XRF SCIENTIFIC LIMITED

ABN 80 107 908 314

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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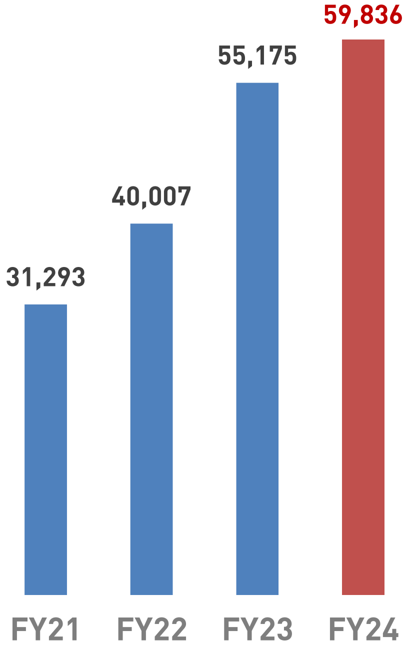
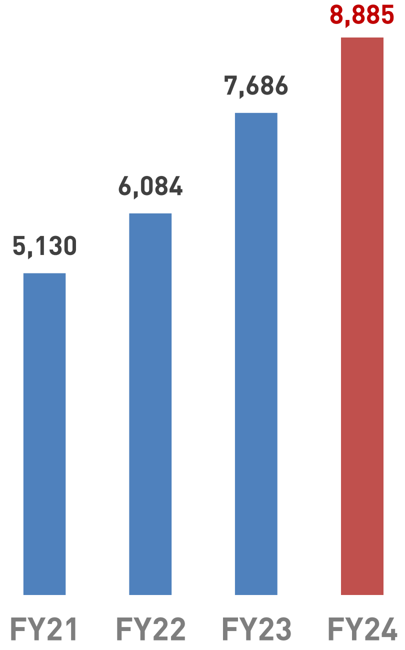
FINANCIAL RESULTS SUMMARY

Sales Revenue up 8%



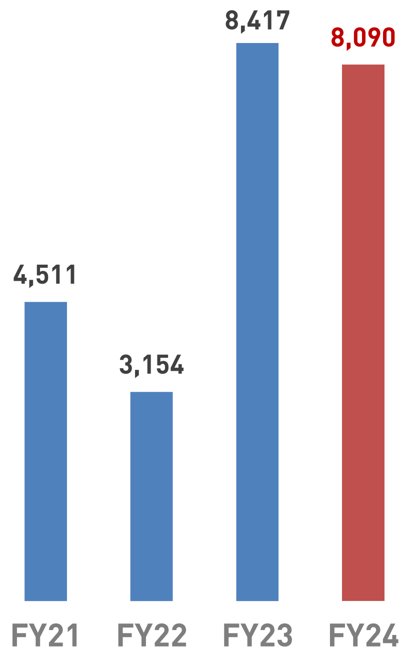
Sales Revenue ($'000)

Net Profit After Tax up 16%



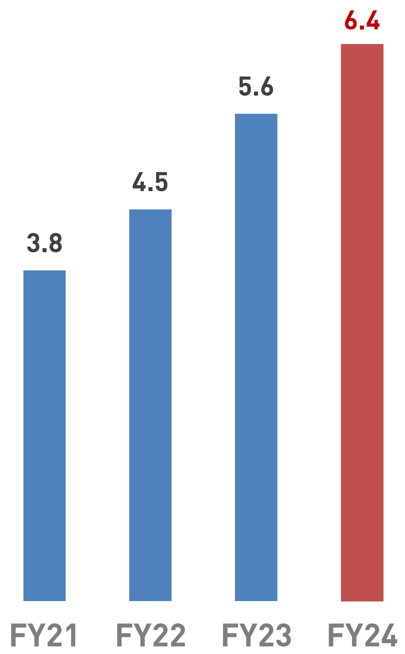
Net Profit After Tax ($'000)

Operating Cash Flow down 4%



Operating Cash Flow ($'000)

Earnings Per Share up 15%



Earnings Per Share (Cents)

CHAIRMAN'S LETTER

Dear Fellow XRF Shareholder,

XRF's strong operating performance has continued, resulting in the delivery of another record financial result. Sales grew strongly with total revenue exceeding $60m for the first time. The increase in sales, together with an ongoing focus on cost control, productivity improvements and margins, ensured that Net Profit after Tax was significantly higher. While XRF's core businesses all performed well, the strong result from Orbis Mining (now 100% owned) and initial sales of our TGA machine to high quality reference customers is most encouraging and positions XRF particularly well for further growth.

Our Consumables business had an outstanding year despite the challenges of managing the impact of a falling lithium input price. Product sales volumes were at record levels reflecting further new customers and an increase in sales to existing purchasers. An ongoing focus on product quality, new product and production process initiatives, and customer service ensures that this business is well placed to continue to build on its position as a global market leader.

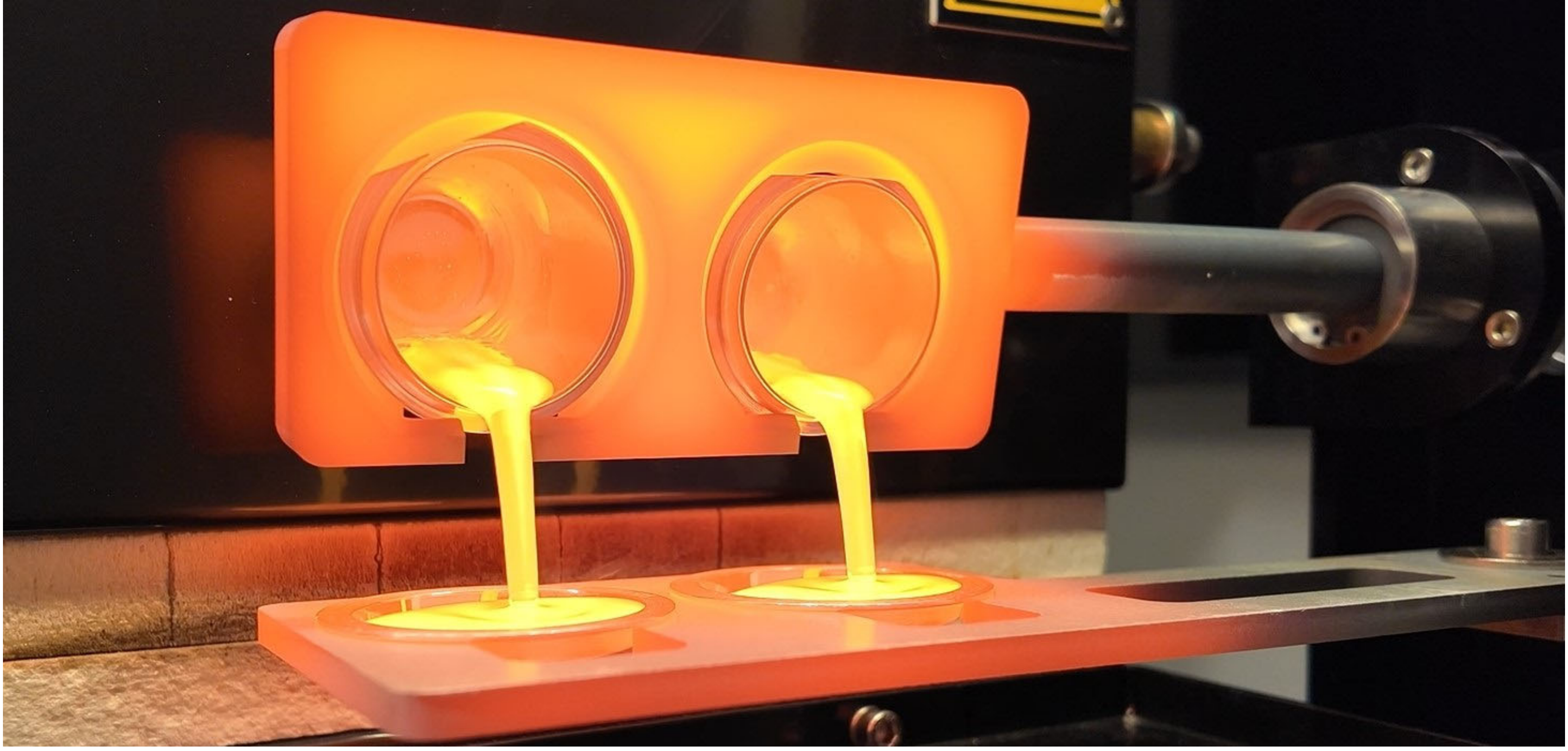
While our Precious Metals fabrication business had another strong year its results were held back by a poor result from our German office due to weaker local economic conditions. The ongoing work in our Melbourne plant to enhance production technology, broaden our range of customised products and improve product quality is resonating with our client base and has delivered strong growth in sales and profits with new customer relationships continuing to be established.

Our Capital Equipment business had a very good year with an increase in machine sales and further growth in operating profit driven in part by improved margins. Now that our TGA machine is in the market we will be focusing on driving sales through our global distributor network. Furthermore our recent acquisition of the remaining 50% of Orbis Mining will increase our share of their growing profits which are being driven by the strong reputation of their industry leading crushers.

Once again XRF's outstanding financial performance has allowed us to increase fully franked dividends paid to our shareholders while investing further in the business and strengthening our balance sheet. Across all of our businesses we continue to see opportunities for ongoing growth and improved shareholder returns. We also actively monitor acquisition opportunities in adjacent sectors that will be value accretive.

In closing I would like to thank all of XRF's talented and committed team, ably led by our Managing Director, Vance Stazzonelli, and my fellow directors for their significant contribution and ongoing effort in delivering yet another outstanding financial result in a challenging global environment.

Fred S Grimwade
Chairman



DIRECTORS' REPORT

Your directors present their report on the company XRF Scientific Limited and its controlled entities for the financial year ended 30 June 2024.

DIRECTORS

The names of the directors in office at any time during or since the end of the financial year are:

Fred Grimwade
Vance Stazzonelli
David Brown
David Kiggins

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the economic entity during the financial year was the business of manufacturing and marketing precious metal products, specialised chemicals and instruments for the scientific, analytical and mining industries. No significant change in the nature of these activities occurred during the year.

DIVIDENDS – XRF SCIENTIFIC LIMITED AND CONTROLLED ENTITIES

Dividends paid to members during the financial year were as follows:

	2024 $	2023 $
Final dividend for the prior financial year	4,522,643	3,397,304

Amounts paid during the current period include a final dividend of 3.3 cents per share (FY23: 2.5 cents), paid to eligible holders of 137,049,775 shares (FY23: 135,892,049).

In addition, since the end of the financial year the directors have declared the payment of a fully franked final dividend of 3.9 cents per share to be paid on 27 September 2024 out of retained earnings at 30 June 2024.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

A review of operations during the financial year and the results of those operations found that the economic entity continued to engage in its principal activity. The results and financial position are disclosed in the attached financial statements.

The consolidated entity has produced a Net Profit After Tax (NPAT) of $9,496,873 for the year ended 30 June 2024, compared with $8,181,046 for the previous year.

Details of the results for the financial year ended 30 June 2024 are as follows:

	2024 $	2023 $	Increase over prior year %
Total revenue and other income	60,128,265	55,301,115	9
Net profit after tax	9,496,873	8,181,046	16
Net profit attributable to members	8,885,264	7,685,827	16
Basic earnings per share – (cents per share)	6.4	5.6	15
Diluted earnings per share – (cents per share)	6.4	5.6	15

OPERATING RESULTS

XRF Scientific Ltd ("XRF" or "Company" or "Group") is pleased to report its June 2024 full-year results to shareholders. The Company has generated a record full-year result with revenue of $60.1m and a 16% increase in Net Profit After Tax to $8.9m.

During the year we saw strong levels of activity across the divisions, with the mining industry being the main driver of activity. International sales growth continued in key markets across Europe, Asia and the Americas.

The Board has declared a final fully franked dividend of 3.9 cents per share which is up by 18% on last year.

Our balance sheet remains robust with $12.0m in cash and $1.6m in debt at 30 June 2024. $1.3m of debt for our Melbourne platinum factory is now in short-term due to the three-year loan period expiring in October 2024. We expect this loan to be rolled over during 1H25.

The Consumables division had another strong year, generating a profit before tax of $5.7m from revenue of $18.8m. The mining sector remained the key driver of activity, in which our products are consumed for sample testing processes across production and exploration. Product volumes continue to grow into international markets and new significant customers were acquired.

