



(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 29 May 2020**

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

Venue: **Online only**

How to join online

SMX advises that due to the Australian Government's recent restrictions with respect to indoor gatherings of more than 2 people (in response to the COVID-19 pandemic), SMX has determined that it would be prudent for the 2020 Annual General Meeting of Shareholders to be held online only.

The Meeting will be held virtually via a live ZOOM Teleconference 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).

Shareholders will be able to attend the Meeting by going to <https://zoom.us/j/93409165399> using their web browser or internet enabled device.

To join Zoom Meeting, please click on the link below and then enter meeting ID: 934 0916 5399

Join Zoom Meeting:

<https://zoom.us/j/93409165399>

Meeting ID: **934 0916 5399**

One tap mobile

+61370182005 Australia

+61731853730 Australia

Dial by your location

+61 731 853 730 Australia

+61 861 193 900 Australia

+61 8 7150 1149 Australia

+61 2 8015 6011 Australia

+61 3 7018 2005 Australia

+972 55 330 1762 Israel

+972 3 978 6688 Israel

Find your local number: <https://zoom.us/u/arfpD0u9s>

Attendee registration by ZOOM Teleconference facility will be available between 4:30pm and 5:00pm AEST on the day of the meeting which will be conducted by the Company's share registry via Zoom online.

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 prior to 5.00pm on Friday 29 May 2020 or by appointing a proxy prior to 5.00pm on Wednesday 27 May 2020.

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 2019.

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 2019 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 2019 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 Amir Bader 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, Amir Bader be re-elected as a Director of the Company."

3. Appointment of Auditor

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

"That, subject to ASIC granting its consent to the resignation of the Company's current Auditor, BDO East Coast Partnership Pty Ltd, in accordance with section 327B(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, BDO Audit Pty Ltd having been nominated by a Shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Security Matters Limited."

4. 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 4 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:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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 4.

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.

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 Gregory John Clark or his 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 Gregory John Clark or his 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:

- a) Gregory John Clark (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 6.

7. Resolution 7 – Approval to issue Options to David Rosenblatt

To consider, and if in favour, pass the following resolution as an ordinary resolution:

'That for the purposes of Listing Rule 10.11, Chapter 2E and section 220B of the Corporations Act, and for all other purposes Shareholders approve the issue of 2,500,000 Options with an exercise price of \$0.20 to David Rosenblatt, who is a Related Party of the Company, on the terms set out in the Explanatory Memorandum.'

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by:

- a) David Rosenblatt (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 7.

8. Issue of Options pursuant to ASX Listing Rule 7.1

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

"That in accordance with Listing Rule 7.1 and all other purposes, approval is given for the Company to an issue of 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 8, by a person(s) who is participating in the issue or an associate of that person(s) or is a counterparty to the agreement being approved or any other person who will obtain a material benefit as a result of the issue of the securities, 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 8.

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 Fully Paid Ordinary Shares in the capital of the Company and 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.

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, 27 May 2020.

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/smxagm2020> to submit your vote prior to 5:00pm Friday 29 May 2020.

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 27 May 2020. 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 East Coast Partnership, 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 East Coast Partnership if the question is relevant to the content of BDO East Coast Partnership's audit report or the conduct of its audit of the Company's financial report for the year ended 31 December 2019.

Relevant written questions to BDO East Coast Partnership must be submitted no later than 5:00pm (AEST) on Friday 22 May 2020. A list of those questions will be made available to Shareholders attending the meeting. BDO East Coast Partnership 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 East Coast Partnership 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

A handwritten signature in black ink, appearing to read 'Mark Licciardo', with a stylized flourish extending to the right.

Mark Licciardo
Company Secretary



(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 2020 Annual General Meeting to be held commencing at 5:00pm (AEST) on Friday, 29 May 2020.

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 East Coast Partnership, 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 Amir Bader as a Director

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

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

Amir Bader was appointed to the Board on 24 July 2018. He has been a Security Matters (Israel) board member since 2015 and he brings to the Company extensive experience in the management of agriculture businesses.

Amir Bader is currently the manager of one of Israel's largest dairy farms and has more than 20 years of experience at managerial positions in dairy farms and other agricultural projects in Israel and Europe.

Amir Bader also served as Kibbutz Degania A's (a seed shareholder in Security Matters Israel) business manager for five years, during that period he served as the board member of several subsidiaries and companies related to the Kibbutz.

