

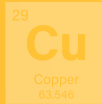
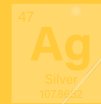


**CHRYSOS  
CORPORATION**  
Assays at the speed of light

# PROSPECTUS

**CHRYSOS CORPORATION LIMITED**

ACN 613 131 141



Lead Manager

**Barrenjoey**

Partnering with  **BARCLAYS**

Australian Legal Adviser

**THOMSON GEER**  
LAWYERS

# IMPORTANT INFORMATION

This Prospectus is an important document. You should read it carefully.

The offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares ("**Shares**") in Chrysos Corporation Limited ("**Company**"). This Prospectus is issued by the Company and Chrysos Sale Co Limited ("**SaleCo**") for the purposes of Chapter 6D of the Corporations Act. It is important that you consider the risk factors (see Section 6) before deciding on your course of action as these could affect the financial performance of the Company and its subsidiaries (together, "**Chrysos**").

## Lodgement

This Prospectus is dated 14 April 2022 and a copy of this Prospectus was lodged with ASIC on that date.

## Application for listing

Within seven (7) days after the date of this Prospectus, the Company will lodge an application with the ASX for admission of the Company to the official list of the ASX and quotation of its Shares (including New Shares issued, and Sale Shares sold, pursuant to this Prospectus) on the ASX.

None of ASX, ASIC or any of their respective officers takes any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that the ASX may admit the Company to its official list is not to be taken in any way as an indication of the merits of the Company or the Shares offered under this Prospectus.

As set out in Section 8.4, it is expected that the Shares will be quoted on ASX. Chrysos, SaleCo, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

## Expiry date

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. New Shares offered pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

## Exposure Period

The Corporations Act prohibits the Company from processing the Applications received until after the Exposure Period.

The Exposure Period is the seven (7) day period from the date of this Prospectus and may be extended by ASIC by up to a further seven (7) days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants. That examination may result in the identification of deficiencies in this Prospectus, in which case any Application received may need to be dealt with in accordance with section 724 of the Corporations Act.

## Foreign jurisdictions – restrictions on distribution

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

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the New Shares or the Sale Shares, in any jurisdiction outside Australia. The Offer is not being extended to any investor outside Australia, other than to certain institutional and sophisticated investors as part of the Institutional Offer, Broker Firm Offer and Priority Offer in certain jurisdictions as described in Section 8.12.

The Shares have not been, and will not be, registered under the *U.S. Securities Act 1933* ("**U.S. Securities Act**") and may not be offered or sold in the United States of America, or to, or for the account or benefit of, "U.S. Persons" (as defined in Rule 902 under the *U.S. Securities Act*) except under an available exemption from registration under the *U.S. Securities Act*. The Shares may only be resold or transferred in the United States of America, or to, or for the account or benefit of, U.S. Persons if registered under the *U.S. Securities Act* or pursuant to an exemption from registration under the *U.S. Securities Act* and in compliance with state securities laws. The Company is under no obligation and has no current intention to register any of the Shares in the United States of America.

## Representations

No person is authorised to give any information or make any representations in connection with the Offer other than as contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus is not, and may not be relied on as having been, authorised by the Company or SaleCo, the Lead Manager and its respective related bodies corporate, shareholders or affiliates, officers, directors, employees, agents, advisors, partners and associates (each a "**Lead Manager Limited Party**"). You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company, the Lead Manager or the Lead Manager Limited Parties nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

## Forward-looking statements

This Prospectus may contain forward-looking statements concerning Chrysos' business, operations, financial performance and condition as well as Chrysos' plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as 'aim', 'anticipate', 'assume', 'believe', 'could', 'due', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would' and other similar expressions that are predictions of, or indicate future events and future trends.

The Forecast Financial Information included in Section 4 is an example of forward-looking statements. These forward-looking statements speak only as at the Prospectus Date. Unless required by law, Chrysos does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Chrysos describes in the reports to be filed from time to time with ASX after the Prospectus Date.

These forward-looking statements are not guarantees of future performance or development. There are risks (both known

and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Chrysos to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct to be materially different from historical conduct. Deviations as to future conduct, results, performance and achievements are both normal and to be expected.

Barrenjoey Markets Pty Limited has acted as the Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Lead Manager or by any of its Lead Manager Limited Parties or related bodies corporate (as defined in the Corporations Act). To the maximum extent permitted by law, the Lead Manager, and the Lead Manager Limited Parties expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

### Past performance

This Prospectus includes information regarding the past performance of Chrysos. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

### Financial information

Section 4 of this Prospectus sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information. The Financial Information included in Section 4 has been prepared and presented in accordance with Australian Accounting Standards ("AAS") except where otherwise stated.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in this Prospectus. None of the Company, nor the Lead Manager or the Lead Manager Limited Parties, can assure you as to the accuracy or the reliability of the underlying assumptions used to estimate such

industry data and third party market data, including the assumptions made by third parties. No representation or warranty, express or implied, is made by the Company, the Lead Manager or the Lead Manager Limited Parties as to the currency, accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this Prospectus.

All Financial Information contained in this Prospectus which relates to FY20 and FY21 has been audited. All Financial Information contained in this Prospectus which relates to H1 FY21 and H1 FY22 has been reviewed by Chrysos' auditor but has not been audited.

All financial amounts contained in this Prospectus are expressed in Australian dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

### Disclaimer

This Prospectus contains general information only and does not take into account the individual investment objectives, financial situation or particular needs of any person. Nothing in this Prospectus should be construed as a recommendation by the Company, the Lead Manager, the Lead Manager Limited Parties or any other person concerning an investment in the Company.

The information contained in this Prospectus is not financial product advice and this Prospectus should not be construed as financial, taxation, legal or other advice. Neither the Company nor SaleCo is licensed to provide financial product advice in respect of Chrysos' securities or any other financial products.

You should read the entire Prospectus and, in particular, in considering the prospects for Chrysos, you should consider the risk factors that could affect the financial performance of Chrysos. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues), and you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser in relation to the Offer and the transactions contemplated in this Prospectus.

### Electronic Prospectus

This Prospectus may be viewed online at <https://www.chrysos.com.au/prospectus>. The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus. Persons who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Offer to which the electronic Prospectus relates is only available to persons receiving the electronic Prospectus in Australia. Persons having received a copy of this Prospectus in its electronic form in Australia may obtain a paper copy of the Prospectus (including any supplementary document and the Application Form) (free of charge) during the life of this Prospectus by contacting the Company.

### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application Form once it has been accepted.

