued share capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by a person who may participate in the proposed issue of equity securities under the 10% Placement Capacity, and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), if this resolution is passed; and any associate of such a person, unless the vote is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all available undirected proxies in favour of Resolution 7.

Note: *In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded.*

8. Approval of the Employee Share Option Plan

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the shareholders renew the approval of the Company's existing Employee Share Option Plan for the purposes of ASX Listing Rules 7.1 and 7.2 Exception 13(b), sections 200B and 200E of the Corporations

Act 2001, and for all other purposes, as laid before the meeting, a copy of which is available for inspection at the registered office of the Company (during normal business hours)."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of a director or employee of the Company (except a director or employee who is ineligible to participate in the Employee Share Option Plan in relation to the Company (or any of their associates).

However, the Company will not disregard a vote if it is cast by

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or,
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 5,529,175 Fully Paid Ordinary Shares in the capital of the Company and 2,764,591 Unlisted Options, details of which are set out in the Explanatory Memorandum attached."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 9, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- a) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- b) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 9.

10. Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 2,000,000 Fully Paid Ordinary Shares in the capital of the Company and 1,000,000 Unlisted Options, details of which are set out in the Explanatory Memorandum attached."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 10, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- d) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- e) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 10.

11. Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 2,683,627 Fully Paid Ordinary Shares in the capital of the Company and 1,341,814 Unlisted Options, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 12, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- g) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- h) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 12.

12. Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 500,000 Unlisted Options, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 13, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- j) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- k) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- l) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 13.

13. Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 100,000 Unlisted Options, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 14, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- m) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- n) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- o) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 14.

14. Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 1,000,000 Unlisted Options, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 15, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- p) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- q) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- r) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 15.

15. Ratification of issue of Ordinary Shares pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 39,375 Fully Paid Ordinary Shares in the capital of the Company, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 16, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- s) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- t) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- u) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 16.

16. Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 500,000 Unlisted Options, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 17, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- v) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution; or
- w) by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy; or
- x) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 17.

Other information

An Explanatory Memorandum accompanies and forms part of this notice of Annual General Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

Voting by proxy

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder. The proxy does not need to be a Shareholder of the Company and can be either an individual or a body corporate. A Shareholder can appoint a proxy by completing and returning a signed proxy form.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder’s votes.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (the **Corporations Act**); and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

If your proxy does not attend the Meeting, the Chairman will become your proxy by default. The Chairman intends to vote in favour of all resolutions on the agenda.

If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, and you do not provide any voting directions on your proxy form, by completing and returning the proxy form you will be expressly authorising the Chairman of the Meeting to cast your vote as he sees fit. If you intend to appoint a member of the KMP (other than the Chairman) or any of their closely related parties as your proxy on Resolution 1, please ensure that you direct them how to vote on Resolution 1.

Proxies must be:

- (a) lodged at the Company's share registry, Boardroom Pty Limited (by hand or by post); or
- (b) faxed to the fax number specified below,

no later than 5:00pm (AEST) on Wednesday, 5 May 2021.

Address (hand deliveries): Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000

Address (postal deliveries): Boardroom Pty Limited
GPO Box 3993, Sydney NSW 2001

Fax number for lodgement: +61 2 9290 9655

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

Online Voting

Please visit <https://www.votingonline.com.au/smxagm2021> to submit your voting intentions prior to 5:00pm Wednesday 5 May 2021.

Entitlement to vote

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that for the purposes of the meeting shares will be taken to be held by the persons who held them as registered Shareholders at 7.00 pm (AEST) on Wednesday 5 May 2021. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

In respect of all available undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

Questions and Comments by Shareholders at the Meeting

In order to allow for an efficient virtual meeting, we ask that any questions are provided to the Company Secretary by no later than 24 hours prior to the Meeting (details below).

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions or make comments on the management of the Company at the Annual General Meeting.

Similarly, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions to the Company's external Auditor, BDO Audit Pty Ltd, relevant to:

- (a) the conduct of the audit;
- (b) the preparation and contents of the audit;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO Audit Pty Ltd if the question is relevant to the content of BDO Audit Pty Ltd's audit report or the conduct of its audit of the Company's financial report for the year ended 31 December 2020.

Relevant written questions to BDO Audit Pty Ltd must be submitted no later than 5:00pm (AEST) on Friday 30 April 2021. A list of those questions will be made available to Shareholders attending the meeting. BDO Audit Pty Ltd will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be made available to Shareholders as soon as practicable after the meeting.