Resolution 3 – Appointment of Auditor

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolutions 3.

In accordance with section 327C of the Corporations Act, the Board appointed BDO Audit Pty Ltd as Auditor of the Company, subject to ASIC's consent to the resignation of BDO East Coast Partnership Pty Ltd as Auditor of the Company under section 329(5) of the Corporations Act.

Following the appointment in accordance with 327C(2) of the Corporations Act, BDO Audit Pty Ltd holds office as Auditor of the Company until the Company's next Annual General Meeting, being the meeting the subject of this Notice of Meeting.

In accordance with section 327B(1)(b) of the Corporations Act, the Company now seeks shareholder approval for the ongoing appointment of BDO Audit Pty Ltd as Auditor of the Company. Member approval for the appointment of BDO Audit Pty Ltd as the Auditor for the Company whose tenure as Auditor ceases at this, the Company's Annual General Meeting.

The appointment of BDO Audit Pty Ltd is as a result of the national integration of BDO practices which includes transitioning our audit engagements from BDO East Coast Partnership to BDO Audit Pty Ltd.

A copy of the nomination is annexed to this Explanatory Memorandum. In accordance with section 328B(3) of the Corporations Act, all persons to whom notice of the nomination must be made have been notified.

Resolution 4 – Approval of Additional 10% Placement Capacity

Board recommendation and undirected proxies. The Board 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.

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 4, 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 4 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 4 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 4:

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		
		\$ 0.170 50% decrease in Issue Price	\$ 0.340 Issue Price	\$ 0.680 100% increase in Issue Price
Current Variable A 124,697,231	10% Voting dilution	12,469,723	12,469,723	12,469,723
	Funds raised	\$ 2,119,853	\$ 4,239,706	\$ 8,479,412
50% increase in current Variable A 187,045,847	10% Voting dilution	18,704,585	18,704,585	18,704,585
	Funds raised	\$ 3,179,779	\$ 6,359,559	\$ 12,719,118
100% increase in current Variable A 249,394,462	10% Voting dilution	24,939,446	24,939,446	24,939,446
	Funds raised	\$ 4,239,706	\$ 8,479,412	\$ 16,958,823

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 \$0.34, being the closing price of the shares on ASX on 16 March 2020.
- (iv) The current number of shares on issue is the shares on issue as at 16 March 2020 being 124,697,231.

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 4, then that approval will expire on the earlier of:

- (i) 29 May 2021, being 12 months from the date of the Meeting; or
- (ii) 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 2019 AGM on 15 May 2019.

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	<p>1. 10,958,134 Ordinary Shares – issued under ASX Listing Rule 7.1A</p> <p>Total: 10, 958, 134 Ordinary Shares</p>
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	<p>1. 10%</p> <p>Total: 10%</p>

Information required under ASX Listing Rule 7.3A.6(b):

On the 12 March 2020, 10,958,134 fully paid ordinary shares were issued to existing shareholders and strong support was also received from a broad range of new institutional and sophisticated investors introduced by PAC Partners Securities Pty Ltd and the Board. The fully paid ordinary shares were issued at \$0.34 per share plus a 1 for 3 attaching option with a three-year expiry and exercisable at \$0.60 (options were issued under Listing Rule 7.1 placement capacity). The total amount raised was \$3,775,764. Funds raised were intended to be used to further support the Company's growth strategy and drive commercial acceleration of the Company's ongoing projects.

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 47,826 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 \$0.345 (being the Average Price for the 30 trading days prior to March 27, 2020) 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.

Resolution 6 – Approval of issue of Shares to Gregory John Clark or his nominee in accordance with Listing Rule 10.11

Board recommendation and undirected proxies. The Board (other than Gregory John Clark) 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 Gregory John Clark (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 Gregory John Clark 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, Gregory John Clark aside, recommends that Members approve the grant of a total of 159,420 fully paid ordinary shares in the capital of the Company to Gregory John Clark.

The proposed grant is in respect of fully paid ordinary shares at a valuation of \$0.345 (being the Average Price for the 30 trading days prior to March 27, 2020) per share that are to be issued as the Directors' remuneration, subject to Shareholder approval and priced in line with the agreement with Mr. Clark.

Resolution 7 – Issue of Options to David Rosenblatt

Board recommendation and undirected proxies. The Board (other than David Rosenblatt who declines to make a recommendation due to his material personal interest in the outcome of this Resolution), 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.