### Defined terms and Glossary

Capitalised words and expressions used in this Prospectus are defined in the Glossary at Section 11.

### Financial amounts

Financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

### Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by Chrysos. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

# IMPORTANT INFORMATION CONTINUED

## Privacy

The Company, SaleCo and the Share Registry on their behalf may collect information about each Applicant provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application, each Applicant agrees that the Company and SaleCo may collect, hold, store, use and disclose the information provided by that Applicant on that Application for the purposes set out above and may disclose it for those purposes to the Share Registry, the Company's and SaleCo's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including Chrysos' financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by Chrysos with legal and regulatory requirements.

If you do not provide the information required on the Application, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company and the Share Registry holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company. You can request access to your personal information by contacting the Share Registry on +61 1300 554 474.

## Third-Party Reports

Any statements, data or other contents referenced or attributed to reports by a third party (each a "Third-Party Report") in this Prospectus represent research

opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. While the views, opinions, forecasts and information contained in a Third-Party Report are based on information believed by the third-party author in good faith to be reliable, that third-party author is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Third-Party Report is based. Any views, opinions or predictions contained in a Third-Party Report are subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third-Party Report is made as at the date of that Third-Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third-party author of such reports. As such, investors are cautioned not to place undue reliance on such information. A third party is not obliged to, and will not, update or revise any content of a Third-Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third-Party Report. The Third-Party Reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

## Consent not sought for certain statements

Unless specifically noted in Section 9.14, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

## Company website

Any references to documents included on Chrysos' website are for convenience only, and none of the documents or other information available on Chrysos' website are incorporated into this Prospectus by reference.

## Speculative investment

An investment in the Shares offered under this Prospectus should be considered highly speculative. Refer to Section 6 for details of the key risks applicable to an investment in the Company. Persons wishing to apply for Shares offered under this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of Chrysos and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus.

This Prospectus does not take into account the investment, objectives, financial or taxation or particular needs of any Applicant. Before making an investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs and consider their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisor.

There is no guarantee that the Shares offered under this Prospectus will make a return on capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

## Questions

If you have any questions about how to apply for Shares, call 1800 677 648 or (+61 1800 677 648 from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday. Instructions on how to apply for Shares are set out in Section 8.7 of this Prospectus and on the back of the Application Form. If you have any questions about whether to invest in Chrysos, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

This document is important and should be read in its entirety.



# CONTENTS

Important Information.....	IFC
Key Offer Statistics and Important Dates.....	4
Chairman’s Letter.....	6
1. Investment Overview.....	8
2. Industry Overview.....	26
3. Company Overview.....	40
4. Financial Information.....	68
5. Investigating Accountant’s Report.....	99
6. Risks.....	111
7. Key People, Interests and Benefits.....	120
8. Details of the Offer.....	135
9. Additional Information.....	149
10. Authorisation by Directors.....	173
11. Glossary.....	175
12. Corporation Directory.....	185
<b>Appendix A. Significant Accounting Policies.....</b>	<b>187</b>
<b>Appendix B. Market Report.....</b>	<b>196</b>
<b>Appendix C. Intellectual Property Report.....</b>	<b>213</b>

# KEY OFFER STATISTICS AND IMPORTANT DATES

KEY DATES	
Lodgement of Prospectus with ASIC	Thu, 14 April 2022
Opening date of Retail Offer	Tue, 26 April 2022
Closing date of Retail Offer	Fri, 29 April 2022
Settlement of Offer	Wed, 4 May 2022
Allotment of New Shares and transfer of Sale Shares	Thu, 5 May 2022
Shares expected to commence trading on ASX on a normal settlement basis	Fri, 6 May 2022
Expected dispatch of holding statements	Fri, 6 May 2022

## DATES MAY CHANGE

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.

## KEY OFFER STATISTICS

Offer Price for each New Share and Sale Share under the Institutional Offer, Broker Firm Offer and Priority Offer	\$6.50
Employee Offer Price for each New Share under the Employee Offer	\$5.85
Number of existing Shares on issue as at the date of this Prospectus	88.0 million
Number of New Shares to be issued under the Offer	10.0 million
Total number of Shares on issue at Completion	98.0 million
Number of Sale Shares available for sale under the Offer	18.2 million
Total Shares available under the Offer	28.2 million
Proceeds to the Company from the issue of New Shares	\$65.0 million (before costs)
Proceeds to the Selling Shareholders from the sale of the Sale Shares	\$118.5 million (before costs)
Total proceeds available under the Offer	\$183.5 million (before costs)
Indicative market capitalisation at Completion	\$637.2 million
Indicative enterprise value at Completion	\$535.6 million

## HOW TO INVEST

- Applications for New Shares or Sale Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 8.7 and on the back of the Application Form.

## QUESTIONS

Please contact the Offer Information Line on 1800 677 648 (if calling within Australia) or +61 1800 677 648 (if calling from outside of Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday, if you have any questions about the Application Form.

- If you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

# CHAIRMAN'S LETTER

## DEAR INVESTOR,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a Shareholder of Chrysos Corporation Limited ("**Company**"), a disruptive, high growth company.

Our vision is to be the world's leading provider of innovative assay technologies and services. This aspiration is being achieved through our flagship product Chrysos PhotonAssay™ ("**PhotonAssay**") which delivers faster, safer, more accurate and environmentally-sustainable analysis of ore to determine the quantity of gold and complementary elements present. The technology is already commercialised and is being used by major laboratory service providers and gold mining companies across the globe.

Protected by patents in key markets targeted by the Company, PhotonAssay represents a major advancement in gold assaying. It is a ground-breaking technology that offers a unique and valuable solution to a range of operational, economic, environmental and social challenges driving the non-discretionary spend decisions of mining and exploration companies.

Chrysos was formed in 2016, however the story of PhotonAssay begins much earlier. The technology was first conceived in 2001 at Australia's national science agency, Commonwealth Scientific and Industrial Research Organisation ("**CSIRO**"), which began over 20-years of research and development ("**R&D**") by CSIRO and Chrysos. The first commercial prototype PhotonAssay Max unit was completed in 2018. Today, PhotonAssay has processed more than 2 million gold samples.

Importantly, PhotonAssay is a significant advancement on the incumbent fire assay technique which is time consuming, labour intensive and involves dangerously high temperatures and hazardous consumables that are harmful to both operators and the environment. In contrast, PhotonAssay provides tangible and measurable customer benefits, including faster and more accurate results, reduced CO<sub>2</sub> emissions per sample, less hazardous waste and consumables, and improved occupational health and safety outcomes.

