

29 July 2020

Formation of trueGold Consortium

Mine-to-marketplace gold supply chain assurance solution

- SMX has entered into agreements with a wholly owned entity of Perth Mint to form the trueGold Consortium.
- trueGold will utilise SMX's unique molecular marking technology and blockchain platform to launch what it believes to be, the world's first fully transparent mine-to-marketplace ESG focussed gold supply chain assurance solution.
- Formed to respond to strong commercial demand for ESG focussed assurance solutions in the gold industry.
- trueGold to fund its own operations via a capital raising that is independent of SMX.
- Renowned Australian mining businessman Hugh Morgan AC has been appointed as Chairman of trueGold bringing 30+ years mining and investment experience.
- Zeren Browne (former LVMH executive) has been appointed Managing Director bringing 18+ years global marketing and brand management experience.

Security Matters Limited (ASX:SMX) (Security Matters, SMX or the Company), a company focused on digitising physical objects on the blockchain to enable a circular and closed loop economy, is delighted to announce the launch of The trueGold Consortium, formed with W.A. Mint Pty Ltd, a wholly owned subsidiary of The Perth Mint, Australia.

The two documents that form the basis of The trueGold Consortium are; (1) Shareholders Agreement in relation to the trueGold Consortium; and (2) Licence Agreement over SMX's technology.

Summary of the Shareholders Agreement

- True Gold Consortium Pty Ltd (**trueGold**) will be owned 50/50 by SMX and W.A. Mint Pty Ltd (a subsidiary of the Perth Mint) until further entities that may add value, become shareholders, in addition to third party investors who will also further dilute the equity structure.
- The initial board will consist of two directors from SMX, two directors from Perth Mint, Zeren Browne as M.D. and Hugh Morgan AC as Chair.
- trueGold may issue Class B shares which are convertible into ordinary shares of trueGold at fair value at the time of conversion.
- No trueGold shares are convertible into equity in SMX or Perth Mint entities.
- Initially trueGold will be funded by \$1m in third party capital and in kind contributions from SMX and Perth Mint.
- The usual shareholder provisions apply in terms of Tag Along, Drag Along, Pre-emptive rights in transfers and new equity, liquidation events.
- The agreement has a standard schedule of matters that can be decided by the board and another schedule of shareholder required decisions.

Summary of trueGold Licensing Agreement

- Security Matters Ltd (Israel), a wholly owned subsidiary of SMX grants to trueGold, a licence to use all intellectual property it owns or licences relating to the SMX technology for the purposes of the marking of gold as a precious metal.

- A non-material royalty is payable by trueGold, as a pass through of SMX's obligations to the licensor of a number of the relevant patents (as detailed in SMX's IPO prospectus).
- Perth Mint agrees not to use competing technology or to compete with trueGold in terms of the technology solution for marking gold.
- Unless a breach occurs, parties may not terminate prior to three years, and then on 2 year's notice.

Gold Industry expected to benefit from trueGold's technology

The establishment of trueGold's global tech platform once adopted, is expected to help to enhance, compliment and promote the current ESG frameworks provided by the World Gold Council (Responsible Gold Mining Principles) and London Bullion Market Association (Responsible Gold Guidance) by offering a technology and blockchain platform that can promote and drive integrity, anti-counterfeiting, corporate transparency, accountability and sustainability across the gold industry value chain.

trueGold intends to encourage further consensus and trust around provenance, responsible sourcing and production standards. It intends not only to incentivise the sourcing of gold production from conflict free areas, but also build trust between upstream and downstream partners and reduce financial and transactional risk, cost and time. Most importantly, trueGold's technological solution should facilitate a collaborative effort for the Gold Industry to increase transparency around gold sourcing in the face of growing public awareness and ESG expectations.

Business Plan to Commercialise Technology

trueGold engaged precious metals expert, Grant Angwin to conduct an independent review of the business framework that identified potential revenue channels, clients and customers for various gold products.