As announced by the Company on 3 April 2020, David Rosenblatt has resigned as a Director effective on the Resignation Date set out below. The Company is seeking approval for the issue of Options to David Rosenblatt in accordance with Listing Rule 10.11 and Chapter 2E and section 200B of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

Why is approval sought under Chapter 2E of the Corporations Act?

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company and any entity that is controlled by a director of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party.

David Rosenblatt is a Related Party and the proposed issue of Options is a Financial Benefit.

Accordingly, the Company seeks Shareholder approval for the issue of the Options to David Rosenblatt (or his nominee) under section 208 Corporations Act.

Why is approval sought under Listing Rule 10.11?

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12-month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (15% Capacity) without the prior approval of a majority of disinterested shareholders, or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (15% Rule).

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore, the issue of the Options to David Rosenblatt, if passed, will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Section 200B of the Corporations Act

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The issue of the Options may be considered to be in connection with David Rosenblatt's retirement from an office or position of employment with the Company. 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 likely to, affect the calculation of the value.

Specific information – Sections 219 and 200E of the Corporations Act and Listing Rule 10.13

For the purposes of Sections 219 and 200E of the Corporations Act and Listing Rule 10.13, the following information is provided:

The names of the persons to whom the Company is to issue the securities	David Rosenblatt (or nominee)				
Relationship between the person to whom the Company is to issue the securities	Mr Rosenblatt is a Director of the Company and therefore a related party				
The number of securities to be issued	2,500,000 Options				
The terms of the securities	<ul style="list-style-type: none"> Each Option entitles the holder to be issued with one Share The exercise price of each Option is \$0.20 The Options will expire 5 years from the date of issue The Options are unlisted 				
The date on which the securities will be issued	The Company intends to issue the Options as soon as practicable following Shareholder approval, and the Options will be issued no later than 1 month after the date of the Meeting				
The price or other consideration that the Company will receive for the issue	\$Nil				
The purpose of the issue and intended use of any funds raised by the issue	<p>The issue is made in recognition of Mr Rosenblatt's services to the Company and as a part of the Company's acceptances of his resignation as a Director</p> <p>No funds will be raised from the issue of the Options, however, any funds received from the exercise of the Options will be used by the Company as working capital</p>				
Director's remuneration	<p>A summary of Mr Rosenblatt's remuneration is set out below:</p> <table border="1"> <tr> <th>Current year*</th><th>Previous year</th></tr> <tr> <td>\$Nil</td><td>\$Nil</td></tr> </table>	Current year*	Previous year	\$Nil	\$Nil
Current year*	Previous year				
\$Nil	\$Nil				
Material terms of agreement	<ul style="list-style-type: none"> The date on which the Options are issued following approval by the Shareholders of the Company will be the resignation date for Mr Rosenblatt (Resignation Date) 				

	<ul style="list-style-type: none"> • The 5,000,000 Performance Options in the Company with a strike price of \$0.20 each, and an expiry date of five (5) years currently held by Mr Rosenblatt will lapse in full on and from the Resignation Date • Mr Rosenblatt will be issued with the Options the subject matter of this Resolution 7 (subject to Shareholder approval)
A voting exclusion statement	A voting exclusion statement is included under Resolution 7 in this Notice of Meeting

The Options represent a right to be issued with 2,500,000 Shares. If the Shares are ultimately issued to Mr Rosenblatt, the Company's issued share capital will increase by 2,500,000 Shares. The number of Shares currently on issue in the capital of the Company is 128,870,995 (88,763,242 freely trading and 40,107,753 escrowed shares), assuming that all proposed issues are Shares in this Meeting are approved and issued, but no other Shares are issued, these Shares will represent 1.94% of the issued share capital of the Company, diluting the Shareholders by a corresponding amount.

Further, Mr Rosenblatt will need to remit the sum of \$500,000 to exercise the Options.

The value of the Options to be issued to Mr Rosenblatt are approximately \$528,500 and has been determined via a Black Scholes Model. The assumptions used in this calculation are as follows; share price of \$0.30, exercise price of \$0.20, volatility at 75%, risk free rate of 2.8%, settlement date of 29 May 2020 and exercise date of 29 May 2025.

Resolution 8 - Issue of Options pursuant to ASX Listing Rule 7.1 to placement participants

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 8. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 8.