Please submit any questions in advance of the Meeting by:

The Company Secretary, lodged at the Company's share registry, Boardroom Pty Limited (by hand or by post), or faxed to the fax number specified below:

Company Secretary:	Mark Licciardo markl@mertons.com.au
Address (hand deliveries):	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000
Address (postal deliveries):	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001
Fax number for lodgement:	+61 2 9290 9655

Please send written questions for BDO Audit Pty Ltd to:

By facsimile - +61 3 9602 4709;

Post to – C/ Mertons Corporate Services Pty Ltd – Level 7, 330 Collins Street, Melbourne VIC 3000

By order of the Board



Mark Licciardo
Company Secretary

6 April 2021



(ACN 626 192 998)

Explanatory Memorandum

This Explanatory Memorandum sets out further information regarding the proposed resolutions to be considered by Shareholders of Security Matters Limited (**SMX** or the **Company**) at the 2021 Annual General Meeting to be held virtually commencing at 5:00pm (AEST) on Friday, 7 May 2021.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the resolutions.

Financial Statements and Reports

Under section 317 of the Corporations Act, SMX is required to lay its Annual Financial Report, Directors' Report and Auditor's Report before its Shareholders at its Annual General Meeting. The Annual Financial Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss. There is no requirement, either in the Corporations Act or the Company's Constitution, for Shareholders to approve the reports.

Representatives of SMX's auditor, BDO Audit Pty Ltd, will be present for discussion purposes on matters of relevance to the audit.

Shareholders can access a copy of the annual report on the Company's website at <https://www.securitymattersltd.com/>.

Resolution 1 – Adoption of Remuneration Report

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 1. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 1.

Resolution 1 provides Shareholders the opportunity to vote on SMX's Remuneration Report. The Remuneration Report is contained in the Directors' Report. Under section 250R(2) of the Corporations Act, SMX must put the adoption of its Remuneration Report to a vote at its Annual General Meeting.

This vote is advisory only and does not bind the Directors or SMX.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at this meeting when reviewing SMX's remuneration policies. If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of SMX's Directors other than the Managing Director must be offered up for election.

Key Management Personnel (including Directors) and their closely related parties must not cast a vote on the Remuneration Report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

SMX encourages all Shareholders to cast their votes on this resolution. The Chairman intends to vote all available undirected proxies in favour of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

Resolution 2 – Re-election of Ed Hofland as a Director

Board recommendation and undirected proxies. The Board (other than Ed Hofland) recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 2.

Ed Hofland is due to retire from the Board in accordance with the Constitution, and, being eligible, offers himself for re-election.

Ed Hofland is a co-founder of Security Matters Israel and a business leader that has brought in multi-million dollar investments to the Arava Desert region of Israel.

Ed Hofland is the chairman of leading industry, technology and agriculture companies in Israel, such as:

- i. Chairman of Arava Power Company, Israel's leading solar power company;
- ii. Chairman of Algatech, micro-algae producer that markets its products worldwide, including Japan, India, New Zealand and Europe; and
- iii. Chairman of Ardag Fish Farm that grows fish and caviar.

Resolution 3 – Re-election of Jovanka Naumoska as a Director

Board recommendation and undirected proxies. The Board (other than Jovanka Naumoska) recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 3.

Jovanka Naumoska is due to retire from the Board in accordance with the Constitution, and, being eligible, offers herself for re-election.

Jovanka Naumoska is a corporate lawyer with ASX board-level experience, currently sitting on one other ASX listed company. Jovanka Naumoska serves as non-executive director of Imagion Biosystems Ltd (ASX: IBX), a medical device company that develops detection methods for several types of cancer.

Jovanka Naumoska also serves as a Board member of the National Accreditation Authority for Translators and Interpreters Ltd and is a Council member of the Australian Dispute Resolution Council.

Jovanka Naumoska has served as senior corporate lawyer specialising in intellectual property for 18 years, and currently a corporate counsel for an Australian government research agency, and currently holds the position of Senior Commercial & Transformation Counsel at such agency.

Jovanka Naumoska holds Bachelor of Science degree with honours and Bachelor of Law degrees with honours and a Graduate Diploma of Legal Practice from the University of Wollongong. Jovanka Naumoska also holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Resolution 4 – Election of Kathryn Davies as a Director

Board recommendation and undirected proxies. The Board (other than Kathryn Davies) recommends that Shareholders vote in **FAVOUR** of Resolution 4. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 4.

Kathryn Davies was appointed by the Board on 10 June 2020 as a Non-Executive Director in accordance with 19.4(a) of the Constitution.

In accordance with 19.4(b) of the Constitution, and being eligible, Ms Davies offers herself for election by members.

Ms Davies is an experienced executive across mining, oil and gas, technology and healthcare groups. She has significant experience in negotiating and delivering on multi jurisdiction transactions, international stakeholder management and global capital markets, having worked for a number of ASX200 and dual-listed companies. She has extensive international commercial and corporate governance experience. She holds a Bachelor of Business, is a CPA and a graduate of the Australian Institute of Company Directors.

Resolution 5 - Approval of issue of Shares to Jovanka Naumoska or her nominee in accordance with Listing Rule 10.11

Board recommendation and undirected proxies. The Board (other than Jovanka Naumoska) recommends that Shareholders vote in **FAVOUR** of Resolution 5. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 5.