Lithium chemicals are a key production input and began reducing in price during the year. As a result, selling prices and production costs are affected, with profit per unit sold remaining steady. This trend is expected to continue into FY25, which should have a positive impact of reducing working capital requirements.

The Precious Metals division delivered revenue of $21.5m and a profit before tax of $3.6m. We experienced high levels of reoccurring orders from mining customers, as increased sample testing requires regular recycling of spent platinum labware products. In addition, a high level of machine orders is driving the sale of significant amounts of new platinum labware products. Economic conditions in Germany were challenging, with the office's revenue and profit before tax down on FY23 by $3.2m and $0.8m. Germany's results are expected to improve in FY25, based on current market activity.

OPERATING RESULTS continued

The Capital Equipment division delivered a profit before tax of $4.6m from revenue of $21.8m. Demand for our capital equipment products was very robust during the year. The demand is driven by a mix of mining and industrial customers globally. International sales are growing, with certain countries in the Americas and Asia demonstrating strong growth. Following the launch in June 2023, the first xrTGA sales were achieved during the year to high quality reference sites. A number of new products are currently under development, which are expected to be released through the course of FY25. New products include both next generation upgrades to existing machines and new additions to the product range.

Included in the result, Orbis Mining generated revenue of $5.8m and total profit before tax of $1.7m (50% of PBT allocated to non-controlling interest). International sales are gaining momentum, particularly in the Americas where significant sales have been achieved. The year included the first sale of a crusher system into Brazil to an iron ore mining company.

Post year-end we announced the acquisition of the remaining 50% in Orbis Mining Pty Ltd (Orbis), and subsequent completion on 26 July 2024. The acquisition price was $3.91m for the remaining 50% shares in Orbis. The price was based on a 5x multiple of average FY23 and FY24 EBIT of $1.6m, at a rate of 50%. The acquisition was settled in 50% cash and 50% in XRF shares at a 10-day VWAP of $1.47. The business is fully integrated into XRF's existing operating structure and led by General Manager and co-founder Brad Hunting. We expect significant growth from Orbis in the years ahead, based on the size of the potential markets, and the quality and advantages of the products. New complementary Orbis products are planned for launch during FY25.

Our next trading update will be provided via the September quarter report in October.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 9 July 2024, XRF announced that it had exercised the call option to acquire the remaining 50% of Orbis Mining, with the acquisition completed on 25 July 2024.

A final dividend of 3.9 cents per share fully franked (FY23: 3.3 cents per share fully franked) was declared on 19 August 2024, with a record date of 13 September 2024 and payment date of 27 September 2024.

There were no other events subsequent to the reporting date which have significantly affected or may significantly affect the XRF Scientific Limited operations, results or state of affairs in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to pursue its objectives of increasing profitability and market capitalisation during the next financial year. Strategies to achieve these objectives include geographic expansion initiatives and new product development. The Group will also consider opportunities to acquire complementary manufacturing businesses in the laboratory supply and precious metals sectors.

Likely results in the operations of the Group and the expected results of those operations in the future financial year have not been included in this report, as the disclosure of such information may lead to commercial prejudice to the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the affairs of the Group.

ENVIRONMENTAL REGULATION

All companies within the Group continued to comply with all environmental requirements. Wherever possible, carbon emissions have been limited, and new production techniques adopted to reduce energy use. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report greenhouse gas emissions and energy use. For the measurement period 1 July 2023 to 30 June 2024 the directors have assessed that there are no current reporting requirements, but the Company may be required to do so in the future. The economic entity is also subject to the environmental regulations under the laws of the Commonwealth or of a State or Territory in which it operates. The Directors are not aware of any breaches of these regulations.

CORPORATE GOVERNANCE DISCLOSURE

The Group's Corporate Governance Statement for the year ended 30 June 2024 can be found at www.xrfscientific.com/corporate-governance. The statement also summarises the extent to which the Group has complied with the Corporate Governance Council's recommendations.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Fred Grimwade	**Chairman (Non-Executive)**
Date of appointment:	1 May 2012 (12 years); Chairman since 29 October 2018 (6 years)
Qualifications:	Bachelor of Commerce and Law, Master of Business Administration, Fellow of the Governance Institute of Australia, Fellow of the Australian Institute of Company Directors, and Life Member of the Financial Services Institute of Australasia
Experience:	Has held general management positions at Colonial Agricultural Company, the Colonial Group, Western Mining Corporation and Goldman, Sachs & Co. Currently a Principal and Director of Fawkner Capital.
Other current directorships:	Non-Executive Director of Australian United Investment Company Ltd (since March 2014) and other private companies
Former directorships in last 3 years:	Chairman of CPT Global Ltd (October 2002 to November 2023); Non-Executive Director of Select Harvests Ltd (July 2010 to February 2023) and other private companies
Special responsibilities:	Chairman of the Remuneration Committee, member of the Audit & Governance Committee
No. of shares:	537,352 fully paid ordinary shares
David Brown	**Director (Non-Executive)**
Date of appointment:	7 June 2004 (20 years)
Qualifications:	Bachelor of Science, Bachelor of Economics
Experience:	Has over four decades of experience in research and development and manufacturing of X-Ray Flux chemicals; formerly Chief Chemist for Swan Brewery Co. Ltd and Chairman of Scientific Industries Council of WA
Other current directorships:	Private companies only
Former directorships in last 3 years:	Private companies only
Special responsibilities:	Technical consultant to XRF Chemicals Pty Ltd
No. of shares:	9,192,200 fully paid ordinary shares
David Kiggins	**Director (Non-Executive)**
Date of appointment:	1 May 2012 (12 years)
Qualifications:	Bachelor of Science (Hons), Fellow of the Institute of Chartered Accountants of England and Wales, Fellow of the Institute of Chartered Secretaries and Administrators, and member of Australian Institute of Company Directors
Experience:	Formerly at Arthur Andersen, working in audit and business consulting; GM Business Development and Company Secretary at Automotive Holdings Group Ltd; Finance Director and Company Secretary at Global Construction Services Ltd; Chief Financial Officer at Heliwest and Stealth Global Holdings Ltd. Currently Chief Financial Officer of Sadleirs.
Other current directorships:	Private companies only
Former directorships in last 3 years:	Private companies only
Special responsibilities:	Chairman of the Audit & Governance Committee, member of the Remuneration Committee
No. of shares:	212,900 fully paid ordinary shares
Vance Stazzonelli	**Managing Director (Executive)**
Date of appointment:	22 February 2018 (6 years)
Qualifications:	Bachelor of Commerce (Professional Accounting)
Experience:	Vance joined XRF Scientific as Chief Financial Officer in October 2009. He was subsequently appointed to Chief Operating Officer in January 2011 and then Chief Executive Officer in August 2012. On 22 February 2018, he was appointed as Managing Director.
Other current directorships:	Private companies only
Former directorships in last 3 years:	Private companies only
Special responsibilities:	N/A
No. of shares:	800,000 fully paid ordinary shares
No. of performance rights:	617,137 performance rights

COMPANY SECRETARIES

Vance Stazzonelli, B.Comm, CPA – Vance has held the role of Company Secretary since June 2008.
Andrew Watson, B.Comm, CA – Andrew was appointed Joint Company Secretary in August 2013.

OTHER KEY MANAGEMENT

Andrew Watson (Chief Financial Officer – XRF Scientific Limited)
Andrew joined XRF Scientific in August 2012. He is a member of the Chartered Accountants Australia and New Zealand and holds a Graduate Diploma of Applied Corporate Governance.

MEETINGS OF DIRECTORS

The number of meetings held by the Board of Directors including meetings of the committees of the Board and the number of meetings attended by each of the Directors during the financial year ended 30 June 2024 were as follows:

	Full meetings of Directors		Meetings of committees - Audit & Governance, Remuneration	
	A	**B**	**A**	**B**
Fred Grimwade	11	11	3	3
David Brown	11	11	*	*
David Kiggins	11	11	3	3
Vance Stazzonelli	11	11	*	*

A = Meetings held during the time the director held office or was a member of the Committee during the year.
B = Meetings attended.
***** = Not a member of the relevant Committee.

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration.

Remuneration governance
The Remuneration Committee is a committee of the Board. Its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. It is primarily responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework
- operation of the incentive plans which apply to the executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other key management personnel, and
- non-executive director fees

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. The Chairman's remuneration is inclusive of committee fees. Non-executive directors may receive share options.

REMUNERATION REPORT (Audited) continued

Managing director

No additional remuneration is paid to Mr Stazzonelli as part of his appointment as Managing Director and his contracted terms of employment remain unchanged.

Directors' fees

Directors' remuneration was last reviewed in July 2024 and it was decided that fees would be increased to the following amounts:

Chairman	$116,139
Non-Executive Directors	$70,172
Committee Chairman	$10,142

The maximum amount payable is capped at $400,000 per annum and was approved by shareholders at the Annual General Meeting in November 2012.

Executive pay

The executive pay and reward framework has three components:

1. Base pay and benefits, including superannuation
2. Short-term performance incentives, and
3. Long-term incentives.

It is Board policy to review key management annually, and adjust such compensation taking into account the manager's performance, the performance of the entity which they manage, and the performance of the Group of companies.

Where appropriate, there is a direct link between financial performance (profit or growth) to key managers' compensation by way of bonus, which is assessed under a weighted balanced scorecard method, as set out by the Remuneration Committee at the start of each year. This method is accepted by the Board as being an appropriate incentive for encouraging key management personnel to reach targets that are in excess of budgeted growth.

(i) Base Pay

Executives are offered a competitive base pay that forms the fixed component of pay. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is reviewed on promotion.

(ii) Benefits

Executives may receive benefits including car and mileage allowances.

(iii) Superannuation

Effective from 1 July 2024, retirement benefits of 11.5% (2023: 11.0%) of the base pay are delivered to the individual super fund of the executive's choice.

(iv) Short-term performance incentives

Bonuses may be paid on the performance of the individual entity based on full year performance for the financial year. In most instances bonus payments are based on the achievement of a percentage of that year's budget and targets/objectives being met. A short-term incentive (STI) pool is available for executives during the annual review, which is subject to caps that are in place. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

(v) Long-term incentives

The Board is cognisant of general shareholder opinion that long-term equity-based rewards for executives should be linked to the success of the Company. To achieve this, performance rights may be awarded as a percentage of fixed remuneration. The performance rights vest upon the satisfaction of performance criteria, following which the Company will allocate to the executive the number of shares to which they are entitled.

REMUNERATION REPORT (Audited) continued

(vi) Assessing performance and clawback of remuneration

The Company's current Executive Performance Reward Policy does not currently include any clawback provisions.

(b) Details of remuneration

(i) Non-Executive

Fred Grimwade	Chairman
David Brown	Director
David Kiggins	Director

(ii) Executive

Vance Stazzonelli	Managing Director
Andrew Watson	Chief Financial Officer

Fixed Remuneration

The level of fixed remuneration is set as to provide base level of remuneration which is both appropriate to the position and its competitive market. Fixed remuneration is reviewed annually by the Remuneration Committee based on market rates, as well as having regard to the Company and individual performance. The fixed remuneration of other key management personnel is contained in information that follows.

Variable Remuneration (Short-Term Incentive)

To assist in achieving the objective of retaining a high-quality executive team, the Remuneration Committee links the nature and amount of the executive emoluments to the Company's financial and operating performance. For the Managing Director, variable remuneration is calculated based on an assessment of key performance indicators using a weighted balanced scorecard method, as set out by the Remuneration Committee at the start of each year. The maximum amount payable to the Managing Director for 2024 is $175,000. There were five categories of STI performance measure (plus a discretionary component) for the year ended 30 June 2024. Those measures were chosen to provide a balance between corporate, individual, operational, strategic, financial and behavioural aspects of performance. The weighting assigned to each of the performance measures was as follows:

- Group financial performance (30%)
- Leadership (10%)
- Stakeholder & associated business relations (7.5%)
- Execution of business growth strategy (27.5%)
- Compliance and risk management (5%)
- Discretionary (20%)

The Remuneration Committee considered the performance of the Managing Director against the performance measures outlined above. A range of financial, strategic and operational targets were met and internal expansion plans are on schedule. All compliance obligations were met throughout the year with no reported issues and relationships with internal and external stakeholders were well managed. It was decided that $140,000 (including superannuation) would be paid, which is 80% of the maximum amount payable.

Bonus payments to other key management personnel were 100% discretionary, based on a range of financial, strategic and operational factors. These amounts were accrued at 30 June 2024 and paid in July and August 2024. In March 2024, each employee eligible to participate in the Company's employee share scheme (including the Chief Financial Officer) received shares valued at $1,000. The issue of these shares was 100% at the Board's discretion.