Grant Angwin was, until recently, the President of Asahi Refining North America. A veteran of the gold industry, Grant worked for Johnson Matthey in both the UK and USA holding various senior management roles. His experience includes being the former Chairman and Vice Chairman of the London Bullion Market Association, past Member of the Shanghai Gold Exchange International Advisors Board and Board Member of the Silver Institute. He sits on the ICE Benchmark PMOC for the LBMA Gold and Silver prices. He recently started a precious metals advisory company based in the USA.

Next stage in R&D and Commercial Launch

trueGold will now commence a capital raising via its global network of strategic and investment partners to finalise development and fully launch its proprietary mine-to-marketplace ESG focussed gold supply chain assurance solution. Full commercial roll-out of trueGold's technology and blockchain platform is expected to be in Q1 2021.

trueGold Consortium Board and Executive Appointments

Hugh Morgan AC appointed as Chairman

Renowned Australian mining businessman Hugh Morgan AC has been appointed as Chairman of trueGold, effective 20th July 2020. Mr Morgan has over 30 years' experience in the mining and investment sectors bringing a wealth of in-depth knowledge and an extensive global network of high-profile mining contacts.

Mr Morgan is currently the Chairman of the Order of Australia Association Foundation Limited; Trustee Emeritus of The Asia Society New York; Patron of Creativity Australia; Chairman of the JNF Environmental Scholarship Fund and President of the National Gallery of Victoria Foundation. Mr Morgan was also a Director of the Board of the Reserve Bank of Australia for 14 years.

From 2003-2005 Mr Morgan was President of the Business Council of Australia and is a past Executive Committee Member of the World Business Council for Sustainable Development as well as a Past Co-Chair of the Commonwealth Business Council and continuing Director Emeritus.

Mr Morgan is a graduate in Law and Commerce from the University of Melbourne and was Managing Director of Western Mining Corporation Limited from 1986 to 2003, prior to its takeover by BHP. He was also a Director of Alcoa of Australia from 1977 to 1998 and a Director of Alcoa Inc from 1998 to 2001.

Zeren Browne appointed as Managing Director

An experienced brand director, Zeren Browne has been appointed as Managing Director of trueGold, bringing more than 18 years' experience in global marketing and brand management. She has previously held management roles and led the marketing and commercial business activities for brands under luxury & lifestyle conglomerates LVMH and Estee Lauder Companies.

Zeren holds a Bachelor of Commerce Degree and an MBA (Adv) Degree from The University of Western Australia, where she was awarded 'The Women in Management' Scholarship.

Hugh Morgan AC, Chairman of trueGold comments:

"I am very pleased to be Chairman of True Gold. The company's technology through its association with Security Matters Ltd of providing an authentication mark of the pathway gold takes from, mine to consumer or investor is without peer. The technology is a disruptive and novel process to enable tracing of gold production thereby enabling the consumer and investor to have confidence in any representation the gold is derived from sources applying the environmental and operational standards consistent with those set by the World Gold Council and the London Bullion Market Association. trueGold is proud to be associated with leading participants in the gold industry in fulfilling the objectives each has sought to provide to this important industry."

Richard Hayes, CEO Perth Mint comments:

"The trueGold initiative is a gamechanger for the international gold industry, allowing the tracking of gold from mine site to end consumer. Refining the bulk of Australia's gold production, Perth Mint is well placed to support trueGold in becoming the global standard for supply chain integrity and traceability."

Haggai Alon, Founder and CEO comments:

"We have all been working incredibly hard behind the scenes on the launch of trueGold and the impending roll out of its offering.

We are delighted to welcome both Hugh Morgan AC and Zeren Browne to the team. They bring a wealth of experience in their respective sectors and we are confident trueGold will be a global success being led by such a highly skilled and qualified team."

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By order of the Chief Executive Officer.

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About Security Matters Limited

Security Matters has commenced the commercialisation of its unique, patented technology that uses a hidden chemical-based 'barcode' to permanently and irrevocably 'mark' any object, be it solid, liquid or gas. The barcode is read using the company's unique 'reader' to access the corresponding stored data, recorded and protected using blockchain technology.

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