

**SECURITY MATTERS LIMITED ACN 626 192 998**  
**(‘the Company’)**

**SUPPLEMENTARY PROSPECTUS**

**1. IMPORTANT NOTICE**

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read in conjunction with the Replacement Prospectus dated 7 August 2018 (**Prospectus**), issued by the Company for the purpose of the Offer to issue Shares in the Company and in connection with the Company’s application to list on the ASX.

This Supplementary Prospectus is dated 10 August 2018 and was lodged with the ASIC on that date. ASIC and ASX take no responsibility for the contents of the Prospectus or this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. Pursuant to section 719(4) of the Corporations Act 2001 (Cth) (**Corporations Act**), the Prospectus is taken to include this Supplementary Prospectus. Terms used in this Supplementary Prospectus have the same meaning as in the Prospectus unless otherwise defined or the contrary intention appears. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued in both hard copy and electronic versions. The electronic version of the Prospectus may be viewed online at [www.securitymattersltd.com](http://www.securitymattersltd.com). The Offer is available to persons receiving an electronic version of the Prospectus and this Supplementary Prospectus in Australia on the basis set out in the Prospectus. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of the Prospectus.

During the period of the Offer, any person may obtain a hard copy of the Prospectus and this Supplementary Prospectus by contacting the Company. This Supplementary Prospectus does not constitute an offer or invitation in any place which, or to any person whom, it would not be lawful to make such an offer or invitation. The distribution of this Supplementary Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Supplementary Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

**2. USE OF OFFER PROCEEDS**

The Company wishes to clarify statements made in relation to the expected use of Offer proceeds set out in the Prospectus. To effect this, the table in Section 7.3 of the Prospectus (headed ‘Use of Offer proceeds’), is deleted and replaced with the table at the top of the next page:

This is a Supplementary Prospectus dated 10 August 2018 intended to be read with the Replacement Prospectus dated 7 August 2018, relating to the Offer by Security Matters Limited.

Proposed Use of Funds	\$5 million raise		\$6.5 million raise	
	Year 1 (\$)	Year 2 (\$)	Year 1 (\$)	Year 2 (\$)
<b>Sales and marketing costs</b>	<b>133,214</b>	<b>213,721</b>	<b>192,929</b>	<b>360,468</b>
Personnel	85,714	157,671	138,429	296,143
Other costs	47,500	56,050	54,500	64,325
<b>Research and Development of Technology</b>	<b>484,500</b>	<b>502,640</b>	<b>684,900</b>	<b>909,400</b>
Reader development	240,500	211,640	314,500	407,000
Marker bank development	208,000	234,000	322,400	426,400
Blockchain adjustments	36,000	57,000	48,000	76,000
<b>Projects with strategic customers</b>	<b>-</b>	<b>1,037,979</b>	<b>-</b>	<b>1,591,236</b>
<b>Expenses of the offer</b>	<b>897,274</b>	<b>-</b>	<b>1,006,256</b>	<b>-</b>
Lead Manager	381,813	-	474,063	-
Legal costs	255,000	-	255,000	-
Royalty payment to Isorad	50,000	-	65,000	-
ASX Fees	92,565	-	94,298	-
Investigation Accountant and Taxation fees	58,919	-	58,919	-
Other costs (including costs of design, printing and flights)	58,977	-	58,976	-
<b>Payment of shareholder loan</b>	<b>357,143</b>	<b>357,143</b>	<b>357,143</b>	<b>357,143</b>
<b>Corporate overheads (G&amp;A)</b>	<b>487,296</b>	<b>529,090</b>	<b>499,071</b>	<b>541,454</b>
Salaries	348,571	383,429	348,571	383,429
Professional services and office expenses	66,725	70,061	78,500	82,425
Legal and professional expenses	72,000	75,600	72,000	75,600
<b>Total</b>	<b>2,359,427</b>	<b>2,640,573</b>	<b>2,740,299</b>	<b>3,759,701</b>

### 3. DIRECTORS' CONSENT

The Directors of Security Matters Limited consider the above update to Section 7.3 of the Prospectus is not materially adverse from the point of view of an investor.

Each of the Directors of Security Matters Limited has consented to the lodgment of this Supplementary Prospectus with ASIC.

Signed for and on behalf of Security Matters Limited



**Ed Hofland**  
Director, Security Matters Limited

**Dated: 10 August 2018**

This is an important document and should be read in its entirety. If you do not understand this Supplementary Prospectus you should consult your professional advisers without delay. The Shares offered by this Supplementary Prospectus are of a speculative nature.