The proposed grant is in respect of Shares to be granted to Jovanka Naumoska (the Related Party), within one month of the date of the Annual General Meeting. The fully paid ordinary shares will be issued

pari passu to existing securities and not subject to a trading lock. Remunerating in this manner reduces the cash cost of the Company and aligns the Company's rewards with those of Shareholders.

As Jovanka Naumoska is considered a Related Party of the Company, the Company is seeking shareholder approval for all purposes, including ASX Listing Rules 10.11, for the grant of the relevant fully paid ordinary shares to the Related Party.

Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1. This means that the fully paid ordinary shares granted to the Related Parties will not use up part of the 15% available under ASX Listing Rule 7.1.

The Board, Jovanka Naumoska aside, recommends that Members approve the grant of a total of 41,544 fully paid ordinary shares in the capital of the Company to Jovanka Naumoska.

The proposed grant is in respect of fully paid ordinary shares at a valuation of \$0.3655 (being the Volume Weighted Average Price for the 30 trading days prior to 22 March 2021) per share that are to be issued as the Directors' remuneration, subject to Shareholder approval and priced in line with the agreement with Ms. Naumoska. The proposed grant is a share-based payment as part remuneration as a Non-executive Director. Full details of the remuneration paid to Ms. Naumoska is contained in the Remuneration Report within the Annual Report for the year ended 31 December 2020.

Resolution 6 - Approval of issue of Shares to Kathryn Davies or her nominee in accordance with Listing Rule 10.11

Board recommendation and undirected proxies. The Board (other than Kathryn Davies) recommends that Shareholders vote in FAVOUR of Resolution 6. The Chairman of the meeting intends to vote all available undirected proxies in FAVOUR of Resolution 6.

The proposed grant is in respect of Shares to be granted to Kathryn Davies (the Related Party), within one month of the date of the Annual General Meeting. The fully paid ordinary shares will be issued pari passu to existing securities and not subject to a trading lock. Remunerating in this manner reduces the cash cost of the Company and aligns the Company's rewards with those of Shareholders.

As Kathryn Davies is considered a Related Party of the Company, the Company is seeking shareholder approval for all purposes, including ASX Listing Rules 10.11, for the grant of the relevant fully paid ordinary shares to the Related Party.

Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1. This means that the fully paid ordinary shares granted to the Related Parties will not use up part of the 15% available under ASX Listing Rule 7.1.

The Board, Kathryn Davies aside, recommends that Members approve the grant of a total of 41,959 fully paid ordinary shares in the capital of the Company to Kathryn Davies.

The proposed grant is in respect of fully paid ordinary shares at a valuation of \$0.3655 (being the Average Price for the 30 trading days prior to 22 March 2021) per share that are to be issued as the Directors' remuneration, subject to Shareholder approval and priced in line with the agreement with Ms. Davies. The proposed grant is a share-based payment as part remuneration as a Non-executive Director. Full details of the remuneration paid to Ms. Davies is contained in the Remuneration Report within the Annual Report for the year ended 31 December 2020.

Resolution 7 - Approval of Additional 10% Placement Capacity

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in FAVOUR of Resolution 7. The Chairman of the meeting intends to vote all available undirected proxies in FAVOUR of Resolution 7.

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval by special resolution at its Annual General Meeting to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue over a period of 12 months after the Annual General Meeting (10% Placement Capacity). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

If Shareholders approve Resolution 7, the number of equity securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

An eligible entity is one that, as at the date of the relevant Annual General Meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any equity securities issued must be in the same class as an existing class of quoted equity securities. The Company currently has one class of quoted equity securities on issue, being Shares (ASX Code: SMX).

The number of equity securities that the Company may issue under the approval sought by Resolution 5 will be calculated in accordance with the following formula as set out in ASX Listing Rule 7.1A:

$$(A \times D) - E$$

Where:

A = the number of fully paid Shares on issue 12 months before the date of issue or agreement to issue:

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2, other than exceptions 9, 16 or 17;
- (ii) plus the number of Shares issued in the 12 months on the conversion of convertible securities under rule 7.2 exception 9 where the convertible securities were issued or agreed to be issued before the 12 months or the issue or agreement to issue was approved or taken to be approved under rules 7.1 or 7.4;
- (iii) plus the number of fully paid Shares issued in the 12 months under rule 7.2 exception 16 where the agreement was entered into before the 12 months and the agreement or issue was approved or taken to be approved under rules 7.1 or 7.4;
- (iv) plus the number of partly paid Shares that became fully paid in the 12 months;
- (v) plus the number of fully paid Shares issued in the 12 months under Listing Rules 7.1 and 7.4; and
- (vi) less the number of fully paid Shares cancelled in the 12 months.

D = 10%.

E = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of the Shareholders under Listing Rule 7.1 or 7.4.