The technology and its market advantages are validated through its adoption by three of the four largest operators of geochemistry laboratories globally, and its uptake by major gold mining companies such as Barrick Gold Corporation Limited ("**Barrick Gold**"), Novo Resources Corp. ("**Novo Resources**") and Agnico Eagle Mines Limited ("**Agnico Eagle**"). Barrick's press release regarding PhotonAssay's installation into their Bulyanhulu laboratory reads: *This new technique delivers faster, safer and more accurate analysis of gold, silver and complementary elements by non-destructive measurement of larger and more representative samples in as little as two minutes, enabling rapid turnaround of critical operational information that drives optimization throughout the mining value chain.*

The most attractive and immediate market growth opportunities for Chrysos currently are gold assay analysis and the analysis of those elements that present alongside gold mineralogically, including silver and copper. In the gold industry alone, at the Prospectus Date, Chrysos has already contractually deployed or committed to deploy 33 PhotonAssay units, however there remains significant opportunity for further growth upside with this representing 5.4% market penetration based on a total available market of 610 PhotonAssay units<sup>1</sup>.

PhotonAssay also lends itself to a wide range of additional commodities (e.g. base and energy metals), and the Company will continue to invest in R&D to add new commercial analyses to its suite of assay solutions offered.

PhotonAssay units are typically leased to mines and laboratories under five-year renewable contracts which include a minimum utilisation fee per month to deliver a recurring revenue stream to Chrysos. This means our capital and operating costs are all underpinned by significant contractual certainty.

I am proud to say that the Company is led by an experienced senior management team, including Managing Director and founding Chief Executive Officer, Dirk Treasure and, Chief Financial Officer and Company Secretary, Brett Coventry. Further, our co-founder and Chief Technology Officer, Dr James Tickner, was the lead inventor of PhotonAssay with CSIRO.

Management is supported by a Board of Directors that brings a depth and breadth of experience across gold, natural resources, technology development and commercialisation, and capital markets. Whilst Chrysos is growing rapidly, our values and culture remain central to the way we conduct business and engage with our stakeholders. Environment, social and governance ("**ESG**") themes are core to our technology and ethos, and we conduct our operations under three foundational value pillars of respect, empathy and integrity.

Chrysos is seeking to raise \$65.0 million (before costs) through the issue of 10.0 million New Shares and Existing Shareholders are seeking a total of \$118.5 million (before costs) through the sale of 18.2 million existing Shares, with all Shares available for issue or transfer at a price of \$6.50 per Share pursuant to the Offer (with the exception of Shares offered

1. Based on an estimated 410 mine sites with gold production greater than 40koz per annum and which could commercially justify operating a PhotonAssay unit on site and 200 off site independent gold assaying laboratories. Source: Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.



under the Employee Offer)<sup>2</sup>. The funds raised by Chrysos under this Offer will be used to support capital expenditure that underpins the Company's growth ambitions, including the manufacture of additional PhotonAssay units to meet the Company's sales pipeline, which includes commitments extending into 2024. Additionally, an ASX listing will provide Chrysos with improved access to capital markets, give employees an increased opportunity to participate in the ownership of the Company and provide a liquid market for Shares.

The Offer also provides Existing Shareholders with an opportunity to realise part of their investment in the Company and forms part of a commitment that we made to the original Series A investors in the Company to list on a stock exchange within 4 to 5 years. I would like to take this opportunity to thank these investors for their longstanding support and contribution to the growth of Chrysos. Many of the Existing Shareholders will remain supporters of the Company and will hold approximately 78.7% of the Shares in Chrysos at completion of the Offer. Certain Existing Shareholders are subject to escrow arrangements in relation to their Shares held at Completion of the Offer, the details of which are set out in Section 9.6.

This Prospectus contains detailed information about the Offer, the industry in which Chrysos operates, the historical and forecast financial information, as well as the key risks associated with an investment in Chrysos. These risks include, but are not limited to, intellectual property risk, supplier risk, competitor activity, impact of the COVID-19 pandemic, and counterparty risk. Further information about key risks is set out in Section 6. I encourage you to read this document carefully in its entirety before making an investment decision.

I am proud that we have moved PhotonAssay from the laboratory to being widely accepted within the gold sector, and I look forward to welcoming you as a Shareholder as we embark on our next stage of growth.

Yours sincerely,



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**Robert Adamson**  
Founder & Chairman

2. The Employee Offer is an Offer of New Shares to raise up to a total of \$250,000, issued at the Employee Offer Price of \$5.85 per Share, representing a discounted price of 90% of the Offer Price.



**“PhotonAssay provides tangible and measurable customer benefits, including faster and more accurate results, reduced CO<sub>2</sub> emissions per sample, less hazardous waste and consumables, and improved occupational health and safety outcomes.”**



# 1. INVESTMENT OVERVIEW

# 1. INVESTMENT OVERVIEW

Topic	Summary	Further information
<b>1.1 INTRODUCTION</b>		
<b>Who is Chrysos and in which industry does it operate?</b>	<p>Chrysos Corporation Limited (“<b>Chrysos</b>” or the “<b>Company</b>”) is an Australian-based provider of novel assay services to the global mining industry through its proprietary Chrysos PhotonAssay™ technology. Assaying involves the analysis of material such as ore to determine the presence, absence or quantity of various elements. While PhotonAssay can be used to detect a wide range of elements, the technology has proven particularly effective for gold and is currently being rolled-out across the gold mining industry. Assaying is a non-discretionary operating cost in the mining industry and has a wide array of applications across all stages of the value chain, from early-stage exploration drilling to later-stage production activities.</p> <p>Chrysos PhotonAssay units are deployed to mine sites and independent laboratories which provide assay services.</p> <p>Chrysos is headquartered in Adelaide, with operations spanning Perth, Canada and Tanzania.</p>	Section 2.1 and 3.1
<b>What is the history of Chrysos and PhotonAssay?</b>	<p>PhotonAssay has been developed and commercialised over a 21-year period since 2001. The technology was invented by Australia’s national science agency, CSIRO, which advanced the technology from a theoretical concept to a tested prototype over a 15-year period from 2001 to 2016.</p> <p>Chrysos was founded with a view to commercialising PhotonAssay and consequently acquired the exclusive global intellectual property (“<b>IP</b>”) rights in 2016. Since acquiring the IP rights, and developing a commercial product offering built around those rights, Chrysos has successfully processed over two million commercial PhotonAssay samples and has deployed, or is contractually committed to deploy, 33 PhotonAssay units to mine site and off-site laboratories.</p> <p>Chrysos remains committed to ongoing R&amp;D. While the Company’s flagship product is the PhotonAssay Max unit, Chrysos has successfully completed factory testing on a new alternative model known as the PhotonAssay Atom. The PhotonAssay Atom is portable and therefore better suited to mine site deployments. The PhotonAssay Max is larger in scale and well suited to large off-site commercial laboratories or large mines.</p>	Section 3.2