REMUNERATION REPORT (Audited) continued

Variable Remuneration (Long-Term Incentive)

In November 2023, the Board awarded 214,634 performance rights to the Managing Director (based on 60% of his fixed salary) and 84,143 to the Chief Financial Officer (based on 35% of his fixed salary). The performance rights are subject to the performance condition below:

Indexed Total Shareholder Returns

Total Shareholder Return (TSR) measures the growth in the Group's share price together with the value of dividends during the period. When calculating the Group's TSR, its share price at the beginning and end of the performance period will be calculated as a one-month VWAP (i.e. July in year 1 and June in year 3). The percentage of PRs out of this tranche that vest will be determined by reference to the relative TSR of the Group achieved over the three-year performance period, compared to the TSR of the S&P/ASX Small Ordinaries Accumulation Index (ASOAI), as follows:

Performance against the relevant condition(s)	Quantum of Performance Rights subject to performance conditions that vest (%)
Less than index TSR Below 100% of the proportionate change in the ASOAI index over the relevant performance period	Nil
Equal to index TSR At 100% of the proportionate change in the ASOAI index over the relevant performance period	50%
Greater than index TSR Between 100% and 120% of the proportionate change in the ASOAI index over the relevant performance period	Pro-rata between 50% and 100%

Threshold vesting of this tranche of the PRs occurs where the Company's TSR equals the S&P/ASX Small Ordinaries Accumulation Index TSR over the performance period. For the whole tranche of PRs to vest, the Company's TSR must exceed the TSR of the S&P/ASX Small Ordinaries Index over the performance period by 20 per cent.

This performance condition must be satisfied in order for the performance rights to vest. The Board currently expects that it will determine whether or not the performance conditions have been satisfied by late August 2026, after the release of the Company's audited financial statements.

REMUNERATION REPORT (Audited) continued

Amounts of remuneration

Details of the remuneration of directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of XRF Scientific Limited are set out in the following:

2024	Short-term Cash Salary $	Short-term Cash Bonuses $	Short-term Share-Based Payments $	Short-term Other $	Post-employment Super-annuation $	Long-term Long-Service Leave $	Long-term Share-Based Payments $	Total $
Non-executive directors								
Fred Grimwade	100,605	-	-	-	11,067	-	-	111,672
David Brown	60,786	-	-	*235,112	6,686	-	-	302,584
David Kiggins	69,572	-	-	-	7,653	-	-	77,225
Total non-executive directors	**230,963**	**-**	**-**	**235,112**	**25,406**	**-**	**-**	**491,481**
Executive directors								
Vance Stazzonelli	411,865	140,000	-	-	28,135	21,303	121,011	722,314
Total executive directors	**411,865**	**140,000**	**-**	**-**	**28,135**	**21,303**	**121,011**	**722,314**
Other key management personnel								
Andrew Watson	266,400	60,090	1,000	**42,009	40,835	12,472	47,440	470,246
Total key management personnel	**266,400**	**60,090**	**1,000**	**42,009**	**40,835**	**12,472**	**47,440**	**470,246**
	909,228	**200,090**	**1,000**	**277,121**	**94,376**	**33,775**	**168,451**	**1,684,041**

2023	Short-term Cash Salary $	Short-term Cash Bonuses $	Short-term Share-Based Payments $	Short-term Other $	Post-employment Super-annuation $	Long-term Long-Service Leave $	Long-term Share-Based Payments $	Total $
Non-executive directors								
Fred Grimwade	93,575	-	-	-	9,825	-	-	103,400
David Brown	56,538	-	-	*217,697	5,937	-	-	280,172
David Kiggins	64,710	-	-	-	6,795	-	-	71,505
Total non-executive directors	**214,823**	**-**	**-**	**217,697**	**22,557**	**-**	**-**	**455,077**
Executive directors								
Vance Stazzonelli	362,017	120,000	-	-	23,982	18,029	250,357	774,385
Total executive directors	**362,017**	**120,000**	**-**	**-**	**23,982**	**18,029**	**250,357**	**774,385**
Other key management personnel								
Andrew Watson	222,000	49,550	1,000	-	28,760	9,821	92,812	403,943
Total key management personnel	**222,000**	**49,550**	**1,000**	**-**	**28,760**	**9,821**	**92,812**	**403,943**
	798,840	**169,550**	**1,000**	**217,697**	**75,299**	**27,850**	**343,169**	**1,633,405**

* Technical services provided by consultancy (such as technical sales and support, analytical method development).

** Cash payment of annual and long service leave accrued by the employee.

Percentage of performance related compensation of total remuneration

Certain executive personnel are paid performance bonuses and receive performance rights in addition to set remuneration amounts. The Board of Directors have set these incentives to encourage growth and profitability and they are paid as per the conditions set out on pages 11 and 12. The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration 2024	Fixed Remuneration 2023	At risk - STI 2024	At risk - STI 2023	At risk - LTI 2024	At risk - LTI 2023
Vance Stazzonelli	50%	50%	20%	20%	30%	30%
Andrew Watson	62%	62%	16%	16%	22%	22%

REMUNERATION REPORT (Audited) continued

Options issued as part of total remuneration

No options have been issued in 2023 or 2024 as part of total remuneration.

Voting and comments made at the Company's 2023 Annual General Meeting

A resolution to adopt the Remuneration Report for the 2023 financial year was proposed at the Company's most recent Annual General Meeting. The resolution was decided by poll, with 92% of eligible votes cast in favour of adopting the report. Aside from the votes cast, the Company did not receive any specific feedback at the meeting or throughout the year on its remuneration practices.

(c) Shareholder Wealth

The following is a summary of key shareholder wealth statistics for the Company over the past 5 years (listed since 2006).

	EBIT	Earnings Per Share	Dividends Declared Per Share	Share Price	Market Cap (at 30 June)
	$	Cents	Cents	Cents	$
2019/20	4,602,319	2.3	1.4	24	32,118,193
2020/21	6,818,111	3.8	2.0	47.5	63,916,519
2021/22	8,259,768	4.5	2.5	57	77,458,468
2022/23	11,924,806	5.6	3.3	117	160,348,237
2023/24	13,470,188	6.4	3.9	134.5	185,757,109

(d) Bonuses

Each individual Key Management Personnel performance bonus was discussed and reviewed against the requirements set out on page 10. It was agreed that the proposed performance bonuses met these conditions, specifically individual performance against agreed Key Performance Indicators.

(e) Shares held by key management personnel

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Name	Balance at 1 July 2023	On-market trades	Issued via DRP	Issued via ESS	Balance at 30 June 2024
Directors					
Fred Grimwade	518,939	-	18,413	-	537,352
David Brown	10,172,200	(980,000)	-	-	9,192,200
David Kiggins	212,900	-	-	-	212,900
Vance Stazzonelli	740,000	33,033	26,967	-	800,000
Key Management Personnel					
Andrew Watson	62,525	10,000	2,572	862	75,959

Securities Trading Policy

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the *Corporations Act 2001*.

Option holdings

There were no options over ordinary shares in the Company held during the financial year by directors of XRF Scientific Limited or other key management personnel of the Group.

REMUNERATION REPORT (Audited) continued

Dividends received by key management personnel

Details of dividends received directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Name	2024 $	2023 $
Directors		
Fred Grimwade	17,125	12,500
David Brown	336,343	247,613
David Kiggins	7,026	5,323
Vance Stazzonelli	25,080	17,500
Key Management Personnel		
Andrew Watson	2,393	1,198

(f) Service Agreements

Remuneration for the Managing Director and Chief Financial Officer is set out in service agreements, which are detailed below. No other key management personnel are currently employed under service contracts.

Vance Stazzonelli, Managing Director of XRF Scientific Limited

Terms of agreement – Ongoing employment contract effective 1 July 2012. Base salary is $457,600 per annum (effective 1 July 2024 and ongoing), including superannuation benefits (2023: $440,000 including superannuation benefits). Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to six months full pay. Notice period by the employee of six months. Payment of bonuses is based on a range of strategic, financial, operational, personnel, and Board-related key performance indicators.

Andrew Watson, Chief Financial Officer of XRF Scientific Limited

Terms of agreement – Ongoing employment contract effective 24 July 2014. Base salary is $277,056 per annum (effective 1 July 2024 and ongoing), plus superannuation benefits of 11.5% (2023: $266,400 plus superannuation benefits of 11%). Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to three months full pay. Notice period by the employee of three months. Payment of bonuses is based on a range of strategic, financial, operational, personnel, and Board-related key performance indicators.

(g) Share-based compensation

Details of performance rights held by key management personnel are as follows:

Name	Balance at 1 July 2023	Issued via Performance Rights Plan	Balance at 30 June 2024
Vance Stazzonelli	402,503	214,634	617,137
Andrew Watson	149,215	84,143	233,358

Details of active performance rights are as follows:

Grant date	Vesting conditions	Performance period	Participating KMP
11 November 2022	• Indexed Total Shareholder Returns • Earnings Per Share Compound Annual Growth Rate	1July 2022 to 30 June 2025	Vance Stazzonelli, Andrew Watson
13 November 2023	• Indexed Total Shareholder Returns	1July 2023 to 30 June 2026	Vance Stazzonelli, Andrew Watson

REMUNERATION REPORT (Audited) continued

During the year ended 30 June 2024, shares valued at $1,000 were also issued to the Chief Financial Officer under the XRF Scientific Exempt Employee Share Plan (2023: $1,000). There was no share-based compensation to any other Director or Key Management Personnel for the years ended 30 June 2024 and 2023. The Company has not adopted an employee share option scheme.

(h) Remuneration consultants

No remuneration consultants were used in the years ended 30 June 2024 and 30 June 2023.

(i) Other transactions with key management personnel

Premises were rented from a related entity of Director David Brown during the financial year. These properties were rented on normal commercial terms and conditions, totalling $120,172 (2023: $107,835). No amounts were outstanding at the end of the year.

(j) Loans to directors and executives

No loans were made to directors and executives during the financial years ended 30 June 2024 and 30 June 2023.

End of Remuneration Report (Audited).

NON-AUDIT SERVICES

Details of the non-audit services provided by the Company's external auditor BDO Audit Pty Ltd and its related practices during the year ended 30 June 2024 are outlined in the following table. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit & Governance Committee to ensure that they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2024	**2023**
	$	**$**
BDO - Australia		
Audit and review of financial reports	138,104	143,535
Taxation services	47,055	28,914
Other services	5,096	11,947
BDO - Belgium		
Audit and review of financial reports	68,532	15,154
Taxation services	13,977	9,895
Other services	-	2,298
BDO - Canada		
Taxation services	13,199	8,530
Other services	4,531	-
BDO - UK		
Audit and review of financial reports	34,131	-
Total remuneration for audit and other services	**324,625**	**220,273**

The Board is satisfied that the auditors of the Company, BDO Audit Pty Ltd remain independent.

OPTIONS

No unissued ordinary shares of XRF Scientific Limited remain under option at the date of this report.

INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid insurance premiums to insure the directors and officers of the Company and its Australian–based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or some criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

During the financial year, the Company has not paid premiums to insure, or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

PROCEEDINGS ON BEHALF OF OR INVOLVING THE ECONOMIC ENTITY

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

ROUNDING IN DIRECTORS' REPORT

All values in this report are rounded to the nearest dollar unless otherwise stated, under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors and signed for and on behalf of the Board by:

Fred S Grimwade
Chairman

19 August 2024

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF XRF SCIENTIFC LIMITED

As lead auditor of XRF Scientific Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of XRF Scientific Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

19 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue	5	60,116,820	55,260,722
Cost of sales	6	(33,568,641)	(32,278,092)
Gross profit		**26,548,179**	**22,982,630**
Other income		11,445	40,393
Administration expenses	6	(10,858,388)	(9,168,504)
Occupancy expenses		(953,823)	(967,860)
Other expenses		(996,145)	(875,719)
Finance costs		(287,679)	(221,618)
Profit before income tax		**13,463,589**	**11,789,322**
Income tax expense	7	(3,966,716)	(3,608,276)
Profit after income tax		**9,496,873**	**8,181,046**
Profit attributable to NCI		(611,609)	(495,219)
Profit after income tax attributable to XRF Scientific Ltd equity holders		**8,885,264**	**7,685,827**
Other comprehensive income			
Profit after income tax		9,496,873	8,181,046
Foreign currency translation differences	23(a)	(236,797)	441,141
Total comprehensive income		**9,260,076**	**8,622,187**
Total comprehensive income attributable to NCI		(611,609)	(495,219)
Total comprehensive income attributable to XRF Scientific Ltd equity holders		**8,648,467**	**8,126,968**
Earnings per share for the year attributable to XRF Scientific Ltd equity holders			
Basic earnings per share (cents per share)	32	6.4	5.6
Diluted earnings per share (cents per share)	32	6.4	5.6

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	Consolidated	
		2024 $	2023 $
CURRENT ASSETS			
Cash and cash equivalents	8	12,048,459	10,401,407
Trade and other receivables	9	9,523,780	8,628,914
Inventories	10	17,018,679	16,879,191
Other assets	11	612,932	621,647
Total Current Assets		**39,203,850**	**36,531,159**
NON-CURRENT ASSETS			
Property, plant and equipment	12	10,825,673	10,414,766
Intangible assets	13	16,619,246	16,866,428
Deferred tax asset	14	1,584,351	1,735,265
Total Non-Current Assets		**29,029,270**	**29,016,459**
Total Assets		**68,233,120**	**65,547,618**
CURRENT LIABILITIES			
Trade and other payables	15	4,098,095	4,005,753
Provisions	16	2,127,968	2,459,833
Short-term borrowings	17	1,619,179	781,413
Current lease liabilities	18	615,255	603,701
Other current liabilities	19	928,538	2,403,061
Current income tax liability		1,060,674	1,364,714
Total Current Liabilities		**10,449,709**	**11,618,475**
NON-CURRENT LIABILITIES			
Long-term borrowings	17	-	1,290,500
Non-current lease liabilities	18	1,145,658	1,638,531
Deferred tax liability	20	965,103	1,303,998
Provisions	21	132,442	118,447
Total Non-Current Liabilities		**2,243,203**	**4,351,476**
Total Liabilities		**12,692,912**	**15,969,951**
Net Assets		**55,540,208**	**49,577,667**
EQUITY			
Issued capital	22	21,410,923	20,414,399
Non-controlling interest		655,175	323,566
Reserves	23(a)	1,698,709	2,186,165
Retained profits	23(b)	31,775,401	26,653,537
Total Equity		**55,540,208**	**49,577,667**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

30 JUNE 2024 – CONSOLIDATED	Issued Share Capital	Non-Controlling Interest	Share Option Reserve	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	$	$	$	$	$	$	$
Balance at 1 July 2023	**20,414,399**	**323,566**	**759,243**	**262,660**	**1,164,262**	**26,653,537**	**49,577,667**
Profit for the year	-	611,609	-	-	-	8,885,264	9,496,873
Other comprehensive income	-	-	-	-	(236,797)	-	(236,797)
Total comprehensive income	**-**	**611,609**	**-**	**-**	**(236,797)**	**8,885,264**	**9,260,076**
Transactions with Equity Holders in their capacity as Equity Holders							
Ordinary shares issued, net of transaction costs	996,524	-	-	-	-	-	996,524
Employee performance rights plan	-	-	-	508,584	-	-	508,584
Dividends paid / payable to members	-	-	-	-	-	(4,522,643)	(4,522,643)
Dividends paid / payable to NCI	-	(280,000)	-	-	-	-	(280,000)
Options expired in prior periods	-	-	(759,243)	-	-	759,243	-
	996,524	**(280,000)**	**(759,243)**	**508,584**	**-**	**(3,763,400)**	**(3,297,535)**
Balance at 30 June 2024	**21,410,923**	**655,175**	**-**	**771,244**	**927,465**	**31,775,401**	**55,540,208**

30 JUNE 2023 – CONSOLIDATED	Issued Share Capital	Non-Controlling Interest	Share Option Reserve	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	$	$	$		$	$	$
Balance at 1 July 2022	**19,632,304**	**(131,653)**	**759,243**	**-**	**723,121**	**22,365,014**	**43,348,029**
Profit for the year	-	495,219	-	-	-	7,685,827	8,181,046
Other comprehensive income	-	-	-	-	441,141	-	441,141
Total comprehensive income	**-**	**495,219**	**-**	**-**	**441,141**	**7,685,827**	**8,622,187**
Transactions with Equity Holders in their capacity as Equity Holders							
Ordinary shares issued, net of transaction costs	782,095	-	-	-	-	-	782,095
Employee performance rights plan	-	-	-	262,660	-	-	262,660
Dividends paid / payable to members	-	-	-	-	-	(3,397,304)	(3,397,304)
Dividends paid / payable to NCI	-	(40,000)	-	-	-	-	(40,000)
	782,095	**(40,000)**	**-**	**262,660**	**-**	**(3,397,304)**	**(2,392,549)**
Balance at 30 June 2023	**20,414,399**	**323,566**	**759,243**	**262,660**	**1,164,262**	**26,653,537**	**49,577,667**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2024

	Note	Consolidated 2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		57,264,000	54,418,414
Payments to suppliers and employees (inclusive of GST)		(44,708,742)	(42,898,964)
Finance costs		(287,679)	(221,618)
Income taxes paid		(4,458,737)	(2,967,449)
Interest received		281,080	86,135
Net cash inflow from operating activities	30	**8,089,922**	**8,416,518**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,612,053)	(757,684)
Payments for research and development		(30,787)	(24,748)
Net cash outflow from investing activities		**(1,642,840)**	**(782,432)**
Cash flows from financing activities			
Proceeds from borrowings	17	1,868,662	2,711,497
Repayment of borrowings	17	(2,321,396)	(3,407,686)
Payment of lease liabilities		(746,750)	(507,337)
Dividends paid		(3,600,546)	(2,678,692)
Net cash outflow from financing activities		**(4,800,030)**	**(3,882,218)**
Cash and cash equivalents at the beginning of the financial year		10,401,407	6,649,539
Net increase in cash and cash equivalents		1,647,052	3,751,868
Cash and cash equivalents at the end of the financial year	8	**12,048,459**	**10,401,407**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The financial report of XRF Scientific Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 19 August 2024 and covers XRF Scientific Limited as an individual entity as well as the consolidated entity consisting of XRF Scientific Limited and its subsidiaries.

These financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated, under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

XRF Scientific Limited is a company limited by shares incorporated in Australia and is a for-profit entity whose shares are publicly traded on the Australian Stock Exchange.

These general purpose financial statements have been prepared in accordance with Australian Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of XRF Scientific Limited also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Financial statement presentation

The following material accounting policies have been adopted in the preparation and presentation of the financial report.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of XRF Scientific Limited ("Company" or "Parent Company") as at 30 June 2024 and the results of all subsidiaries for the year then ended.

XRF Scientific Limited and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

All controlled entities have a 30 June financial year end.

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the Company (the Parent Company) and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the benefit is credited to profit or loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entities. All intercompany balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(ii) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each Group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge. The differences taken to equity are recognised in profit or loss on disposal of the net investment.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are recognised in the profit or loss.

Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary currency economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows.

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position. Income and expenses for each profit or loss item are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows:

(i) Revenue from contracts with customers

Group revenue is derived from the manufacture and sale of chemicals, equipment and accessories to production mines, construction material companies and commercial analytical laboratories, in Australia and overseas. These finished goods are primarily used in the preparation of samples for analysis. The Group also derives service revenue from the installation, maintenance and repair of goods sold to customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price should be allocated (e.g. warranties). In determining the transaction price to be used in the recognition of revenue for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Sale of finished goods - Revenue is recognised at a point in time when control of the product has transferred to the customer, being when products are delivered. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the product in accordance with the agreed terms. Sales of goods are standalone transactions and do not involve ongoing contracts, nor the supply of additional goods and services.

Service revenue - When finished goods are bundled with installation services, they are listed separately on the sales invoice and there is a clear valuation assigned to each individual component. Installation is an optional service and could be performed by the customer or a third party, so it is considered to be a separate performance obligation. The performance of the service usually coincides with the delivery and installation of the goods, so both components can be recognised on the same date. Where there is a delay between the delivery of goods and the performance of services, the service components are allocated to the balance sheet as liabilities. This revenue will be recognised on the date that the service has been performed.

Maintenance and repair services fall into two main categories:

- Single services to be performed on a specified date in the future – If invoiced in advance, the revenue for these transactions remains on the balance sheet as a liability until the service is performed.
- Contracts to provide multiple services over a period of time – The revenue for these transactions is initially allocated to the balance sheet and then recognised on a monthly basis over the term of the contract (either 1 or 2 years), as the customer receives the benefit of the service on a simultaneous basis.

(ii) Contract balances

Contract assets - A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables - Trade receivables represent the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities - A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(iii) Interest income

Interest revenue is recognised on a proportional basis, considering the interest rates applicable to the financial assets.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

XRF Scientific Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, XRF Scientific Limited, and the controlled entities in the tax consolidated group account for their own deferred tax amounts. Current tax is accounted for by each subsidiary entity, which is then consolidated up into the tax consolidated group, as per the tax sharing agreement. In addition to its own share of current and deferred tax amounts, XRF Scientific Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Income tax is allocated under the separate taxpayer within group approach. Details about the tax funding agreement are disclosed in note 7.

(g) Leases

The Group leases various offices, warehouses and factories. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability,

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss. All purchase consideration is recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently re-measured through profit or loss. Acquisition-related costs are expensed as incurred.

Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses.

Trade receivables are due for settlement no more than 90 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off to the Statement of Profit or Loss and Other Comprehensive Income. A provision for impairment of receivables is established based on the expected credit loss approach. For trade receivables the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Another indicator that determines the trade receivable is impaired is if the party is deemed to be bankrupt.

The amount of the provision is the difference between the present value of cash flows due under the contract and the present value of the future cash flows an entity expects to receive, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The movement in the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(l) Inventories

Raw materials, spare parts, work in progress and finished goods

Raw materials, spare parts, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

(i) Classification

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in trade and other financial assets, this will depend on the business model in which the investment is held.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(ii) Initial measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

(iii) Subsequent measurement

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its financial assets into the following measurement category:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iv) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its trade and other financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using a mixture of the straight line and diminishing value methods to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and Equipment	2%-40%
Property Improvements	4%-25%
Motor Vehicles	15%-25%
Office Equipment	5%-66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to the consolidated entity's cash generating units identified according to business and geographical segments (note 13(a)).

(ii) Patents, trademarks and licences

Patents, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and licences over their estimated useful lives, which vary from 3 to 20 years.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 1 to 8 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(t) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. These amounts are not expected to be settled wholly within 12 months of the reporting date.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The amount charged to profit or loss in respect of superannuation represents the contributions made by the Group to superannuation funds as nominated by the individual employee. Contributions made by the Company to employee superannuation funds are charged as expenses when incurred.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) New accounting standards and interpretations

The accounting standards and interpretations relevant to the operations of the Group are consistent with those of the previous financial year. There were some amendments and interpretations effective for the first time from 1 July 2023, but they did not have any significant impact on the current year or any prior year and are not likely to affect future years.

A number of new standards, amendments to standards and interpretations issued by AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements and some are not expected to be relevant to the Group. The Group does not plan to adopt these standards early.

The following new standard will be applicable to the Group from the 30 June 2028 reporting period:

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 replaces AASB 101 *Presentation of Financial Statements* and requires income and expenses to be classified in profit or loss as one of five categories, being investing, financing, income taxes, discontinued operations and operating (which is a residual category). There are also two mandatory sub-totals:

- Operating profit or loss
- Profit or loss before financing and income taxes, which comprises operating profit or loss and all investing income and expenses.

When these amendments are first adopted on 1 July 2027, subtotals in the Statement of Profit or Loss and Other Comprehensive for the year ended 30 June 2028 may differ, including restated comparatives for the year ended 30 June 2027. However, there will be no change to net profit or loss after taxation in either period.

There may also be changes in the way interest and dividend cash inflows and outflows are presented in the Statement of Cash Flows, which may impact the subtotals for cash generated or utilised from operating activities, investing activities and financing activities.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, price risk, cash flow risk, fair value risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides guidance for overall risk management and other specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the Australian Dollar. The currencies giving rise to this risk are predominantly Euros, the US Dollar, and the Canadian Dollar.