Technical information required by Listing Rule 7.1A

While the Company does not have any immediate plans to issue shares, purposes for which shares may be issued pursuant to Resolution 5 may include the raising of capital to facilitate further investment opportunities.

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 7:

Minimum Price: Under the ASX Listing Rules, the minimum price at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

Risk of voting dilution: Shareholders should be aware there is a risk of economic and voting dilution that may result from an issue of equity securities under the 10% Placement Capacity, including the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting where approval is being sought; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the date of issue.

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any equity securities under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of the Shares and the current number of Shares on issue as at the date of this Notice of Meeting. The table also assumes that no Options on issue are exercised into Shares before the date of issue of the equity securities.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.¹

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$ 0.185 50% decrease in Issue Price	\$ 0.370 Issue Price	\$ 0.740 100% increase in Issue Price
Current Variable A 140,230,518	10% Voting dilution	14,023,052	14,023,052	14,023,052
	Funds raised	\$ 2,594,265	\$ 5,188,529	\$ 10,377,058
50% increase in current Variable A 210,345,777	10% Voting dilution	21,034,578	21,034,578	21,034,578
	Funds raised	\$ 3,891,397	\$ 7,782,794	\$ 15,565,587
100% increase in current Variable A 280,461,036	10% Voting dilution	28,046,104	28,046,104	28,046,104
	Funds raised	\$ 5,188,529	\$ 10,377,058	\$ 20,754,117

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of shares available under ASX Listing Rule 7.1A;

- (ii) The table shows only the effect of shares issues under ASX Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under ASX Listing Rule 7.1;
- (iii) The current issue price is \$0.37, being the closing price of the shares on ASX on 25 March 2021.
- (iv) The current number of shares on issue is the shares on issue as at 25 March 2021 being 140,230,518.

The table shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of shares the Company has on issue. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

Date of Issue: If Shareholder approval is granted for Resolution 7, then that approval will expire on the earlier of:

- (i) 7 May 2022, being 12 months from the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the date Shareholder approval is granted to a transaction under ASX Listing Rule 11.1.2 (proposed change to nature and scale of activities) or ASX Listing Rule 11.2 (change involving main undertaking).

The approval under ASX Listing Rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

Purpose of Issue under 10% Placement Capacity: The Company may issue equity securities under the 10% Placement Capacity to raise cash, in which case the Company intends to use funds raised for investment purposes in line with the Company's investment policy outlined in the Company's prospectus or to fund expenditure on existing assets or for general working capital.

Allocation under the 10% Placement Capacity: The allottees of the equity securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of equity securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under ASX Listing Rule 7.1A: The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at the 2020 AGM on 27 May 2020.

Information required under ASX Listing Rule 7.3A.6(a): The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the

percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	Nil
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	Nil

Resolution 8 - Approval of the Employee Share Option Plan

The Company has previously adopted an Employee Share Option Plan (ESOP or Plan) to provide an incentive to retain, in the employment or service or directorship of the Company and its subsidiaries, person of training, experience, and ability, to attract new employees, directors or consultants whose services are considered valuable, to encourage the sense of proprietorship of such persona and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company pursuant to an option plan approve by the Board. Selected employees, consultants and officers of the Company and the Directors are eligible to participate in the Plan at the absolute discretion of the Board. The Board also remains committed to incentivising and retaining the Company's directors and other personnel in a manner which promotes alignment of their interests with shareholder interests, whilst at the same time offering eligible participants market-competitive remuneration arrangements.

At the same time, the Company desires to maintain maximum ability to raise capital in accordance with ASX Listing Rule 7.1 without seeking prior shareholder approval. Accordingly, the Board seeks further shareholder approval of the Company's existing employee share option Plan for the purposes of ASX Listing Rule 7.2 Exception 13(b).

The aggregate number of Shares which may be issued pursuant to the Plan, (when aggregated with all Shares issued under all other employee incentive plans), shall not at any time exceed 5% of the total number of issued Shares.

A summary of the Employee Share Option Plan is set out in the table below.

The Directors abstain from making a recommendation on Resolution 8 as they are eligible to participate in the Employee Share Plan (subject to shareholder approval) and therefore have a potential personal interest in the matter. Subject to the below voting exclusions, the Chairman intends to vote undirected proxies in favour of this resolution.

8.1 ASX Listing Rules

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 month period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

Listing Rule 7.2 exception 13 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was summarised in the notice of meeting under which the Plan was last approved, being no more than three years before the relevant date of issue of the securities. The Employee Share Plan is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2 and this Resolution 8 seeks shareholder approval for the Plan to meet the 3 year approval requirement.

The Company intends that any issue of shares under the Employee Share Plan does not detract from the Company's Listing Rule 7.1 15% entitlement. Accordingly, it is seeking shareholder approval of the Plan in order for the Company to be able to issue shares pursuant to the Employee Share Plan (Plan Shares) and have those shares qualify under exception 13 to Listing Rule 7.2.