On 5 March 2020, the Company announced the Placement under which Shares (**Placement Shares**) were issued at a price of \$0.34 per Share and Options exercisable at \$0.60 raising \$5,000,000 before costs. The Placement Shares were issued to certain investors on 12 March 2020 following a capital raise led by PAC Partners Securities Pty Ltd, Lead Manager and Broker of the Placement. The Placement Shares rank equally with existing ordinary shares on issue.

Owing to the significant interest in the Placement, several investors approached the Company to raise further capital. On 25 March 2020, a follow on capital raising of \$1,419,080 was announced on the same terms.

Information regarding the Placement was lodged with the ASX on 5 March 2020 and 18 March 2020.

Listing Rule 7.1 provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

The effect of this Resolution will be to allow the Company to issue Options to a number of parties that assisted with the Placement without using the Company's 15% placement capacity.

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to this Resolution:

The number of securities to be issued	3,250,000 Unlisted Options
The price at which the securities will be issued	\$Nil, issued for services in assisting with the Placement.
The terms of the securities	<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 will issue the securities or the basis on which those persons were determined	PAC Partners Securities Pty Ltd and nominees
Date of issue	The Company intends to issue the Options as soon as practicable following Shareholder approval, and the Options will be issued no later than 3 months after the date of the Meeting
The use (or intended use) of the funds raised	No funds will be raised from the issue of the Options. The proceeds raised from the exercise of the Options will provide the growth capital to allow SMX to build out its capability to serve existing customers and to roll out its commercialisation strategy with blue-chip international companies.
A voting exclusion statement	A voting exclusion statement is included under Resolution 8 in this Notice of Meeting

Resolution 9 - 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 9. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 9.

On 5 March 2020, the Company announced the Placement under which Shares (**Placement Shares**) were issued at a price of \$0.34 per Share and Options exercisable at \$0.60 raising \$5,000,000 before costs. The Placement Shares were issued to certain investors on 12 March 2020 following a capital raise led by PAC Partners Securities Pty Ltd, Lead Manager and Broker of the Placement. The Placement Shares rank equally with existing ordinary shares on issue.

Owing to the significant interest in the Placement, several investors approached the Company to raise further capital. On 18 March 2018, a follow on capital raising of \$1,500,000 was announced on the same terms.

Information regarding the Placement was lodged with the ASX on 5 March 2020 and 18 March 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 5 March 2020, the proceeds raised will provide the growth capital to allow SMX to build out its capability to serve existing customers and to roll out its commercialisation strategy with blue-chip international companies.

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"> • 18,879,647 Ordinary Shares • 6,317,721 Unlisted Options
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The price at which the securities were issued	<ul style="list-style-type: none"> • Shares - \$0.34 per Share • 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 Partners Securities Pty Ltd, who acted as Lead Manager and Broker for the Placement
The use (or intended use) of the funds raised	As advised in the Company's ASX announcement on, the proceeds raised will provide the growth capital to allow SMX to build out its capability to serve existing customers and to roll out its commercialisation strategy with blue-chip international companies.
A voting exclusion statement	A voting exclusion statement is included under Resolution 9 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 29 May 2020.

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.

21st April 2020

Security Matters Limited,
K&L Gates,
Level 25, 525 Collins Street,
Melbourne VIC 3000

RE: NOTICE OF NOMINATION OF AUDITOR IN ACCORDANCE WITH SECTION 328B OF THE
CORPORATIONS ACT 2001 (Cth)

Haggai Alon, being a Member of Security Matters Limited, nominates BDO Audit Pty Ltd of Tower 4,
Level 18, 727 Collins Street, Melbourne, VIC, 3008, for appointment to the position of Auditor of the
Company at the next Annual General Meeting.





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 27 May 2020**

🖥 TO VOTE ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/smxagm2020>

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:

- (a) 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.
- (b) 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 27 May 2020**. 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/smxagm2020>

📠 **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

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐ **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 at virtually via a live ZOOM Teleconference (<https://zoom.us/j/93409165399>) on **Friday 29 May 2020 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 Resolutions 1, 2, 4 - 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 2, 4 - 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

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*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Amir Bader as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 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"/>
Resolution 6	Approval of issue of Shares to Gregory John Clark or his nominee in accordance with Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to issue options David Rosenblatt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options pursuant to ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of issue of Ordinary 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 / /2020