Foreign currency risk arises where settlement of a trade receivable, payable or borrowings is denominated in a currency that is not the entity's functional currency, which may result in a foreign currency gain or loss. The Group seeks to mitigate this risk by engaging in a majority of commercial transactions that are generally in AUD. The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2024			30 June 2023		
	CAD	EUR	USD	CAD	EUR	USD
Trade receivables	152,705	944,686	979,635	134,777	872,023	618,705
Trade payables	6,284	168,261	50,372	6,575	72,364	62,268

Group sensitivity

Based on the financial instruments held at 30 June 2024, had the Australian dollar strengthened / weakened by 10% (based on historical reasonableness movements) against the exchange rates in the above tables, with all other variables held constant, the Group's post-tax profit for the year would have been $255,327 lower / $312,066 higher (2023: $210,601 lower / $257,401 higher), mainly as a result of foreign currency exchange gains/losses on translation of foreign currency denominated financial instruments as detailed in the table above.

(ii) Price risk

As the Group does not have any investments in equities or commodities, its exposure to equities price risk and commodity price risk via investing is minimal.

While the Group holds precious metals as inventory (Note 10), customer commitments to market rates purchased result in the Group's exposure to commodities price risk being immaterial.

NOTE 2: FINANCIAL RISK MANAGEMENT continued

(iii) Cash flow, fair value and interest rate risk

At 30 June 2024, if interest rates had changed by -/+ 100 basis points (based upon forward treasury rates) from the year-end rates with all other variables held constant, post-tax profit for the year would have been $462 higher / lower (2023: $6,822 higher / lower), mainly as a result of higher/lower interest income from cash and cash equivalents. Cash and cash equivalent balances at 30 June 2024 would have been higher/lower by the same amount.

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk arises from cash and cash equivalents, trade receivables and other receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Counterparties without external credit ratings are in majority existing customers (<6months) with no history of defaults (Group 2).

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, and trade and other receivables, the Group's exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

There are no significant concentrations of credit risk within the Group at the reporting date.

The following table represents the Group's exposure to credit risk:

	Consolidated	
	2024 $	2023 $
Cash and cash equivalents (A+ rated)	12,048,459	10,401,407
Trade receivables, net of impairment provision (note 9) (Group 2)	9,519,768	8,618,299
Other receivables (external parties)	4,012	10,615
	21,572,239	**19,030,321**

Credit risk exposure is not significantly different for any of the segments of the Group.

Details of impaired trade receivables, and trade receivables overdue but not impaired can be found at note 9. An analysis of the Group's consolidated trade receivables is as follows:

	Current	Over 30 days	Over 60 days	Over 90 Days	Total
2024	7,326,535	970,915	523,060	699,258	9,519,768
2023	7,483,726	611,808	220,460	302,305	8,618,299

NOTE 2: FINANCIAL RISK MANAGEMENT continued

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. There have been no breaches or defaults on the repayment of debt.

Contractual maturities of financial liabilities As at 30 June 2024	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Total contractual cash flows $	Carrying Amount (assets)/ liabilities $
Non-derivatives						
Trade and other payables	3,059,668	-	-	-	3,059,668	3,059,668
Property lease liabilities	412,922	297,613	535,466	733,812	1,979,813	1,760,912
Property loan	1,332,236	-	-	-	1,332,236	1,305,000
Import loans	322,218	-	-	-	322,218	314,179
Total non-derivatives	**5,127,044**	**297,613**	**535,466**	**733,812**	**6,693,935**	**6,439,759**
As at 30 June 2023						
Non-derivatives						
Trade and other payables	3,177,143	-	-	-	3,177,143	3,177,143
Property lease liabilities	404,746	373,281	580,213	1,214,583	2,572,823	2,242,231
Property loan	131,286	128,560	1,316,693	-	1,576,539	1,464,500
Import loans	624,024	-	-	-	624,024	607,413
Total non-derivatives	**4,337,199**	**501,841**	**1,896,906**	**1,214,583**	**7,950,529**	**7,491,287**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated 2024 $	Consolidated 2023 $
Bank overdraft facility	500,000	500,000
Bank guarantee facility (AUD denominated)	31,222	2,015
Import facility	3,185,821	2,892,587
	3,717,043	**3,394,602**

(d) Fair value estimation

The fair value bases of financial assets and financial liabilities are outlined in note 1(n).

All financial assets and liabilities have carrying values that are reasonable approximates of their fair values, for the Consolidated Entity.

The fair values of current and non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Carrying value	$1,619,179
Fair value	$1,654,454

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Estimated recoverable amount of goodwill –** The Group tests whether goodwill has suffered any impairment, by comparing the carrying value to the recoverable amount, in accordance with the accounting policy stated in note 1(p). Refer to note 13 for the details on impairment tests performed on goodwill.

(b) **Tax –** The determination of the Group's provision for income tax, deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the Group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) **Determination of tax residency–** Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the Group has applied the following interpretations:

- *Australian tax residency* – The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- *Foreign tax residency* – The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure compliance with foreign tax legislations.

(d) **Allowance for expected credit losses –** The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(e) **Determining lease terms –** Management considers all facts and circumstances that create an economic incentive to exercise (or not exercise) an extension option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

NOTE 4: SEGMENT INFORMATION

Operating Segments – AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This is consistent to the approach used in previous periods. Operating segments are reported in a uniform manner to which is internally provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with any of the Group's other components. Each operating segment's results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Managing Director monitors segment performance based on profit before income tax expense. Segment results that are reported to the Managing Director include results directly attributable to a segment as well as those allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The consolidated entity has determined that strategic decision making is facilitated by evaluation of operations on the customer segments of Capital Equipment, Precious Metals and Consumables. For each of the strategic operating segments, the Managing Director reviews internal management reports on a monthly basis.

(a) **Description of segments**

Capital Equipment - Manufactures automated fusion equipment, high temperature test and production furnaces, laboratory jaw crushers and general laboratory equipment.

Precious Metals - Manufactures products for the laboratory and industrial platinum alloy markets.

Consumables - Manufactures chemicals and other supplies for analytical laboratories.

NOTE 4: SEGMENT INFORMATION continued

(b) Primary reporting format – business segments

Segment information provided to the Managing Director for the full-year ended 30 June 2024 is as follows:

	Capital Equipment	Precious Metals	Consumables	Total
Full-year ended 30 June 2024	**$**	**$**	**$**	**$**
Total segment revenue	21,750,639	21,500,323	18,817,203	62,068,165
Inter segment sales	(1,185,699)	(1,046,302)	-	(2,232,001)
Revenue from external customers	**20,564,940**	**20,454,021**	**18,817,203**	**59,836,164**
Profit before income tax expense	**4,599,968**	**3,568,575**	**5,723,761**	**13,892,304**
Full-year ended 30 June 2023				
Total segment revenue	18,829,453	21,665,597	16,938,375	57,433,425
Inter segment sales	(1,282,491)	(976,087)	-	(2,258,578)
Revenue from external customers	**17,546,962**	**20,689,510**	**16,938,375**	**55,174,847**
Profit before income tax expense	**3,415,340**	**3,581,576**	**5,244,727**	**12,241,643**
Segment assets				
At 30 June 2024	17,906,444	19,697,171	19,389,793	56,993,408
At 30 June 2023	14,981,826	21,490,073	20,040,839	56,512,738
Segment liabilities				
At 30 June 2024	3,869,046	4,450,627	1,154,344	9,474,017
At 30 June 2023	4,026,625	6,379,729	1,564,374	11,970,728
Depreciation & amortisation expense				
For the year ended 30 June 2024	744,688	400,745	279,494	1,424,927
For the year ended 30 June 2023	456,936	370,845	241,353	1,069,134
Capital expenditure				
For the year ended 30 June 2024	860,206	607,269	135,877	1,603,352
For the year ended 30 June 2023	178,162	282,323	299,694	760,179

	2024 ($)	2023 ($)
Revenue from external customers – segments	**59,836,164**	**55,174,847**
Unallocated revenue	280,656	85,875
Revenue from external customers – total	**60,116,820**	**55,260,722**
Profit before income tax expense – segments	**13,892,304**	**12,241,643**
Profit/(Loss) incurred by parent entity	(428,715)	(452,321)
Profit before income tax expense	**13,463,589**	**11,789,322**
Total segment assets	**56,993,408**	**56,512,738**
Cash and cash equivalents	9,556,094	7,203,957
Deferred tax asset	1,584,351	1,735,265
Other corporate assets & eliminations	99,267	95,658
Total assets	**68,233,120**	**65,547,618**
Segment non-current assets by geographical region		
Australia	24,391,880	24,049,450
Canada	1,963,780	2,111,869
Europe	794,055	765,394
Total segment non-current assets	**27,149,715**	**26,926,713**
Total segment liabilities	**9,474,017**	**11,970,728**
Deferred tax liability	965,103	1,303,998
Income tax provision	1,060,674	1,364,714
Trade & other payables	1,402,227	1,462,890
Other corporate liabilities	(209,109)	(132,379)
Total liabilities	**12,692,912**	**15,969,951**

NOTE 5: REVENUE

	Consolidated 2024 $	Consolidated 2023 $
Revenue		
Revenue from external customers		
Sale of goods	58,307,494	54,290,513
Service revenue (recognised at point in time)	1,179,673	590,241
Service revenue (recognised over time)	348,573	293,833
Total revenue from external customers	**59,835,740**	**55,174,587**
Interest income	281,080	86,135
Total revenue	**60,116,820**	**55,260,722**

The Group derives revenue from external customers from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions (based on the location of the Group entity preparing the invoice):

Full-year ended 30 June 2024	Capital Equipment $	Precious Metals $	Consumables $	Total $
Australia	15,694,264	11,769,693	15,677,117	43,141,074
Canada	807,954	3,760,547	995,170	5,563,671
Europe	4,062,722	4,923,781	2,144,916	11,131,419
Revenue from external customers (note 4)	**20,564,940**	**20,454,021**	**18,817,203**	**59,836,164**
Full-year ended 30 June 2023				
Australia	13,918,302	9,316,290	14,084,379	37,318,971
Canada	773,166	3,150,736	1,141,223	5,065,125
Europe	2,855,494	8,222,484	1,712,773	12,790,751
Revenue from external customers (note 4)	**17,546,962**	**20,689,510**	**16,938,375**	**55,174,847**

NOTE 6: EXPENSES

	Consolidated 2024 $	Consolidated 2023 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Depreciation (included in administration expenses)	317,324	206,223
Depreciation (included in cost of goods sold)	322,263	310,586
Amortisation of right to use assets (included in occupancy expenses)	773,066	511,190
Total depreciation	**1,412,653**	**1,027,999**
Amortisation		
Patents, trademarks and acquired customer lists (included in administration expenses)	83,930	82,547
Research and development (included in administration expenses)	75,750	94,096
Total amortisation	**159,680**	**176,643**

NOTE 6: EXPENSES continued

	Consolidated 2024 $	Consolidated 2023 $
Other specific expenses		
Employee benefits expenses (included in administration expenses)	8,437,932	7,104,075
Rental expense relating to operating leases (included in occupancy expenses)	49,105	118,157

NOTE 7: INCOME TAX EXPENSE

	Consolidated 2024 $	Consolidated 2023 $
(a) Income tax expense		
Current tax	4,331,810	3,634,575
Deferred tax	(187,981)	(15,593)
Adjustments for current tax of prior periods	(177,113)	(10,706)
	3,966,716	**3,608,276**
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 14)	150,914	(704,367)
(Decrease) increase in deferred tax liabilities (note 20)	(338,895)	688,774
	(187,981)	**(15,593)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	13,463,589	11,789,322
	13,463,589	**11,789,322**
Tax at the Australian rate of 30% (2023: 30%)	4,039,077	3,536,797
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments expense	176,273	99,499
Differences arising from tax rates applicable to foreign entities	(31,926)	(44,158)
Sundry items	(39,595)	26,845
	4,143,829	**3,618,983**
Adjustments for current tax of prior periods	(177,113)	(10,707)
Income tax expense	**3,966,716**	**3,608,276**

(c) Tax consolidation legislation

XRF Scientific Limited and its wholly owned Australian controlled entities elected to enter into the tax consolidation regime from 1 July 2005. The accounting policy in relation to this legislation is set out in note 1(f). The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate XRF Scientific Limited for any current tax payable assumed and are compensated by XRF Scientific Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to XRF Scientific Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

NOTE 8: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2024 $	Consolidated 2023 $
Cash at bank and on hand	4,048,459	5,401,407
Deposits at call	8,000,000	5,000,000
	12,048,459	**10,401,407**
Reconciliation to cash at the end of the year		
Balances as above	12,048,459	10,401,407
Balance per statements of cash flows	**12,048,459**	**10,401,407**

(a) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates of between 0% to 0.05% pa (2023: 0% to 0.05% pa). Cash available for use is as reported above, with no restrictions applicable.