8.2 Information required for Listing Rule 7.2 Exception 13(b)

Listing Rule 7.2 Exception 13(b) requires the information detailed in sections (a), (b) and (c) below to be provided to members for approval under this resolution:

(a) *Options already issued*

The Company has previously issued 6,055,000 Options pursuant to the Employee Share Option Plan since the Plan was last approved in October 2018. The total Options that can be issued pursuant to the Employee Share Option Plan is limited to 5% of the total number of ordinary shares on issue from time to time by the Company. The total number of Options that can be issued pursuant to the Employee Share Option Plan at the date of this notice is 7,011,526, should the Employee Share Option Plan be approved by shareholders.

(b) *Employee Share Option Plan Summary*

From time to time, and in its absolute discretion, the Board may invite employees and other eligible personnel of the Company (including the directors) to apply for Options under the Plan. The key terms of the Plan, are set out in the table below.

(c) *Voting Exclusion Statement*

The applicable voting exclusion statement for the purposes of Listing Rule 7.2 exception 13(b), under this Resolution 8, appears above in the Notice of Meeting.

8.3 *Termination benefits under the Plan*

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the special provisions of s 200E of the Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The Plan allows the Board, in its discretion and subject to the Listing Rules, to vary or amend the terms of the Plan, which may include an amendment to allow an acceleration of vesting of share entitlements on a retirement, which could constitute a benefit otherwise prohibited under Section 200B. In order to give the Board flexibility to exercise its discretions under the Plan to the extent that an acceleration of vesting could be regarded as providing a person a benefit in connection with that person's retirement from an office or position of employment (Employment Retirement Benefit), shareholder approval for the purposes of sections 200B and 200E of the Corporations Act 2001 is being sought.

For a section 200B benefit to be allowed, section 200E requires that this Notice of Meeting provide shareholders with either the value of the proposed benefits or, where the value of the proposed benefits cannot currently be ascertained, the manner in which the value of the proposed benefits is calculated, and the matters, events and circumstances that will, or are will likely to, affect the calculation of the value.

8.4 *Value of termination benefits*

The Board has not determined that it will exercise discretion to grant any Employment Retirement Benefits. In the circumstances of a possible Employment Retirement Benefit, the value of the benefits that the Board may give under the Plan cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the time the benefit is decided to be awarded (if at all).

Specifically, the value of an Employment Retirement Benefits will depend on a number of factors, including the Company's share price at the time.

8.5 *Further Voting restrictions*

Insofar as Resolution 8 could relate to the provision of an Employment Retirement Benefit, in accordance with section 200E(2A) of the Corporations Act, a vote on Resolution 8 must not be cast (in any capacity) by or on behalf of any person who may be entitled to receive a benefit in connection with

that person's retirement from a managerial or executive office in the Company (or any related body corporate), or an associate of that person. However, a person is entitled to cast a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- (b) it is not cast on behalf of the retiree or an associate of that person

As at the date of this Notice, the Board has not identified any particular person to receive a benefit in connection with that person's retirement from a managerial or executive office in the Company. As such, no existing Shareholders shall be excluded from voting on Resolution 8.

Board Recommendation

As the Directors are excluded from voting upon this resolution pursuant to the ASX Listing Rules, the directors will not make a recommendation to shareholders with respect to vote in relation to this Resolution 8.

Summary of the Security Matters Limited Employee Share Option Plan

Eligible Participants	Means any full or part time employees (including officers), directors and consultants of the Company or of any subsidiary of the Company.
Option	Means an option to acquire a Share issued in accordance with the ESOP.
Purpose	The ESOP is intended to provide mechanisms through which the Company can incentivise key management, staff, advisors and contractors.
Term	The ESOP shall become effective on the date that it is adopted by the Board and shall terminate at the end of ten years from such day of adoption provided, however, that Options theretofore issued under an applicable Option Agreement may extend beyond such date in accordance with their terms.
ESOP administration	The ESOP shall be administered by the Directors who shall have power to: <ul style="list-style-type: none"> (i) determine appropriate procedures for administration of the ESOP consistent with the ESOP Terms and Conditions; (ii) resolve conclusively all questions of fact or interpretation or dispute in connection with the ESOP and settle, as the Directors in their absolute discretion determine expedient, any difficulties or anomalies howsoever arising with or by reason of the operation of the ESOP; and (iii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the ESOP.
Eligibility	Eligible Participants entitled to participate in the ESOP shall be determined by the Directors in their absolute discretion taking into account a person's skills, experience, length of service, remuneration level and such other criteria as the Directors consider appropriate in the circumstance.
Offer and application	An application to be issued Options may be made by Eligible Participants invited to participate in the ESOP using the acceptance form which will accompany the invitation to participate in the ESOP. The invitation to an Eligible Participant to participate in the ESOP will include: <ul style="list-style-type: none"> (i) whether the Options issued may incorporate performance related factors; (ii) the number of Options to be issued to an Eligible Participant under the ESOP; (iii) the exercise price of the Options, subject to applicable laws; and (iv) the periods during which the Options may be exercised or will vest.
Vesting	Vesting of Options may be time-based or performance-based, or a combination of such, in the discretion of the Board. Unless otherwise prescribed by the Board and specified in the Option Agreement, an Option will not be exercisable before the second anniversary of the date of grant, with respect to the 50% of the Shares subject to the Option, and with respect to additional 25% of the remaining Shares, subject to the Option, after each of the third and fourth anniversaries of the date of grant, respectively. The Board shall have the exclusive authority to accelerate the periods for exercising an Option or set different terms for exercise of an Option.

