

9 July 2024

XRF Exercises Orbis Call Option

XRF Scientific Ltd (“XRF” or “The Company”) is pleased to advise that it has exercised a Call Option to acquire the remaining 50% of Orbis Mining Pty Ltd (“Orbis”).

Settlement of the Call Option shares is conditional on the satisfaction or waiver by 31 December 2024 (or such other date which is agreed) of various conditions precedent, which include the Company obtaining third-party approvals.

Orbis is a manufacturer of laboratory jaw crushers, primarily used in the mining sector. Since September 2021, when XRF acquired its initial 50% shareholding for \$800,000, Orbis has grown significantly and continues to gain market share. In FY21, Orbis produced unaudited revenue of \$2.3m and profit before tax of \$0.34m. For FY24, Orbis has generated unaudited revenue of \$5.8m and profit before tax of \$1.7m. Orbis is fully integrated into XRF’s operating structure, and the business will continue to be led by co-founder and General Manager, Brad Hunting.

Key Acquisition Benefits

- Achieving 100% ownership of a low risk, bolt-on acquisition with highly complementary products: the majority of XRF’s existing customers require jaw crushers
- Orbis has significant addressable markets covering a wide range of mined commodities. Current sales are predominately to commercial labs, and XRF intends to further develop sales to mining companies for their on-site labs
- Further diversification of revenue into the gold mining sector: Orbis’s products are used in gold assaying processes such as fire assay and photon assay

Acquisition Price of Call Option Shares

- \$3.91m for the 50% shares in Orbis. The price is based on a 5x multiple of average FY23 and FY24 EBIT of \$1.57m, at a rate of 50%. XRF may elect to pay up to 50% of the consideration in XRF shares, which will be calculated on a 10-day Volume Weighted Average Price ending three business days prior to settlement and will be issued using XRF’s available placement capacity under ASX Listing Rule 7.1. The cash consideration will be funded from XRF’s cash reserves.
- The acquisition is subject to the conditions precedent mentioned above and provided all conditions are satisfied, the sale is expected to settle by 31 July 2024.

Earnout Payment

An earn-out will be payable, equivalent to 50% of the profits after tax for the 2025 financial year. Up to 50% of the earn-out can be paid in XRF shares (at XRF's election), at the 10-day Volume Weighted Average Price prior to issue of the shares. The cash and/or shares should be paid by 31 October 2025.

FY24 Financials

XRF confirms that sales conditions during the June 2024 quarter were positive as expected. The FY24 full-year statutory accounts are scheduled for release on 20 August 2024.

Please direct any inquiries to:

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About XRF Scientific:

XRF Scientific Limited is an Australian listed company (ASX: XRF) based in Perth, Western Australia. XRF manufactures equipment and chemicals, which are distributed to production mines, construction material companies and commercial analytical laboratories, in Australia and overseas, and used in the preparation of samples for analysis.

XRF has manufacturing, sales and support facilities located in Perth, Melbourne, Europe and Canada, plus a global network of distributors. The Company has representation in the United States, South America, Africa, the Middle East and Asia and has a customer base that includes multinational blue-chip customers such as:- BHP Billiton, Rio Tinto, Vale, South 32, Glencore, Alcoa, Lafarge, Holcim, ArcelorMittal, CSIRO, Intertek, Bureau Veritas, SGS and ALS.

XRF's technology is used to measure the composition and purity of materials and is mainly applied in industrial quality control and in process control for manufacturing processes in industries such as metals and mining, construction materials, chemicals and petrochemicals.

XRF's products help customers to improve product quality and performance, increase productivity and yield and reduce downtime and waste. Its businesses have established positions in their specialised markets.

Read more about XRF Scientific at: <https://www.xrfscientific.com/general-overview/>