(b) Deposits at call

Short-term deposits are made for varying periods of between no set term and 4 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(c) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2024 $	Consolidated 2023 $
Trade receivables	9,585,168	8,645,736
Allowance for impairment of receivables	(65,400)	(27,437)
Other receivables – From external parties	4,012	10,615
Total trade and other receivables	**9,523,780**	**8,628,914**
Past due but not impaired		
Up to 3 months	1,493,975	832,268
Up to 6 months	699,258	302,306
	2,193,233	**1,134,574**
Allowance for impairment of receivables		
Balance at 1 July	(27,437)	(65,768)
(Increase)/Decrease in allowance during the year	(37,963)	38,331
Balance at 30 June	**(65,400)**	**(27,437)**

(a) Impaired trade receivables

During the 2024 financial year, the allowance for impaired receivables was increased to $65,400 (2023: allowance was $27,437).

(b) Past due but not impaired

As at 30 June 2024, trade receivables of the Group of $2,193,233 (2023: $1,134,574) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. A significant portion of the overdue receivables have been collected since 30 June 2024. The ageing analysis of these trade receivables is in note 2. The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES continued

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. All other receivables are subject to the same terms as trade receivables. Those terms have been described in note 1(k).

(d) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in note 2.

(e) Non-current receivables

There are no non-current receivables in the current year (2023: Nil).

NOTE 10: CURRENT ASSETS – INVENTORIES

	Consolidated	
	2024 $	2023 $
Raw materials and spare parts	7,805,148	6,447,950
Finished goods	3,738,892	3,609,800
Precious metals (general)	4,160,511	5,304,365
Platinum on loan (refer to note 16)	1,314,128	1,517,076
	17,018,679	**16,879,191**

Stock was valued at lower of cost and net realisable value on 30 June 2024 and 30 June 2023.

Inventory expense

Inventories recognised as expense during the year ended 30 June 2024 amounted to $24,839,442 (2023: $23,904,716). A credit of $179,221 was recognised against inventory expense during the year ended 30 June 2024 due to the reversal of prior year inventory obsolescence provisions. The cost of writing down inventories to net realisable value during the year ended 30 June 2023 was $111,004.

NOTE 11: OTHER CURRENT ASSETS

	Consolidated	
	2024 $	2023 $
Prepayments	566,336	508,099
Other assets	46,596	113,548
	612,932	**621,647**

NOTE 12: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Plant & Equipment $	Motor Vehicles $	Property Improvements $	Office Equipment $	Land & Buildings $	Right of Use Assets: Leased Properties $	Total $
At 30 June 2022							
Cost or fair value	7,524,448	303,409	1,420,349	348,531	1,823,217	2,076,676	13,496,630
Accumulated depreciation	(2,579,897)	(128,297)	(530,165)	(246,405)	-	(1,348,673)	(4,833,437)
Net book amount	**4,944,551**	**175,112**	**890,184**	**102,126**	**1,823,217**	**728,003**	**8,663,193**
Year ended 30 June 2023							
Opening net book amount	4,944,551	175,112	890,184	102,126	1,823,217	728,003	8,663,193
Additions	555,336	150,692	4,915	46,740	-	1,378,435	2,136,118
Changes to lease terms	-	-	-	-	-	625,312	625,312
Foreign currency adjustment	22,410	7,484	903	5,945	-	-	36,742
Disposals	(11,051)	(7,549)	-	-	-	-	(18,600)
Depreciation charge	(340,821)	(52,714)	(78,311)	(44,963)	-	(511,190)	(1,027,999)
Closing net book amount	**5,170,425**	**273,025**	**817,691**	**109,848**	**1,823,217**	**2,220,560**	**10,414,766**
At 30 June 2023							
Cost or fair value	7,783,580	419,084	1,414,743	347,844	1,823,217	4,080,423	15,868,891
Accumulated depreciation	(2,613,155)	(146,059)	(597,052)	(237,996)	-	(1,859,863)	(5,454,125)
Net book amount	**5,170,425**	**273,025**	**817,691**	**109,848**	**1,823,217**	**2,220,560**	**10,414,766**
Year ended 30 June 2024							
Opening net book amount	5,170,425	273,025	817,691	109,848	1,823,217	2,220,560	10,414,766
Additions	728,030	250,681	506,781	126,561	-	-	1,612,053
Changes to lease terms	-	-	-	-	-	265,432	265,432
Foreign currency adjustment	(22,803)	(13,729)	(717)	(615)	-	-	(37,864)
Disposals	-	(16,061)	-	-	-	-	(16,061)
Depreciation charge	(357,396)	(100,569)	(112,317)	(69,305)	-	(773,066)	(1,412,653)
Closing net book amount	**5,518,256**	**393,347**	**1,211,438**	**166,489**	**1,823,217**	**1,712,926**	**10,825,673**
At 30 June 2024							
Cost or fair value	8,704,323	576,133	1,879,580	453,527	1,823,217	4,006,394	17,443,174
Accumulated depreciation	(3,186,067)	(182,786)	(668,142)	(287,038)	-	(2,293,468)	(6,617,501)
Net book amount	**5,518,256**	**393,347**	**1,211,438**	**166,489**	**1,823,217**	**1,712,926**	**10,825,673**

All items of property, plant and equipment were recorded at cost as at 30 June 2024 and 30 June 2023.

NOTE 13: NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Research & Development $	Goodwill $	Patents, Trademarks & Other Rights $	Total $
At 30 June 2022				
Cost or fair value	1,449,263	15,463,076	979,864	17,892,203
Accumulated amortisation and impairment	(520,340)	-	(422,010)	(942,350)
Net book amount	**928,923**	**15,463,076**	**557,854**	**16,949,853**
Year ended 30 June 2023				
Opening net book amount	928,923	15,463,076	557,854	16,949,853
Additions	24,748	-	-	24,748
Foreign currency adjustment	-	55,391	13,079	68,470
Amortisation charge	(94,096)	-	(82,547)	(176,643)
Closing net book amount	**859,575**	**15,518,467**	**488,386**	**16,866,428**
At 30 June 2023				
Cost or fair value	1,148,505	15,518,467	983,218	17,650,190
Accumulated amortisation and impairment	(288,930)	-	(494,832)	(783,762)
Net book amount	**859,575**	**15,518,467**	**488,386**	**16,866,428**
Year ended 30 June 2024				
Opening net book amount	859,575	15,518,467	488,386	16,866,428
Additions	30,787	-	-	30,787
Foreign currency adjustment	-	(98,196)	(20,093)	(118,289)
Amortisation charge	(75,750)	-	(83,930)	(159,680)
Closing net book amount	**814,612**	**15,420,271**	**384,363**	**16,619,246**
At 30 June 2024				
Cost or fair value	1,179,292	15,420,271	943,401	17,542,964
Accumulated amortisation and impairment	(364,680)	-	(559,038)	(923,718)
Net book amount	**814,612**	**15,420,271**	**384,363**	**16,619,246**

All intangible assets were recorded at cost as at 30 June 2024 and 30 June 2023. Patents, trademarks and other rights are amortised over their estimated useful lives, which vary from 3 to 20 years. Capitalised development costs are amortised over their useful lives, which vary from 1 to 8 years.

(a) Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash generating units (CGUs) identified according to specific product lines and geographical locations.

	Consolidated 2024 $	Consolidated 2023 $
Consumables CGU	8,643,465	8,657,596
Precious Metals CGU	3,981,172	4,055,275
Capital Equipment CGU	2,392,003	2,392,003
European Sales Office CGU	403,631	413,593
	15,420,271	**15,518,467**

NOTE 13: NON-CURRENT ASSETS – INTANGIBLE ASSETS continued

(b) Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The forecast cash flows for 2025 are based on the Board-approved budget. These forecasts are based on projected revenues, margins and expenses which have been determined based on past performance and management's expectations for the future. Expected market conditions in which each CGU operates have been considered in the approved budget. The cash flows for 2026 to 2029 have been based on extrapolating the 2025 forecast by using average growth rates of 3.2% (FY23: 3.2%). Growth rates are based on past experience and future expectations. The Company is not aware of any significant variations from external market data. A terminal value of 4x (FY23: 4x to 5x) was used in calculating the value-in-use for each CGU, which equates to a long-term growth rate of the Company. The pre-tax discount rate of 14.3% (FY23: 14.06%) reflects specific risks relating to each CGU.

(c) Sensitivity to change in assumptions

The recoverable amount of the CGUs exceeds the carrying amount based on impairment testing performed at 30 June 2024. A decrease of 20% in the projected annual cash flows or an increase of 2% in the pre-tax discount rate of 14.3% does not result in an impairment of the goodwill. These changes would be considered reasonably possible changes to the key assumptions.

(d) Impairment charge

No impairment charges have been deemed necessary for the current period.

NOTE 14: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated	
	2024 $	2023 $
Amounts recognised directly in equity:		
Share issue expenses	3,401	2,607
Amounts recognised in profit or loss:		
Employee benefits	806,075	717,066
Deferred tax asset recognised on prior year losses by German subsidiary	98,574	53,836
Deferred tax asset recognised on lease liabilities	528,274	672,670
Accruals	110,992	140,781
Provisions	37,035	148,305
	1,580,950	**1,732,658**
Net deferred tax assets	**1,584,351**	**1,735,265**
Movements:		
Opening balance at 1 July	1,735,265	1,030,898
(Charged)/credited to profit or loss (note 7)	(150,914)	704,367
Closing balance at 30 June	**1,584,351**	**1,735,265**
Deferred tax assets expected to be recovered within 12 months	505,256	506,034
Deferred tax assets expected to be recovered after more than 12 months	1,079,095	1,229,231
	1,584,351	**1,735,265**

NOTE 15: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2024 $	2023 $
Trade payables	1,245,666	955,007
Sundry creditors and accruals	1,814,002	2,222,136
Employee benefits – annual leave (a)	1,038,427	828,610
	4,098,095	**4,005,753**

Terms and conditions of trade payables vary between suppliers; however, terms of trade are generally 30 days.

(a) Amounts not expected to be settled within the next 12 months

The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2024 $	2023 $
Annual leave obligations expected to be settled after 12 months	685,362	546,883

(b) Foreign exchange risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 2.

NOTE 16: CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2024 $	2023 $
Provision for platinum loan (a)	1,314,128	1,517,076
Long service leave (b)	566,960	522,558
Dividends payable to ordinary shareholders	228,828	193,285
Making good of leases	15,000	217,500
Other provisions	3,052	9,414
	2,127,968	**2,459,833**

(a) Provision for platinum loan

XRF has borrowed (and has title to under a master contract) $1,314,128 of platinum metal, which is inventoried to facilitate manufacturing processes and reduce lead times. This is funded by a loan facility, with a term of 6 months. Interest is calculated at market rates and payable at maturity. At maturity, the facility will be renewed for an additional term or the platinum will be returned. These liabilities are offset by an inventory asset of $1,314,128.

(b) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be paid within the next 12 months:

	Consolidated	
	2024 $	2023 $
Long service leave obligations expected to be settled after 12 months	425,220	391,919

NOTE 17: CURRENT & NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated			
	2024		2023	
	Current $	Non-Current $	Current $	Non-Current $
Property loan [1]	1,305,000	-	174,000	1,290,500
Import loan [2]	314,179	-	607,413	-
	1,619,179	**-**	**781,413**	**1,290,500**

[1] Consists of a three-year, interest-bearing loan, initially used to fund the purchase of a property in Melbourne. The facility was refinanced in 2021, extending the maturity date to November 2024. Instalments are paid monthly (including principal and interest), at a rate of 6.44% per annum (2023: 6.27%). As security for the loan facility, the lender holds a registered first mortgage over the acquired property, plus unlimited cross guarantees and indemnities by all subsidiaries within the XRF group (excluding subsidiaries in Canada, Germany and Orbis Mining Pty Ltd). The fair value of the loan is estimated to be $1,332,236, calculated using current market interest rates. The carrying value of the loan is $1,305,000. Covenants applicable to the loan include: the loan to property value ratio must not exceed 65%; the interest cover ratio must not be less than 3.5x; the debt to tangible net worth ratio must not exceed 55%. The Group has met all covenant requirements to date.

[2] Consists of a short-term loan (less than 180 days) used to finance the importation of certain raw materials used to produce finished goods. Interest is payable on maturity, at a rate of 6.31%.