Termination	<p>In the event of termination of Optionee's employment with the Company, or the termination of services given by the Optionee to the Company, all Options granted to such Optionee will immediately expire.</p> <p>An Option may be exercised after the date of termination of the Optionee's service or employment with the Company only with respect to the number of Options already vested and unexpired at the time of such termination provided however that such termination is without Cause (as defined in the ESOP released on the ASX on 11 October 2018) in which case the Options shall be exercisable within not more than 90 days from the effective date of such termination or such termination is the result of death or disability of the Optionee, in which case the Options shall be exercisable within 12 months from the effective date of such termination.</p>
Options not transferrable	An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt under the laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
Acquisition Price	Options will be issued free of charge to Eligible Participants.
Maximum Number of Options and Shares	Subject to compliance with the '5% issue limit' set out in ASIC Class Order 14/1000, Options may be offered under this ESOP without the issue of a disclosure document in accordance with Chapter 6D of the Corporations Act. The Company may also issue Options (whether under this ESOP or otherwise) without the issue of a disclosure document in reliance on other exceptions to the disclosure requirement of the Corporations Act 2001 (Cth) including issued that did not need disclosure to investors because of section 708 of the Corporations Act.
Lapse of Options	<p>Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:</p> <ul style="list-style-type: none"> (i) the expiry of the exercise date; (ii) immediately after the Option holder ceases to be an Eligible Participant by reason of dismissal, resignation or termination of employment, office or services for any reason; (iii) immediately after the Option holder ceases to be an Eligible Participant by reason of retirement; or (iv) a determination by the Directors acting reasonably that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an associated body corporate.
Rights attaching to Shares	Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
Adjustments	<p>Notwithstanding the Terms and Conditions, upon the occurrence of any of the following described events, the Optionee's rights to purchase Shares under the ESOP shall be adjusted hereafter provided:</p> <ul style="list-style-type: none"> i. If the Company is separated, reorganised, merged, acquired or consolidated with or into another corporation while Options which were not yet vested remain outstanding under the ESOP, then, subject to any applicable law, the Board may resolve, that the vesting period shall be accelerated so that any unvested Options shall be immediately vested in full prior to the effective date of such transaction (or any other date as shall be resolved by the Board). ii. If the outstanding shares of the Company shall at anytime be changed or exchanged by declaration of a share dividend, share split, combination or exchange of shares, recapitalisation, or any other like event of the Company, then in such event only and as often as the same shall occur, the number, class and kind of shares subject to the ESOP or subject to any Options therefore granted, and the purchase prices of the Options, shall be appropriately and equitably adjusted so as to maintain the proportionate number of Shares without changing the aggregate purchase price of the Options iii. If all or substantially all of the shares of the Company are to be sold, or upon a merger or reorganisation or the like, the shares of the Company,

	<p>are to be exchanged for securities of another company, then in such event, either (i) outstanding Options issued pursuant to the EOP shall be accelerated and each Optionee shall be obliged to sell, assign or exchange as the case may be, the Shares and/or vested and accelerated Options such Optionee purchased under the ESOP, and/or (ii) any outstanding Shares and Options purchased by Optionee pursuant to the ESOP shall be exchanged into securities of the successor corporation following such transaction.</p> <p>iv. The Board may decide in its sole discretion that an Option cannot be exercised, and shall automatically expire, following each of the transactions specified above, if such Option was subject to acceleration, adjustment or conversion as provided above, and in such event, in consideration for the expiration or termination of any Options, Optionee shall be entitled to receive payment or other consideration thereof, equal to the excess value of the Shares to which such Options are exercisable to less the applicable exercise price.</p>
No quotation of Options	The Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Options.

Resolution 9 - Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 9. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 9.

On 16 November 2020, the Company announced the Placement under which Shares (**Placement Shares**) were issued at a price of \$0.38 per Share and Options exercisable at \$0.60 raising \$2,100,000 before costs. The Placement Shares were issued to certain investors on 23 November 2020 following a capital raise partially led by PAC Capital Pty Ltd, Partial Broker of the Placement. The Placement Shares rank equally with existing ordinary shares on issue.