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
<b>1.1 INTRODUCTION</b>		
<b>What are the drivers of demand for gold assays?</b>	<p>Demand for gold assays is driven by activity in the gold mining sector, including the requirement to analyse ore samples as part of exploration drilling, gold mining and processing. The gold price and resulting economic incentive is the single largest driver of activity in the gold mining sector. While assay activity relating to exploration is more cyclical in nature, assay activity relating to production is typically more consistent and less impacted by fluctuations in the gold price.</p> <p>The gold price has traded higher over recent years. This has led to higher margins and helped to expand production in the gold mining sector, supporting demand for assay services. However, globally, gold Reserves<sup>3</sup> have struggled to keep up with production and both grades and Reserve lives have declined over recent years. This is a key risk to the gold mining sector and encourages increased exploration drilling to define new Reserves to maintain or extend mine lives, further supporting demand for assay services.</p>	Section 2.3.1, 2.3.2 and 2.3.3
<b>What is Chrysos' PhotonAssay?</b>	<p>PhotonAssay involves the use of high-energy X-rays to activate gold (and other elements) in mineral samples. Activated samples emit gamma radiation, which can then be measured to quantitatively determine the amount of gold in the sample. The technology is capable of detecting gold to a lower detection limit of 0.01ppm.</p> <p>PhotonAssay follows a series of simple preparation steps and is fully automated once the ore samples are loaded into the PhotonAssay conveyor. The process is non-destructive, allowing for the retention of ore samples in crushed form for re-testing purposes. The PhotonAssay Max is capable of processing more than 40,000 samples per month and delivers fully-quantitative results in as little as two minutes.</p>	Section 3.4.3
<b>What does PhotonAssay compete with?</b>	<p>Fire assay is the traditional methodology for gold assaying and has been in use for centuries. Fire assay involves the use of extreme heat (produced by a furnace) and chemical reagents to concentrate gold into a lead button. Fire assay is capable of detecting gold at a level and precision comparable to PhotonAssay.</p> <p>Fire assay follows a complicated process that relies heavily on human involvement, requiring highly experienced operators and chemists to deliver consistent results. The process is destructive to the ore sample and produces toxic waste which requires discarding. Theoretically, fire assay takes approximately three to four hours to process a single ore sample, however in practice the procedure regularly takes more than 24 hours to complete.</p>	Section 3.4.2

3. According to the Australasian Joint Ore Reserves Committee, an Ore Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. Ore Reserves are classified as Proven and Probable. A Mineral Resource is a concentration or occurrence of solid material of economic interest in such form, grade (or quality) and quantity that there are reasonable prospects for economic extraction. Mineral Resources are classified as Measured, Indicated and Inferred.

Topic	Summary	Further information
<b>1.1 INTRODUCTION</b>		
<b>What is the Chrysos PhotonAssay value proposition?</b>	<p>PhotonAssay represents a major advancement in gold assaying. It is a chemistry-free assay solution which offers several key advantages compared to fire assay, including:</p> <ul style="list-style-type: none"> <li>• <b>Environmental and sustainability improvements:</b> removal of toxic waste from the environment, lower CO<sub>2</sub> emissions, and safer operating conditions with operators no longer exposed to hazardous chemicals and extreme heat;</li> <li>• <b>Simpler and efficient processing:</b> reduced preparation requirements, automation benefits and significantly faster analysis time (results in analysis in as little as two minutes as opposed to several hours);</li> <li>• <b>Improved precision and accuracy:</b> analysis of more representative samples, sample retention for re-testing and quality control, resulting in lower incidents of human error; and</li> <li>• <b>Efficiency advantages:</b> reduced labour, consumables and electricity requirements.</li> </ul>	Section 3.5
<b>What is Chrysos' goal and strategy?</b>	<p>Chrysos' goal is to displace existing assay processes with PhotonAssay. The Company's strategy involves technological leadership with supply chain security, IP protection, rapid market penetration, human resource flexibility, superior customer service and by taking an entrepreneurial approach to organic and inorganic growth opportunities where a competitive advantage may exist.</p>	Section 3.6.1 and 3.6.2
<b>Why is the Offer being conducted?</b>	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> <li>• Provide Chrysos with primary capital to support its organic growth ambitions, including the manufacturing of PhotonAssay units it has contractually committed to deliver to customers, as well as funding working capital requirements and general corporate expenses;</li> <li>• Provide Chrysos with the benefits of an increased profile that arises from being a publicly listed company;</li> <li>• Provide Existing Shareholders<sup>4</sup>, many of whom are long-standing founding Shareholders, with an opportunity to realise part or all of their investment in the Company; and</li> <li>• Provide a liquid market for Shares and an opportunity for others to invest in Chrysos.</li> </ul> <p>Chrysos will have enough working capital at the time of its admission to carry out these stated objectives.</p>	Section 8.5