	2024 $	2023 $
Net debt reconciliation		
Total borrowings at 1 July	2,071,913	2,768,102
Proceeds from borrowings	1,868,662	2,711,497
Repayment of borrowings	(2,321,396)	(3,407,686)
Total borrowings at 30 June	**1,619,179**	**2,071,913**

NOTE 18: LEASES - RIGHT OF USE ASSETS AND LIABILITIES

The following right-of-use assets have been recognised on the balance sheet at 30 June 2024:

	2024 $	2023 $
Leased properties (refer to note 12)	1,712,926	2,220,560
Total right-of-use assets	**1,712,926**	**2,220,560**

The following liabilities have been recognised on the balance sheet at 30 June 2024:

	2024 $	2023 $
Current lease liabilities	615,255	603,701
Non-current lease liabilities	1,145,658	1,638,531
Total lease liabilities	**1,760,913**	**2,242,232**

(a) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Approximately 58% of the total lease payments made during the year relate to optional lease extension periods.

(b) Critical judgements in determining the lease term

Potential future cash outflows of $1,733,430 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

NOTE 19: CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	Consolidated	
	2024 $	2023 $
Customer deposits	597,029	2,261,368
Revenue received in advance	331,509	141,693
	928,538	**2,403,061**

NOTE 20: NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated	
	2024 $	2023 $
Amounts recognised in profit or loss		
Research and development	244,383	257,872
Deferred tax liability recognised on lease right of use assets	513,878	666,168
Depreciation	178,388	357,675
Other	28,454	22,283
Net deferred tax liabilities	**965,103**	**1,303,998**
Movements:		
Opening balance at 1 July	1,303,998	615,224
Charged/(credited) to profit or loss (note 7)	(338,895)	688,774
Closing balance 30 June	**965,103**	**1,303,998**

NOTE 21: NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2024 $	2023 $
Employee benefit – long service leave	132,442	118,447

NOTE 22: ISSUED CAPITAL

	Consolidated		Consolidated	
	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares fully paid	138,109,375	137,049,775	21,410,923	20,414,399
	138,109,375	**137,049,775**	**21,410,923**	**20,414,399**

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price ($)	$
1 July 2022	**Opening balance**	**135,892,049**		**19,632,304**
14 October 2022	Shares issued under dividend reinvestment plan	1,088,726	0.6600	718,559
14 October 2022	Less: transaction costs			(4,214)
17 March 2023	Shares issued under employee share scheme	69,000	1.0000	69,000
17 March 2023	Less: transaction costs			(1,250)
30 June 2023	**Closing balance**	**137,049,775**		**20,414,399**
1 July 2023	**Opening balance**	**137,049,775**		**20,414,399**
13 October 2023	Shares issued under dividend reinvestment plan	991,502	0.9300	922,097
13 October 2023	Less: transaction costs			(5,296)
12 March 2024	Shares issued under employee share scheme	68,098	1.1600	78,994
12 March 2024	Less: transaction costs			(1,277)
30 June 2024	Deferred tax adjustments			2,006
30 June 2024	**Closing balance**	**138,109,375**		**20,410,923**

NOTE 22: ISSUED CAPITAL continued

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amount paid on the shares held. In a poll, each share is entitled to one vote.

(b) Dividend reinvestment plan

The parent entity has a dividend reinvestment plan in place and shares were issued to participants in October 2023.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No formal targets are in place for gearing ratios.

	Consolidated	
	2024 $	**2023 $**
The gearing ratios at 30 June 2024 and 30 June 2023 were as follows:		
Total borrowings	1,619,179	2,071,913
Less: cash and cash equivalents	(12,048,459)	(10,401,407)
Net debt *	**(10,429,280)**	**(8,329,494)**
Total equity	55,540,208	49,577,667
Total equity plus net debt	**45,110,928**	**41,248,173**
Gearing ratio *	**-23.12%**	**-20.19%**

* These figures are negative due to the Company's positive net cash position.

NOTE 23: RESERVES AND RETAINED PROFITS

	Consolidated	
	2024 $	**2023 $**
(a) Reserves		
Foreign currency translation reserve	927,465	1,164,262
Options reserve	-	759,243
Share-based payments reserve	771,244	262,660
Balance 30 June	**1,698,709**	**2,186,165**
(b) Retained Profits		
Movements in retained profits were as follows:		
Balance 1 July	26,653,537	22,365,014
Net profit for the year	8,885,264	7,685,827
Dividends paid or provided for	(4,522,643)	(3,397,304)
Transfer options expired in prior periods to retained earnings	759,243	-
Balance 30 June	**31,775,401**	**26,653,537**

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise the unrealised gains and losses arising from the consolidation of subsidiaries denominated in currencies other than Australian dollars.

Share-based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments.

NOTE 24: DIVIDENDS

	Consolidated	
	2024 $	2023 $
Final dividend for the prior financial year, paid in the current financial year	4,522,643	3,397,304
Total dividends provided for or paid	**4,522,643**	**3,397,304**

Amounts paid during the current period include a final dividend of 3.3 cents per share (FY23: 2.5 cents), paid to eligible holders of 137,049,775 shares (FY23: 135,892,049).

A fully franked dividend of 3.9 cents per share has been declared on ordinary shares post 30 June 2024.

Franked Dividends

	Consolidated	
	2024 $	2023 $
Franking credits available for subsequent financial years based on a tax rate of 30% (2023:30%)	10,354,023	9,120,005

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- **(a)** franking credits that will arise from the payment of the amount of the provision for income tax;
- **(b)** franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- **(c)** franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The franked portions of the final dividends recommended after 30 June 2024 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2024. The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $2,330,673 (2023: $1,938,275).

NOTE 25: CONTINGENCIES

At 30 June 2024, the consolidated entity had no material contingent liabilities in respect of claims, contingent considerations or any other matters.

NOTE 26: COMMITMENTS

(a) Lease commitments

XRF Labware Pty Ltd has lease agreements with external suppliers for the provision of 56 kg of platinum, which is used for working capital purposes. These lease agreements are renewed either quarterly or annually and fees are paid on the current market price of platinum. The current agreements will expire on various dates between July 2024 and June 2025 and will be renewed accordingly.

(b) Financing arrangements

The Group's undrawn borrowing facilities were as follows as at 30 June 2024:

	Consolidated	
	2024 $	2023 $
Bank overdraft facility	500,000	500,000
Bank guarantee facility (AUD denominated)	31,222	2,015
Import loan facilities	3,185,821	2,892,587
	3,717,043	**3,394,602**

NOTE 27: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	Consolidated	
	2024 $	2023 $
*BDO – Australia **		
Audit and review of financial reports	138,104	143,535
Taxation services	47,055	28,914
Other services	5,096	11,947
BDO - Belgium		
Audit and review of financial reports	68,532	15,154
Taxation services	13,977	9,895
Other services	-	2,298
BDO - Canada		
Taxation services	13,199	8,530
Other services	4,531	-
BDO - UK		
Audit and review of financial reports	34,131	-
	324,625	**220,273**

* Due to an internal restructuring of BDO's audit practice, *BDO Audit Pty Ltd* replaced *BDO Audit (WA) Pty Ltd* as the company's auditor during the year.

NOTE 28: RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent and controlling entity is XRF Scientific Limited which at 30 June 2024 owns 50% to 100% of all subsidiaries listed in note 29.

(b) Interests in subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Directors and key management compensation

	Consolidated	
	2024 $	2023 $
Short-term employee benefits	1,387,439	1,187,087
Post-employment benefits	94,376	75,299
Long-term benefits	202,226	371,019
	1,684,041	**1,633,405**

Long-term benefits include share-based payments valued at $168,451. Refer to note 31 for further details.

No other post-employment or termination benefits have been provided. Detailed remuneration disclosures are available in the Remuneration Report from pages 9-16.

(d) Loans to key management personnel

There were no loans to any key management personnel during either of the years ended 30 June 2024 or 30 June 2023.

(e) Other transactions with key management personnel

Premises were rented from a related entity of Director David Brown during the financial year. These properties were rented on normal commercial terms and conditions, totalling $120,172 (2023: $107,835). No amounts were outstanding at the end of the year.

NOTE 29: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of shares	Entity holding 2024 %	Entity holding 2023 %
XRF Chemicals Pty Ltd	Australia	Ordinary	100	100
XRF Labware Pty Ltd	Australia	Ordinary	100	100
XRF Technology (WA) Pty Ltd	Australia	Ordinary	100	100
XRF Technology (VIC) Pty Ltd	Australia	Ordinary	100	100
XRF Scientific Americas Inc	Canada	Ordinary	100	100
XRF Scientific Europe SPRL	Belgium	Ordinary	100	100
XRF Scientific Europe GmbH	Germany	Ordinary	100	100
XRF Scientific UK Ltd	United Kingdom	Ordinary	100	100
Precious Metals Engineering (WA) Pty Ltd	Australia	Ordinary	100	100
XFlux Pty Ltd	Australia	Ordinary	100	100
Gestion Scancia Inc	Canada	Ordinary	100	100
Orbis Mining Pty Ltd	Australia	Ordinary	50	50

The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 30: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

(a) Reconciliation of profit after income tax to net cash flow provided by operating activities

	Consolidated 2024 $	Consolidated 2023 $
Profit for the year	8,885,264	7,685,828
Depreciation and amortisation	1,572,333	1,204,642
Profit attributable to NCI	611,609	495,218
Share based payments	587,578	331,660
Net exchange differences	(351,575)	309,014
Net (gain) loss on sale of non-current assets	2,425	-
(Increase) decrease in trade and other debtors	(894,866)	(2,400,577)
(Increase) decrease in inventories	(139,488)	(1,357,784)
(Increase) decrease in other current assets	8,715	(106,435)
(Increase) decrease in deferred tax asset	150,914	(704,367)
(Decrease) increase in trade and other creditors	92,342	928,295
(Decrease) increase in provision for income taxes	(304,040)	656,420
(Decrease) increase in provision for deferred income tax	(338,895)	688,774
(Decrease) increase in other liabilities	(1,474,524)	1,515,088
(Decrease) increase in other provisions	(317,870)	(829,258)
Net cash inflow from operating activities	**8,089,922**	**8,416,518**

(b) Non-cash investing and financing activities

	Consolidated 2024 $	Consolidated 2023 $
Additions to right-of-use assets (note 12)	265,432	2,003,747
Shares issued under employee share scheme (note 31)	78,994	69,000

NOTE 31: SHARE-BASED PAYMENTS

	Consolidated 2024 $	Consolidated 2023 $
Performance rights issued to employees (a)	508,584	262,660
Shares issued to employees (b)	78,994	69,000
Total share-based payments (included in administration expenses)	**587,578**	**331,660**

(a) Performance Rights Plan

Performance rights (PRs) are granted to employees at the discretion of the Board based on the Performance Rights Plan (Plan) approved by the Board.

The Board may invite eligible employees to participate in the Plan and acquire PRs for no consideration. The PRs vest upon the satisfaction of any applicable vesting conditions, following which the Group will allocate one share per PR. Vesting conditions include total shareholder return, earnings per share growth rates and service periods. Where vesting conditions are not met, the PRs will lapse. Currently active PRs are subject to the following performance conditions:

- **Indexed Total Shareholder Returns**
  Total Shareholder Return (TSR) measures the growth in the Group's share price together with the value of dividends during the period. When calculating the Group's TSR, its share price at the beginning and end of the performance period will be calculated as a one-month VWAP (i.e. July in year 1 and June in year 3). The percentage of PRs out of this tranche that vest will be determined by reference to the relative TSR of the Group achieved over the three-year performance period, compared to the TSR of the S&P/ASX Small Ordinaries Accumulation Index (ASOAI), as follows:

Performance against the relevant condition(s)	Quantum of Performance Rights subject to performance conditions that vest (%)
Less than index TSR Below 100% of the proportionate change in the ASOAI index over the relevant performance period	Nil
Equal to index TSR At 100% of the proportionate change in the ASOAI index over the relevant performance period	50%
Greater than index TSR Between 100% and 120% of the proportionate change in the ASOAI index over the relevant performance period	Pro-rata between 50% and 100%

  Threshold vesting of this tranche of the PRs occurs where the Company's TSR equals the S&P/ASX Small Ordinaries Accumulation Index TSR over the performance period. For the whole tranche of PRs to vest, the Company's TSR must exceed the TSR of the S&P/ASX Small Ordinaries Index over the performance period by 20 per cent.