Information regarding the Placement was lodged with the ASX on 16 November 2020 and 17 November 2020.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

As advised in the Company's ASX announcement on 16 November 2020, the proceeds raised will be used to accelerate the speed of adoption and commercialization of its technology across SMX's strategic market segments.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> • 5,529,175 Ordinary Shares • 2,764,591 Unlisted Options • 325,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> • Shares - \$0.38 per Share

	<ul style="list-style-type: none"> Options - \$Nil - Issued on the basis of 1 Option for 3 Shares issued under the capital raising
The terms of the securities	<p>Shares - fully paid ordinary shares on the same basis as all listed shares on issue</p> <p>Options -</p> <ul style="list-style-type: none"> Issued on the basis of 1 Option for 3 Shares issued under the capital raising \$0.60 being the exercise price of each of the Options Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Certain sophisticated investors nominated by PAC Capital Pty Ltd, who acted as Partial Broker for the Placement
The use (or intended use) of the funds raised	As advised in the Company's ASX announcement on 16 November 2020, the proceeds raised will be used to accelerate the speed of adoption and commercialization of its technology across SMX's strategic market segments.
A voting exclusion statement	A voting exclusion statement is included under Resolution 9 in this Notice of Meeting

Resolution 10 – Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 10. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 10.

On 25 November 2020, the Company announced the Private Placement under which Shares (**Placement Shares**) were issued at a price of \$0.38 per Share and Options exercisable at \$0.60 raising \$760,000 before costs. The Placement Shares were issued to Psagot Investment House on 7 December 2020. The Placement Shares rank equally with existing ordinary shares on issue.

Information regarding the Placement was lodged with the ASX on 25 November 2020 and 7 December 2020.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

As advised in the Company's ASX announcement on 25 November 2020, the proceeds raised will be used to progress ongoing pilot projects into commercial contracts and execute the integration of technology across SMX's strategic target market segments.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> • 2,000,000 Ordinary Shares • 1,000,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> • Shares - \$0.38 per Share • Options - \$Nil - Issued on the basis of 1 Option for 2 Shares issued under the capital raising
The terms of the securities	<p>Shares - fully paid ordinary shares on the same basis as all listed shares on issue</p> <p>Options -</p> <ul style="list-style-type: none"> • Issued on the basis of 1 Option for 2 Shares issued under the capital raising • \$0.60 being the exercise price of each of the Options • Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Psagot Investment House
The use (or intended use) of the funds raised	As advised in the Company's ASX announcement on, the proceeds raised will be used to progress ongoing pilot projects into commercial contracts and execute the integration of technology across SMX's strategic target market segments.
A voting exclusion statement	A voting exclusion statement is included under Resolution 10 in this Notice of Meeting

Resolution 11 – Ratification of issue of Ordinary Shares and Unlisted Option pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 11. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 11.

On 18 December 2020, the Company announced the Placement under which Shares (**Placement Shares**) were issued at a price of \$0.41 per Share and Options exercisable at \$0.70 raising \$1,100,000 before costs. The Placement Shares were issued to certain investors on 22 December 2020 and will rank equally with existing ordinary shares on issue.

Information regarding the Placement was lodged with the ASX on 18 December 2020 and 22 December 2020.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

As advised in the Company's ASX announcement on 18 December 2020, the proceeds raised will be used to accelerate the speed of adoption and commercialization of its technology across SMX's strategic market segments.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> • 2,683,627 Ordinary Shares • 1,341,814 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> • Shares - \$0.41 per Share • Options - \$Nil - Issued on the basis of 1 Option for 2 Shares issued under the capital raising
The terms of the securities	<p>Shares - fully paid ordinary shares on the same basis as all listed shares on issue</p> <p>Options -</p> <ul style="list-style-type: none"> • Issued on the basis of 1 Option for 2 Shares issued under the capital raising • \$0.70 being the exercise price of each of the Options • Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	New and existing sophisticated and professional investors
The use (or intended use) of the funds raised	As advised in the Company's ASX announcement on 18 December 2020 the proceeds raised will be used to accelerate the speed of adoption and commercialization of its technology across SMX's strategic market segments.
A voting exclusion statement	A voting exclusion statement is included under Resolution 11 in this Notice of Meeting

Resolution 12 – Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 12. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 12.

On 4 January 2021, the Company announced that 500,000 Unlisted Options (**Unlisted Options**) exercisable at \$0.60 were to be issued for the provision of advisory services.

Information regarding the issue of unlisted options was lodged with the ASX on 4 January 2021.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> • 500,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> • Options - \$Nil - Issued as provision for advisory services
The terms of the securities	Options - <ul style="list-style-type: none"> • \$0.60 being the exercise price of each of the Options • Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Castray Capital Pty Ltd
The use (or intended use) of the funds raised	Issued as provision for advisory services
A voting exclusion statement	A voting exclusion statement is included under Resolution 12 in this Notice of Meeting

Resolution 13 – Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution **13**. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution **13**.