4. A Shareholder of Chrysos Corporation as at the Prospectus Date.

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
<b>1.2 KEY FEATURES OF THE CHRYSOS BUSINESS MODEL</b>		
<b>What is Chrysos' business model?</b>	<p>Chrysos is engaged in the development and supply of PhotonAssay units which support gold mining companies and independent laboratory companies in processing assays for gold and complementary elements.</p> <p>Chrysos outsources the majority of the manufacturing and assembly of its PhotonAssay units to specialist global security manufacturer, Nuctech Company Limited ("<b>Nuctech</b>"). Chrysos retains full oversight and responsibility for the assembly of the system "smarts" (detectors, electronics and software), ensuring that its core IP is protected in the manufacturing process.</p> <p>Chrysos PhotonAssay units are typically leased on a five-year basis, with an option period for a further five-year term which is extended automatically unless terminated. Chrysos does not sell PhotonAssay units to customers. The Company's leases include a minimum monthly assay payment ("<b>MMAP</b>") or "take or pay" mechanism, whereby the customer is required to pay Chrysos a fee equal to a specified rate per assay multiplied by a minimum utilisation per month. The rate per assay and minimum assay commitment varies between individual contracts and are negotiated on a risk-sharing basis (for example, Chrysos will charge a lower rate per assay if the customer assumes a higher minimum utilisation, and vice versa) with consideration to various modifying factors, such as geographical location and proximity to other units.</p> <p>In addition, Chrysos charges customers for any additional assays completed above the minimum commitment. Accordingly, Chrysos' monthly revenue will only vary from the minimum monthly contracted amount where the customer is processing more samples than the agreed minimum monthly utilisation, or if Chrysos is in breach of its operational performance warranties. The greater the customer utilisation of the PhotonAssay units, the higher the revenue and therefore the returns for Chrysos. Chrysos' deployed PhotonAssay units have been operating at a higher average utilisation than the average minimum contracted utilisation every month since December 2020.</p>	Section 3.6
<b>Where does Chrysos operate?</b>	<p>Chrysos' PhotonAssay units are deployed to gold mines and independent laboratories around the globe.</p> <p>In addition to manufacturing, Chrysos partially outsources the maintenance of PhotonAssay units to Nuctech, leveraging Nuctech's global footprint which supports Chrysos' international expansion, leasing PhotonAssay units to customers in various parts of the world without having to establish an office in every location.</p> <p>Chrysos operates from two offices in Australia, Adelaide (which is the head office) and Perth, and has recently expanded operations into both Canada and Tanzania. Chrysos intends to position regional offices to support business development and unit deployment in key gold mining markets, including Australia, North America and Africa.</p>	Section 3.6.3 and 3.6.6

Topic	Summary	Further information
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## 1.2 KEY FEATURES OF THE CHRYSOS BUSINESS MODEL

<b>Who are Chrysos' customers?</b>	<p>Chrysos' customers are mining companies with on-site laboratories and independent laboratory companies who process assays as part of a broader range of testing, inspection and certification ("<b>TIC</b>") services.</p> <p>Chrysos' dual market focus forms part of the Company's strategy for rapid, wide-spread industry adoption of PhotonAssay. Moreover, the dual market focus helps to mitigate Chrysos' exposure to cyclicalities in the gold industry, with assays among TIC companies more volatile to market movements, as opposed to mining companies using assay services during the production phase which remains relatively stable.</p> <p>Chrysos has leased PhotonAssay units for direct use by two of the largest gold mining companies by production, Barrick Gold and Agnico Eagle. Moreover, the Company has leased PhotonAssay units to three of the world's four largest TIC companies by revenue, ALS Limited ("<b>ALS</b>"), Intertek Group Limited ("<b>Intertek</b>") and SGS S.A. ("<b>SGS</b>").</p>	Section 3.7																																																																																											
<b>How does Chrysos expect to fund its operations?</b>	Between existing cashflow, proceeds from the capital raise and readily available debt facilities, Chrysos will have adequate working capital to fund its operations following completion of the Offer.	Section 4.5, 4.7.4 and 4.8																																																																																											
<b>What is Chrysos' pro forma and statutory historical and forecast financial performance?</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f4a460;"> <th style="text-align: left;">\$ 000's</th> <th style="text-align: center;">FY20</th> <th style="text-align: center;">FY21</th> <th style="text-align: center;">H1 FY21</th> <th style="text-align: center;">H1 FY22</th> <th style="text-align: center;">FY22</th> <th style="text-align: center;">FY23</th> </tr> </thead> <tbody> <tr> <td colspan="7" style="background-color: #f4a460;"><b>Pro Forma</b></td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">2,794</td> <td style="text-align: right;">4,341</td> <td style="text-align: right;">1,899</td> <td style="text-align: right;">5,361</td> <td style="text-align: right;">13,583</td> <td style="text-align: right;">26,623</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">2,532</td> <td style="text-align: right;">3,677</td> <td style="text-align: right;">1,631</td> <td style="text-align: right;">4,690</td> <td style="text-align: right;">11,609</td> <td style="text-align: right;">21,783</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">(186)</td> <td style="text-align: right;">(692)</td> <td style="text-align: right;">(501)</td> <td style="text-align: right;">638</td> <td style="text-align: right;">925</td> <td style="text-align: right;">3,184</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">(2,090)</td> <td style="text-align: right;">(3,035)</td> <td style="text-align: right;">(1,745)</td> <td style="text-align: right;">(724)</td> <td style="text-align: right;">(2,242)</td> <td style="text-align: right;">(3,890)</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">(2,453)</td> <td style="text-align: right;">(3,441)</td> <td style="text-align: right;">(1,908)</td> <td style="text-align: right;">(1,003)</td> <td style="text-align: right;">(2,935)</td> <td style="text-align: right;">(4,743)</td> </tr> <tr> <td colspan="7" style="background-color: #f4a460;"><b>Statutory</b></td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">5,953</td> <td style="text-align: right;">4,341</td> <td style="text-align: right;">1,899</td> <td style="text-align: right;">5,361</td> <td style="text-align: right;">13,583</td> <td style="text-align: right;">26,623</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">5,691</td> <td style="text-align: right;">3,677</td> <td style="text-align: right;">1,631</td> <td style="text-align: right;">4,690</td> <td style="text-align: right;">11,609</td> <td style="text-align: right;">21,783</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">2,584</td> <td style="text-align: right;">(1,093)</td> <td style="text-align: right;">(702)</td> <td style="text-align: right;">35</td> <td style="text-align: right;">(1,734)</td> <td style="text-align: right;">3,184</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">2,152</td> <td style="text-align: right;">(3,436)</td> <td style="text-align: right;">(1,945)</td> <td style="text-align: right;">(1,327)</td> <td style="text-align: right;">(4,902)</td> <td style="text-align: right;">(3,890)</td> </tr> <tr> <td>NPAT</td> <td style="text-align: right;">3,046</td> <td style="text-align: right;">(3,842)</td> <td style="text-align: right;">(2,109)</td> <td style="text-align: right;">(1,605)</td> <td style="text-align: right;">(5,594)</td> <td style="text-align: right;">(4,743)</td> </tr> </tbody> </table>	\$ 000's	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23	<b>Pro Forma</b>							Revenue	2,794	4,341	1,899	5,361	13,583	26,623	Gross profit	2,532	3,677	1,631	4,690	11,609	21,783	EBITDA	(186)	(692)	(501)	638	925	3,184	EBIT	(2,090)	(3,035)	(1,745)	(724)	(2,242)	(3,890)	NPAT	(2,453)	(3,441)	(1,908)	(1,003)	(2,935)	(4,743)	<b>Statutory</b>							Revenue	5,953	4,341	1,899	5,361	13,583	26,623	Gross profit	5,691	3,677	1,631	4,690	11,609	21,783	EBITDA	2,584	(1,093)	(702)	35	(1,734)	3,184	EBIT	2,152	(3,436)	(1,945)	(1,327)	(4,902)	(3,890)	NPAT	3,046	(3,842)	(2,109)	(1,605)	(5,594)	(4,743)	Section 4.3.1 and 4.3.2
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# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
<b>1.3 KEY STRENGTHS AND BUSINESS HIGHLIGHTS</b>		
<b>Large, unpenetrated Total Addressable Market (“TAM”)</b>	<p>Assaying is a core, non-discretionary requirement in the gold mining industry and is used by companies throughout the value chain.</p> <p>The gold mining industry is diverse, including several hundred gold mining companies and mines globally, as well as laboratories designed to provide assay services. It is estimated that there are approximately 410 mines with gold production levels that justify on-site commercial operation of a PhotonAssay unit and approximately 200 off-site gold assaying laboratories (collectively, 610 mines and laboratories potentially in the market for PhotonAssay). Based on an assumed average annual revenue of \$1.6 million per unit, this implies a collective TAM annual revenue of approximately \$988 million<sup>5</sup>.</p> <p>At the Prospectus Date, Chrysos has contractually deployed or committed to deploy 33 PhotonAssay units, implying 5.4% market penetration on 610 PhotonAssay units and scope for further significant upside.</p>	Section 2.5
<b>Disruptive technology with proven advantages to customers</b>	<p>Chrysos’ PhotonAssay represents a major advancement in gold assaying, which has generally been performed using the time consuming, more toxic fire assay method for hundreds of years.</p> <p>PhotonAssay was originally developed by CSIRO. It has undergone stringent testing, received relevant permits and certifications, and processed over two million commercial assay samples to date.</p> <p>PhotonAssay offers a number of key advantages for miners and TIC companies, including proven benefits across economic, environmental, safety, efficiency and accuracy measures.</p>	Section 3.4.3 and 3.5
<b>Attractive customer value proposition validated by customer uptake</b>	<p>Chrysos has leased PhotonAssay units in direct support of mine sites of two of the largest gold mining companies by production, Barrick Gold and Agnico Eagle. The Company has also leased PhotonAssay units to three of the world’s four largest TIC companies by revenue, ALS, Intertek and SGS. These companies have significant financial resources and operate mine sites and/or laboratories globally.</p> <p>Several of Chrysos’ customers have contractually committed to orders for further PhotonAssay units following initial unit deployment. Moreover, many customers have expressed support publicly for the technology, including Barrick Gold.</p>	Section 3.7

5. Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.



Topic	Summary	Further information
<b>1.3 KEY STRENGTHS AND BUSINESS HIGHLIGHTS</b>		
<b>Business model is underpinned by contracted, annuity revenue</b>	<p>Chrysos revenue is underpinned by long-term renewable contracts which have a contracted minimum ‘take or pay’ figure and further provision for upside exposure from higher utilisation. At February 2022, the Company has a total contract value (“TCV”)<sup>6</sup> of \$448 million committed under its 33 existing contracts.</p> <p>Chrysos’ revenue model has several advantages:</p> <ul style="list-style-type: none"> <li>• Encourages customer uptake by removing the financial burden of upfront capital for customers;</li> <li>• Encourages customer usage through the minimum monthly commitment, helping to embed the technology in the customer’s day-to-day operations;</li> <li>• Provides Chrysos with contractual certainty of recurring revenue; and</li> <li>• The minimum contracted utilisation provides Chrysos with attractive baseline returns on its units.</li> </ul> <p>Furthermore, PhotonAssay lease contracts are priced on competitive terms to fire assay (while delivering added environmental, sustainability, efficiency and accuracy benefits), mitigating financial impediments to customer uptake.</p>	Section 3.1 and 3.6.5
<b>Attractive unit economics protected by barriers to entry</b>	<p>Chrysos’ PhotonAssay lease contracts are structured to deliver an attractive baseline return on invested capital (“ROIC”), which at the Prospectus Date averages 34% across all contracts. In practice, the actual average unit ROIC is significantly higher than 34% due to unit utilisation levels averaging higher than the minimum monthly contracted utilisation.</p> <p>Chrysos’ unit economics are protected by a number of barriers to entry:</p> <ul style="list-style-type: none"> <li>• Protected by patents in key markets targeted by the Company;</li> <li>• Long-term leases with units embedded at customer sites;</li> <li>• Approximately 21 years of R&amp;D and investment in technology;</li> <li>• Market leading product with proven benefits over alternative solutions; and</li> <li>• First mover advantage.</li> </ul>	Section 3.4.3, 3.5, 3.6.5 and 3.8
<b>Clear growth pathway and potential to expand TAM</b>	<p>Chrysos has contracted commitments to deliver an additional 25 PhotonAssay units extending out to 2024. The Company is also working on growing its order book.</p> <p>While PhotonAssay is currently being used for gold (and to a lesser extent copper and silver), the technology has been found to detect more than half of all naturally occurring elements and so there exists scope for future expansion into other commodities. This is a key focus of the Company’s ongoing R&amp;D initiatives.</p>	Section 3.4.3 and 3.10

6. TCV represents the future minimum contracted revenue on PhotonAssay leases (both deployed and committed) that are yet to be invoiced at a point in time, which are subject to the Company’s contractual performance obligations and where the Directors consider reasonable certainty exists, may include values associated with exercise of option periods.

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
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## 1.3 KEY STRENGTHS AND BUSINESS HIGHLIGHTS

<b>Experienced management team supported by a well-respected and tenured Board</b>	<p>Several of Chrysos' management team have been with the Company since inception and are responsible for overseeing the successful development and commercialisation of the technology. These include Chrysos Managing Director and Chief Executive Officer ("CEO"), Dirk Treasure and the inventor of PhotonAssay and Chief Technology Officer ("CTO"), James Tickner.</p> <p>Furthermore, Chrysos Chairman, Robert Adamson, is a co-founder of the Company, while three of the other Board members are founding Directors. The Board has diverse experience across mining, technology commercialisation and public markets to support management.</p>	Section 7.1 and 7.2
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Topic	Summary	Further information
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## 1.4 KEY RISKS