- **Earnings Per Share Compound Annual Growth Rate**
  Earnings per share (EPS) is based on the consolidated statutory net profit after tax of the Group, in proportion to the total number of shares issued. The Board retains the sole discretion to include or exclude certain one-off items, to calculate an adjusted profit which is a true reflection of the trading results. The percentage of PRs out of this tranche that vest will be determined by reference to the EPS compound annual growth rate (CAGR), as follows:

EPS compound annual growth rate (EPS CAGR)	Percentage of EPS-tested rights vesting
<10%	Nil
10%	50%
Between 10% - 20%	Pro-rata between 50% and 100%
>=20%	100%

  The difference in EPS between year 0 and year 3 is the basis of the EPS CAGR calculation. For example:

  - An EPS CAGR of 10% equates to a 33.1% increase in EPS between year 0 and year 3
  - An EPS CAGR of 20% equates to a 72.8% increase in EPS between year 0 and year 3

- **Service Period**
  The percentage of performance rights out of this tranche that vest, if any, will be determined after the employee has remained continuously employed by the Group for the duration of the performance period.

NOTE 31: SHARE-BASED PAYMENTS continued

(i) Summary of active performance rights

At 30 June 2024, a total of 2,191,663 PRs have been granted to employees. The key details of each currently active Plan are summarised in the table below:

Plan	Grant date	Performance period	Performance conditions	Value per PR	Number of PRs issued	Percentage vested	Vesting Period
2022 *(MD)*	11/11/2022	01/07/22 to 30/06/25	TSR	$0.5240	201,251	To be determined	August 2025
			EPS	$0.7200	201,251		
2022 *(Executives)*	11/11/2022	01/07/22 to 30/06/25	TSR	$0.5240	410,888	To be determined	August 2025
			EPS	$0.7200	287,892		
			Service Period	$0.7200	122,996		
2022 *(Key staff)*	11/11/2022	01/07/22 to 30/06/25	Service Period	$0.7200	280,000	To be determined	August 2025
2023 *(MD)*	13/11/2023	01/07/23 to 30/06/26	TSR	$0.5638	214,634	To be determined	August 2026
2023 *(Executives)*	13/11/2023	01/07/23 to 30/06/26	TSR	$0.5638	472,751	To be determined	August 2026

The fair value of the PRs will be expensed proportionally over the vesting period. For the year ended 30 June 2024, the Group has recognised $508,584 of share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(ii) Performance rights issued during the current period

The fair value of the PRs granted during the year ended 30 June 2024 was determined using the Monte Carlo Simulation and Black Scholes methods, with the following key assumptions:

Assumption	Value
Underlying security spot price	$1.02
Exercise price	Nil
Valuation date	13 November 2023
Commencement of performance period	1 July 2023
Performance measurement date	30 June 2026
Performance period (years)	3.00
Remaining performance period (years)	2.63
Volatility of XRF	40.5%
Volatility of the index	13.2%
Risk-free rate	4.3%
Dividend yield	3.2%
Valuation per PR	$0.5638

On 31 October 2023, the Group received approval from shareholders to issue 214,634 PRs to the Managing Director, Vance Stazzonelli. On 13 November 2023, 687,385 PRs were issued to employees (including the shareholder-approved number issued to the Managing Director).

(b) Employee Share Plan

	Consolidated	
	2024 $	2023 $
Shares issued to employees (included in administration expenses)	78,994	69,000

The XRF Scientific Exempt Employee Share Plan was set up to provide eligible employees with an opportunity to acquire shares for no consideration, which will align their interests more closely with the Company's shareholders and provide greater incentive for them to focus on the Company's longer-term goals. Under the rules of the plan, a holding lock will be placed on the shares for a period of three years from the date of issue. On 12 March 2024, 68,098 shares were issued to employees, with a value of $1.16 per share. This was the volume-weighted average price of XRF shares over the week up to the time of issue.

NOTE 32: EARNINGS PER SHARE

	Consolidated	
	2024 Cents	**2023 Cents**
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	6.4	5.6
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	6.4	5.6

	$	**$**
(c) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the Company	8,885,264	7,685,827

	Number	**Number**
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	137,782,193	136,687,618

NOTE 33: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The information in this note has been prepared using the same accounting policies as presented in Note 1. The individual financial statements for the parent entity show the following aggregate amounts.

	2024 $	**2023 $**
Statement of Financial Position		
Current assets	17,973,410	14,705,482
Total assets	33,086,125	30,045,958
Current liabilities	34,424,896	28,255,110
Total liabilities	35,390,457	29,573,280
Shareholder equity		
Issued capital	21,410,923	20,414,399
Reserves	1,730,927	2,094,671
Retained earnings	(25,446,182)	(22,036,392)
	(2,304,332)	**472,678**
Total comprehensive income / (loss) for the year before tax	303,996	408,468
Tax benefit / (expense)	49,615	(80,095)
Total comprehensive income / (loss) for the year after tax	**353,611**	**328,373**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023. Letters of financial support have been provided to certain foreign subsidiaries to ensure their business continuity. These letters are not considered to be financial guarantees under AASB 9 *Financial Instruments*.

NOTE 34: EVENTS OCCURRING AFTER THE REPORTING DATE

On 9 July 2024, XRF announced that it had exercised the call option to acquire the remaining 50% of Orbis Mining, with the acquisition completed on 25 July 2024.

A final dividend of 3.9 cents per share fully franked (FY23: 3.3 cents per share fully franked) was declared on 19 August 2024, with a record date of 13 September 2024 and payment date of 27 September 2024.

There were no other events subsequent to the reporting date which have significantly affected or may significantly affect the XRF Scientific Limited operations, results or state of affairs in future years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

Name of entity	Type of entity	Share capital held	Country of incorporation	Australian or foreign tax resident	Jurisdiction of foreign tax residents
XRF Chemicals Pty Ltd	Body corporate	100%	Australia	Australian	N/A
XRF Labware Pty Ltd	Body corporate	100%	Australia	Australian	N/A
XRF Technology (WA) Pty Ltd	Body corporate	100%	Australia	Australian	N/A
XRF Technology (VIC) Pty Ltd	Body corporate	100%	Australia	Australian	N/A
XRF Scientific Americas Inc	Body corporate	100%	Canada	Foreign	Canada
XRF Scientific Europe SPRL	Body corporate	100%	Belgium	Foreign	Belgium
XRF Scientific Europe GmbH	Body corporate	100%	Germany	Foreign	Germany
XRF Scientific UK Ltd	Body corporate	100%	UK	Australian	N/A
Precious Metals Engineering (WA) Pty Ltd	Body corporate	100%	Australia	Australian	N/A
XFlux Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Gestion Scancia Inc	Body corporate	100%	Canada	Foreign	Canada
Orbis Mining Pty Ltd	Body corporate	50%	Australia	Australian	N/A

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2024

XRF Scientific Limited and its controlled entities

ACN 107 908 314

The Directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

    (a) Comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements after 2001; and

    (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date.

2. The Consolidated Entity Disclosure Statement as at 30 June 2024 set out on page 56 is true and correct.

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A.

5. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Fred S Grimwade
Chairman

Dated this 19th day of August 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of XRF Scientific Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of XRF Scientific Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Goodwill – Impairment Assessment

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 13 of the financial report, goodwill represents a significant asset which the Group has recorded in the statement of financial position. Under the Australian Accounting Standards, goodwill is required to be tested annually for impairment. As set out in Note 13, the directors' assessment of the recoverable amount of the cash generating units ("CGU") for which goodwill requires significant judgement, in particular in estimating future growth rates, discount rates and the expected cash flows of the CGU to which the goodwill has been allocated. As a result, this was determined to be a key audit matter due to the above noted judgements and the significance of goodwill to the group's financial position.	Our procedures included, but were not limited to the following: • Evaluating the Group's determination of CGU's and the allocation of assets to the carrying value of CGU's; • Obtaining the Group's value in use models and agreeing the first years forecast to board approved budgets; • Evaluating management's ability to achieve cash flows by comparing prior period forecasts against actual results; • Assessing the key inputs in the value in use models including the forecast net profit after tax, discount rates, terminal value determination and growth rates for each CGU; • Using our internal valuation specialist to assess the reasonableness of the discount rate; • Performing a sensitivity analysis on the key financial assumptions in the models. These included budgeted net profit after tax, multipliers used in the terminal year of cash flows, and the discount rates applied; and • Evaluating the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of XRF Scientific Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Jarrad Prue

Director

Perth, 19 August 2024

SHAREHOLDER INFORMATION

Additional information (as at 31 July 2024) required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below:

SUBSTANTIAL SHAREHOLDINGS

The number of shares held by substantial shareholders and their associates is as follows:

Shareholder	Number of Ordinary Shares [1]
Michael Karl Korber	10,472,967
David Brown & Glenys Dawn Brown [2]	9,192,200

[1] Based on information available to the Company, including substantial holding announcements released to the market.

[2] David Brown is a director of XRF Scientific Limited.

NUMBER OF OPTION HOLDERS

Class of Security	Number of Holders
Nil	-

VOTING RIGHTS

In accordance with the Constitution of the Company and the *Corporations Act 2001*, every member present in person or by proxy at a general meeting of the members of the Company has:

- On a vote taken by a show of hands, one vote; and
- On a vote taken by a poll, one vote for every fully paid ordinary share held in the Company

A poll may be demanded at a general meeting of the members of the Company in the manner permitted by the *Corporations Act 2001*.

DISTRIBUTION OF SHARE AND OPTION HOLDERS

Distribution of Shares & Options	Number of Holders of Ordinary Shares	Number of Holders of Options
1-1,000	740	–
1,000-5,000	1,296	–
5,001-10,000	539	–
10,001-100,000	941	–
100,001 and above	171	–
	3,687	**–**

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

No.	Holder Name	Number of Ordinary Shares	Percentage of Ordinary Shares
1	MICHAEL KARL KORBER	10,472,967	7.51%
2	EVELIN INVESTMENTS PTY LIMITED	7,315,216	5.25%
3	D & GD BROWN NOMINEES PTY LTD [1]	5,881,837	4.22%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,619,989	3.31%
5	CITICORP NOMINEES PTY LIMITED	4,024,532	2.89%
6	PANDORA SUPER (WA) PTY LTD [2]	3,310,363	2.37%
7	BETA GAMMA PTY LTD	3,000,000	2.15%
8	GREAT WESTERN CAPITAL PTY LTD	2,939,374	2.11%
9	STEPHEN WILLIAM PROSSOR & FIONA CHRISTIAN PROSSOR	2,669,767	1.91%
10	MANDEL PTY LTD	2,364,999	1.70%
11	G & E PROPERTIES PTY LTD	2,288,275	1.64%
12	PEBADORE PTY LTD	2,014,036	1.44%
13	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,775,359	1.27%
14	JEFFREY DAVID BROWN & PENNY NARELLE BROWN	1,743,506	1.25%
15	FREDERIC DAVIDTS	1,672,038	1.20%
16	BNP PARIBAS NOMINEES PTY LTD	1,456,110	1.04%
17	TZELEPIS NOMINEES PTY LTD	1,337,518	0.96%
18	WILLIAM ROBERT SIMSON	1,113,500	0.80%
19	NETWEALTH INVESTMENTS LIMITED	940,308	0.67%
20	JASNA HAY	800,100	0.57%
		61,739,794	44.28%

[1] D & GD Brown Nominees Pty Ltd is a company owned by David Brown (director of XRF Scientific Limited) and his wife.
2 Pandora Super (WA) Pty Ltd is the private superanniation fund of David Brown (director of XRF Scientific Limited) and his wife.

RESTRICTED SECURITIES

There are currently no restricted securities.

NON-MARKETABLE PARCELS

Class of Security	Number of Securities	Number of Holders
Ordinary shares	6,019	98

UNQUOTED SECURITIES

Class of Security	Number of Securities	Number of Holders
Performance rights	2,191,663	21

ON-MARKET BUY BACK

The Company does not have a current on-market buy-back scheme.

CORPORATE DIRECTORY

DIRECTORS

Fred Grimwade (Non-Executive Chairman)
David Brown (Non-Executive Director)
David Kiggins (Non-Executive Director)
Vance Stazzonelli (Managing Director)

COMPANY SECRETARIES

Vance Stazzonelli
Andrew Watson

KEY MANAGEMENT PERSONNEL

Andrew Watson (Chief Financial Officer)

REGISTERED OFFICE

86 Guthrie Street
Osborne Park WA 6017
Tel: +61 8 9244 0600
Fax: +61 8 9244 9611

COMPANY AUDITOR

BDO Audit Pty Ltd
Level 9, 5 Spring Street
Perth WA 6000

BANKERS

HSBC Bank Australia Pty Ltd
Level 33, 250 St Georges Terrace
Perth WA 6000

SOLICITORS

HWL Ebsworth Pty Ltd
Level 20, 240 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000
Phone: 1300 288 664

WEBSITE

www.xrfscientific.com

ASX

Company Code: XRF