



Announcement Summary

Entity name

SECURITY MATTERS LIMITED

Announcement Type

New announcement

Date of this announcement

12/10/2021

The Proposed issue is: A placement or other type of issue**Total number of +securities proposed to be issued for a placement or other type of issue**

| ASX +security code | +Security description | Maximum Number of +securities to be issued |
|--------------------------------|--|--|
| New class-code to be confirmed | Option exercisable at \$0.40 expiring 31 March 2022 | 5,145,831 |
| New class-code to be confirmed | Option exercisable at \$0.35 and expiring 24 months from date of issue | 1,327,500 |
| New class-code to be confirmed | Option exercisable at \$0.40 expiring 31 March 2022 | 1,327,500 |
| SMX | ORDINARY FULLY PAID | 10,291,662 |

Proposed +issue date

19/10/2021

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

SECURITY MATTERS LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ABN

Registration Number

78626192998

1.3 ASX issuer code

SMX

1.4 The announcement is

New announcement

1.5 Date of this announcement

12/10/2021

1.6 The Proposed issue is:

A placement or other type of issue



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?

Yes

7A.1a Conditions

| Approval/Condition | Date for determination | Is the date estimated or actual? | ** Approval received/condition met? |
|---------------------------|------------------------|---|-------------------------------------|
| +Security holder approval | 30/11/2021 | <input checked="" type="checkbox"/> Estimated | No |

Comments

Shareholder approval required for issue of attaching options and broker options

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

Yes

Details of +securities proposed to be issued

ASX +security code and description

SMX : ORDINARY FULLY PAID

Number of +securities proposed to be issued

10,291,662

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

Yes



In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.30000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?

New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

Yes

ASX +security code

New class-code to be confirmed

+Security description

Option exercisable at \$0.40 expiring 31 March 2022

+Security type

Options

Number of +securities proposed to be issued

5,145,831

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Attaching securities (unquoted options) to convert to fully paid ordinary shares at exercise price of \$0.40 per option. Upon exercise of each Attaching Option investors will receive one new ordinary share in SMX and one option exercisable at \$0.70 expiring on 20 January 2022

For personal use only



Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.4000

Expiry date

31/3/2022

Details of the type of +security that will be issued if the option is exercised

SMX : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One fully paid ordinary share (ASX: SMX) and one option exercisable at \$0.70 expiring on 20 January 2022

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

To be provided in a separate announcement

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

New class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

No

ASX +security code

New class-code to be confirmed

+Security description

Option exercisable at \$0.35 and expiring 24 months from date of issue

**+Security type**

Options

Number of +securities proposed to be issued

1,327,500

Offer price details**Are the +securities proposed to be issued being issued for a cash consideration?** No**Please describe the consideration being provided for the +securities**

Options to be issued to brokers pursuant to abovementioned placement

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities**Will all the +securities issued in this class rank equally in all respects from their issue date?** Yes

Options details

| +Security currency | Exercise price | Expiry date |
|---------------------------|-----------------------|--------------------|
| AUD - Australian Dollar | AUD 0.3500 | 30/11/2023 |

Details of the type of +security that will be issued if the option is exercised

SMX : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One fully paid ordinary share (ASX: SMX)

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

To be provided in a separate announcement

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

 New class

Will the proposed issue of this +security include an offer of attaching +securities?

 No



Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

 No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

 No**ASX +security code**

New class-code to be confirmed

+Security description

Option exercisable at \$0.40 expiring 31 March 2022

+Security type

Options

Number of +securities proposed to be issued

1,327,500

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

 No**Please describe the consideration being provided for the +securities**

Options to be issued to brokers pursuant to abovementioned placement

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?

 Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.4000

Expiry date

31/3/2022

Details of the type of +security that will be issued if the option is exercised

SMX : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One fully paid ordinary share (ASX: SMX) and one option exercisable at \$0.70 expiring on 20 January 2022



Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

To be provided in a separate announcement

Part 7C - Timetable

7C.1 Proposed +issue date

19/10/2021

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

6,345,252 fully paid ordinary shares (ASX: SMX)

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

Yes

7D.1c (i) How many +securities are proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?

3,946,410 fully paid ordinary shares (ASX: SMX)

7D.1c (ii) Please explain why the entity has chosen to do a placement rather than a +pro rata issue or an offer under a +security purchase plan in which existing ordinary +security holders would have been eligible to participate

Company requires funds for advancement and commercialisation of its technology and there was strong demand from strategic and sophisticated investors. Earlier during 2021 the Company undertook an entitlements offer open to shareholders to participate.

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

No



Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

Yes

7E.1a Who is the lead manager/broker?

Euroz Hartleys Limited

7E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

Fee of 6% of the funds raised and 2,655,000 broker options as noted previously

7E.2 Is the proposed issue to be underwritten?

No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

A range of ESG business development initiatives and projects and for general working capital requirements. Please refer to ASX announcement dated 12 October 2021 for further details.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

No

7F.2 Any other information the entity wishes to provide about the proposed issue

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

The publication of a cleansing notice under section 708A(5), 708AA(2)(f), 1012DA(5) or 1012DAA(2)(f)