On 4 January 2021, the Company announced that 100,000 Unlisted Options (**Unlisted Options**) exercisable at \$0.50 were to be issued for the provision of advisory services.

Information regarding the issue of unlisted options was lodged with the ASX on 4 January 2021.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> • 100,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> • Options - \$Nil - Issued as provision for advisory services
The terms of the securities	Options - <ul style="list-style-type: none"> • \$0.50 being the exercise price of each of the Options • Unlisted Options with a four-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Abbey West Pty Ltd
The use (or intended use) of the funds raised	Issued as provision for advisory services
A voting exclusion statement	A voting exclusion statement is included under Resolution 13 in this Notice of Meeting

Resolution 14 – Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 14. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 14.

On 4 January 2021, the Company announced that 1,000,000 Unlisted Options (**Unlisted Options**) exercisable at \$0.70, vesting on a quarterly basis equally over 2021, were to be issued for the provision of advisory services.

Information regarding the issue of unlisted options was lodged with the ASX on 4 January 2021.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> 1,000,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> Options - \$Nil - Issued as provision for advisory services
The terms of the securities	<p>Options -</p> <ul style="list-style-type: none"> \$0.70 being the exercise price of each of the Options Vest quarterly over 2021 Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Nihal Kaviratne
The use (or intended use) of the funds raised	Issued as provision for advisory services
A voting exclusion statement	A voting exclusion statement is included under Resolution 14 in this Notice of Meeting

Resolution 15 – Ratification of issue of Ordinary Shares pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 15. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 15.

On 4 January 2021, the Company announced that 39,475 Shares were issued as compensation for business development services provided and invoiced to the Company by a service provider, totalling AUD 15,790 (USD 12,000). The Shares rank equally with existing ordinary shares on issue.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve

it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> 39,475 Ordinary Shares
The price at which the securities were issued	<ul style="list-style-type: none"> AUD 15,790 worth of shares at \$0.40 per share
The terms of the securities	Shares - fully paid ordinary shares on the same basis as all listed shares on issue
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Journee Investments Limited
The use (or intended use) of the funds raised	Issues as compensation for business development services provided and invoiced to the Company by a service provider, totalling AUD 15,790 (USD 12,000).
A voting exclusion statement	A voting exclusion statement is included under Resolution 15 in this Notice of Meeting

Resolution 16 – Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution **16**. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution **16**.

On 11 January 2021, the Company announced that 500,000 Unlisted Options (**Unlisted Options**) exercisable at \$0.60 were to be issued for the provision of advisory services.

Information regarding the issue of unlisted options was lodged with the ASX on 11 January 2021.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	<ul style="list-style-type: none"> 500,000 Unlisted Options
The price at which the securities were issued	<ul style="list-style-type: none"> Options - \$Nil - Issued as provision for advisory services

The terms of the securities	Options - <ul style="list-style-type: none"> • \$0.50 being the exercise price of each of the Options • Unlisted Options with a three-year expiry
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	LTL Capital Pty Ltd
The use (or intended use) of the funds raised	Issued as provision for advisory services
A voting exclusion statement	A voting exclusion statement is included under Resolution 16 in this Notice of Meeting

Glossary

In this Explanatory Memorandum, and the Notice of Meeting:

Board means the Board of Directors of the Company.

Company means Security Matters Limited.

Constitution means the Constitution of the Company.

Director means a Director of the Company.

Explanatory Memorandum means this Explanatory Memorandum which forms part of the Notice of Meeting.

ASX Listing Rules means the listing rules of the ASX Limited.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on Friday 7 May 2021.

Option means an option, but not the obligation to acquire a Share.

Shareholder means a holder of a Share.

Share means a fully paid ordinary share in the capital of the Company.

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 5:00pm (AEST) on Wednesday, 5 May 2021.**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/smxagm2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **5:00pm (AEST) on Wednesday, 5 May 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **Online** <https://www.votingonline.com.au/smxagm2021>

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Security Matters Limited

ACN 626 192 998

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Security Matters Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held as a **virtual meeting on Friday, 7 May 2021 at 5.00pm (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution/s 1, 5 and 6, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1,5 and 6 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution/s 1,5 and 6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*		FOR	AGAINST	ABSTAIN*	
Res 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 10	Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Re-election of Ed Hofland as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 11	Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Re-election of Jovanka Naumoska as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 12	Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Election of Kathryn Davies as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 13	Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Approval of issue of Shares to Jovanka Naumoska or her nominee in accordance with Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 14	Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Approval of issue of Shares to Kathryn Davies or her nominee in accordance with Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 15	Ratification of issue of Ordinary Shares pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 7	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 16	Ratification of issue of Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 8	Approval of the Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Res 9	Ratification of issue of Ordinary Shares and Unlisted Options pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021