<b>Intellectual property</b>	<p>Much of Chrysos' value is derived from its IP and exclusive global rights. While the Company is intent on successfully commercialising and protecting its IP, and has already established patents and systems designed to protect this, there is a risk to Chrysos' operations and financial performance if:</p> <ul style="list-style-type: none"><li>• Other parties were to develop a superior product that hinders Chrysos' commercialisation of PhotonAssay;</li><li>• Chrysos is unable to successfully enforce its patents or rights;</li><li>• Former employees infringe Chrysos' IP rights;</li><li>• Other parties develop superior technologies that circumvent patents;</li><li>• Chrysos is unable to detect unauthorised use of IP rights by another party;</li><li>• Changes in law adversely affect Chrysos' IP rights;</li><li>• Other parties allege that Chrysos' products incorporate patent rights secured by the other party prior to Chrysos commercialising its product; or</li><li>• Chrysos is unable to protect its trade secrets.</li></ul>	Section 6.1
<b>Supplier risk</b>	<p>Chrysos is reliant on several third-party manufacturers and suppliers. While Chrysos has worked with a number of these parties for several years and has strong existing relationships, including with key manufacturer Nuctech, there is a risk that Chrysos will be unable to continue working with these parties, or unable to work with them on similar commercial terms. Further, given the advanced technical nature of some of the components of the PhotonAssay units, it may be difficult to procure alternative suppliers. The occurrence of one or more of these events could ultimately disrupt the unit deployment schedule and adversely impact financial performance.</p> <p>Chrysos' key third-party manufacturing parties are based in international jurisdictions and subject to geopolitical, transportation and raw material risks. Further, there is no guarantee that they are able to meet cost, quality and volume requirements for Chrysos to remain competitive and continue to meet its contractual obligations with customers.</p>	Section 6.1

Topic	Summary	Further information
<b>1.4 KEY RISKS</b>		
<b>Operating risk</b>	<p>Certain operating risks, including but not limited to failure to achieve performance metrics, product failure, difficulties in commissioning and operating PhotonAssay units, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, and industrial disputes, may delay the completion of the work or require further rectification work. While the Group endeavours to take appropriate action to mitigate these operational risks and, where the Directors consider it practicable, insure against them, the Group cannot remove all possible risks of disruption to its business operations, and it cannot control the risks its customers are exposed to. A disruption in the Group's business or those of its customers may have an adverse impact on the Group's growth prospects, operating results and financial performance.</p>	Section 6.1
<b>Competitor activity</b>	<p>While there are barriers to entry, it is possible that competitors may develop alternative and more innovative products to Chrysos' technology. An increase in competition could have an adverse impact on Chrysos' market share and financial performance.</p>	Section 6.1
<b>Cybersecurity/ technology</b>	<p>Chrysos relies on information technology, including its primary hosting provider Microsoft Azure, to maintain operation of its technology. There is a risk that key providers cease offering their service to the Company or that these systems are adversely affected by various factors, including damage and hacking. The occurrence of any of these events has the potential to cause disruptions to Chrysos' business, breach of Chrysos' customer warranties and lead to loss or theft of customer data. While Chrysos uses best endeavours to prevent this, such outcomes could have an adverse impact on the Company's financial performance and reputation.</p>	Section 6.1
<b>COVID-19</b>	<p>The ongoing COVID-19 pandemic has had a significant impact on the global economy.</p> <p>The COVID-19 pandemic continues to cause disruption across the mining industry, including restricting the movement of Chrysos' support staff in maintenance and installation tasks. Further, Chrysos' reliance on suppliers located in China exposes it to various risks in relation to its supply chain that could adversely impact its business and financial position.</p> <p>There continues to be considerable uncertainty as to the duration and further impact of COVID-19, with this having the potential to hinder the Company's operations and financial performance.</p>	Section 6.1

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
<b>1.4 KEY RISKS</b>		
<b>Commercial contracting risk</b>	<p>While Chrysos takes a considered approach before entering into commercial contracts, there are several risks which could impact profitability, including:</p> <ul style="list-style-type: none"><li>• Where Chrysos enters a fixed price (or fixed price components) contract, the potential for the Company to misprice the contract or costs to increase above those anticipated at the time of entering the contract, could result in the contract becoming unprofitable;</li><li>• Customer claims under warranties which expose the Company to additional work or costs;</li><li>• Delays by suppliers which result in deferred revenue or increases in costs which may not be recoverable; and</li><li>• Failure by respective parties to fulfill contractual obligations and potential unrecoverable and costly legal disputes that may not be covered by insurance.</li></ul>	Section 6.1
<b>Counterparty risk</b>	<p>Chrysos faces various risks associated with engaging various counterparties, including non-performance by the counterparties, concentration risk associated with individual counterparties, reputational risks to Chrysos, an inability of Chrysos to manage the counterparty relationship and the potential for disputes, the counterparty's impact on Chrysos' relationship with other third parties and financial or other difficulties affecting the counterparty's ability to perform its contractual obligations. In addition, the Company may expand into certain jurisdictions which have a higher risk of geopolitical unrest, bribery, corruption, modern slavery and crime. The occurrence of any one or more of those events could have a material adverse impact on the Company's operations and financial performance.</p>	Section 6.1
<b>Key personnel risk</b>	<p>Chrysos' strategic direction and future success depends, in part, on the continued motivation and contribution of its senior management and Directors, as well as the Company's ability to manage, attract and retain skilled and qualified staff. Failure to do so, which is further impacted by the significant competition for skilled employees in the mining industry, could have an adverse effect on the Company's operations and financial performance.</p>	Section 6.1
<b>Foreign market operations risk</b>	<p>Given the global nature of Chrysos' business, the Company will derive a significant portion of its revenue from contracts located outside of Australia, notably North America and Africa. As such, Chrysos is subject to risks associated with conducting business in foreign jurisdictions and costs associated with complying with the relevant laws and regulations. These risks and costs could have an adverse effect on the Company's operations and financial performance.</p>	Section 6.1

Topic	Summary	Further information
<b>1.4 KEY RISKS</b>		
<b>Bribery, fraud and corruption risks</b>	<p>In certain jurisdictions, fraud, bribery and corruption are more common than in others. In addition, the mining industry has, in some areas, been shown to be vulnerable to corrupt or unethical practices. The Company adopted an Anti-Bribery and Corruption Policy and a Code of Conduct in March 2022. The policy seeks to ensure that the Group operates in an ethical and transparent manner in all business dealings. Whilst no members of the Group or Directors have been subject to fraud, bribery or corruption proceedings, there can be no guarantee that the employees and contractors engaged by the Group or its other associates will abide by these procedures and as such the Group, its Directors and employees of the Group could be exposed to criticism or prosecution under anti-bribery or similar legislation which could have a material adverse effect on its results of operations and financial condition.</p>	Section 6.1
<b>Loss of revenue from key customers</b>	<p>While Chrysos will attempt to diversify its customer base as it continues to grow, there are certain customers that currently represent a significant proportion of the Company's revenue. A loss of key customer contracts, which may arise as a result of a downturn in the resources industry, reduced or delayed expansion plans or customer dissatisfaction with Chrysos, could have a material adverse effect on Chrysos' revenue and business.</p>	Section 6.1
<b>Workplace health and safety risk</b>	<p>While safety is one of Chrysos' core values, the Company's personnel operate on mine sites and development sites exposing them to potential workplace accidents which may result in serious injury or death. Similarly, the Company's personnel may accidentally cause damage to third-party property or the Company's own property. Claims in relation to workplace accidents may not be covered by insurance or exceed the insurance limit, resulting in significant costs to Chrysos. Further, these claims may result in higher future insurance costs for Chrysos.</p>	Section 6.1
<b>Growth and expansion in new markets</b>	<p>Chrysos has recently expanded into Canada and Tanzania and is currently expanding its operations into further jurisdictions. There is a risk that the Company is unable to grow its revenue effectively or incurs additional unforeseen costs associated with these jurisdictions. Further, there is a risk that Chrysos will be unable to maintain current orders or manage its future growth with the same success. Performance will be influenced by Chrysos' ability to execute on its development and growth strategies, which will further depend on the Company's management structures, systems, procedures and controls. While Chrysos believes that it has established appropriate systems and controls to deliver the next phase of growth, there is a risk that these systems and/or controls are inadequate, and that management is unable to allocate the necessary time or resources to achieve its goals. There are also other factors beyond the Company's control which may impact growth.</p>	Section 6.1
<b>Other risks</b>	<p>Further risks are included in Section 6, including other commercial, operational and general risks.</p>	Section 6.1 and 6.2

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
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## 1.5 DIRECTORS AND MANAGEMENT

<b>Who are the Directors of Chrysos?</b>	• Robert Adamson – Non-Executive Chairman	Section 7.1
	• Dirk Treasure – Managing Director & Chief Executive Officer	
	• Brett Boynton – Non-Executive Director	
	• Ivan Mellado – Non-Executive Director	
	• Dr. Leong Mar – Non-Executive Director <sup>7</sup>	
	• Kerry Gleeson – Non-Executive Director	
<b>Who is the senior management team at Chrysos?</b>	• Dirk Treasure – Managing Director & Chief Executive Officer	Section 7.2
	• Brett Coventry – Chief Financial Officer & Joint Company Secretary	

Topic	Summary	Further information
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## 1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE

<b>Who are the current Shareholders and what will be their interests in Shares at Completion?</b>	<b>Shareholder</b>	<b>As at the Prospectus Date</b>		<b>On Completion<sup>1</sup></b>		Section 9.5
		<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	
	CSIRO	21,560,997	24.5%	21,560,997	22.0%	
	Ausdrill International Pty Ltd	7,125,000	8.1%	–	–	
	Adrian Knowles <sup>2</sup>	7,035,000	8.0%	7,035,000	7.2%	
	Allan Mclellan	4,425,000	5.0%	4,425,000	4.5%	
	Non-Executive Directors <sup>3</sup>	7,998,500	9.1%	7,998,500	8.2%	
	Senior management <sup>4</sup>	825,385	0.9%	825,385	0.8%	
	Other Existing Shareholders	39,055,796	44.4%	35,342,335	36.1%	
	New Shareholders	–	–	20,842,735	21.3%	
<b>Total</b>	<b>88,025,796</b>	<b>100.0%</b>	<b>98,029,952</b>	<b>100.0%</b>		

**Notes:**

1. Shown on the basis that up to \$250,000 is raised at \$5.85 per Share as part of the Employee Offer, representing a discounted price of 90% of the Offer Price. The total aggregate proceeds raised from the issue of New Shares under the Offer is up to \$65.0 million. In the absence of firm commitments under the Employee Offer as at the Prospectus Date, new Shareholders have been shown inclusive of all Employee Offer Shares.
2. Includes Shares held by the controlled entity of Adrian Knowles.
3. Non-Executive Directors include Robert Adamson, Brett Boynton, Dr Leong Mar<sup>7</sup>, Kerry Gleeson, Eric Ford and Ivan Mellado. Includes Shares held by the controlled entities of Robert Adamson and Eric Ford.
4. Senior management include Managing Director and CEO Dirk Treasure and Chief Financial Officer, Brett Coventry. Includes Shares held by the controlled entity of Brett Coventry.

7. Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.

## 1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE

### What significant benefits are payable to Directors and what significant interests do they hold?

The Directors' interests as at the Prospectus Date, together with their proposed interests at Completion, are set out below:

Section 7.3 and 9.5

Director	Interest in Shares		Interest in Options		Interest in Performance Rights							
	As at the Prospectus Date		As at the Prospectus Date		As at the Prospectus Date		On Completion					
	Number	% Number	Number	% Number	Number	% Number						
Robert Adamson <sup>2</sup>	7,890,500	9.0%	7,890,500	8.0%	175,000	2.3%	175,000	2.3%	-	-	-	-
Dirk Treasure	814,273	0.9%	814,273	0.8%	277,500	3.7%	277,500	3.7%	-	-	138,462	67.3%
Brett Boynton	-	-	-	-	362,500	4.9%	362,500	4.9%	-	-	-	-
Dr Leong Mar	-	-	-	-	-	-	-	-	-	-	-	-
Kerry Gleeson	-	-	-	-	12,500	0.2%	12,500	0.2%	-	-	-	-
Eric Ford <sup>2</sup>	108,000	0.1%	108,000	0.1%	162,500	2.2%	162,500	2.2%	-	-	-	-
Ivan Mellado <sup>2</sup>	-	-	-	-	362,500	4.9%	362,500	4.9%	-	-	-	-
<b>Total</b>	<b>8,812,773</b>	<b>10.0%</b>	<b>8,812,773</b>	<b>9.0%</b>	<b>1,352,500</b>	<b>18.1%</b>	<b>1,352,500</b>	<b>18.1%</b>	<b>-</b>	<b>-</b>	<b>138,462</b>	<b>67.3%</b>

#### Notes:

- Shown on the basis that up to \$250,000 is raised at \$5.85 per Share as part of the Employee Offer, representing a discounted price of 90% of the Offer Price. The total aggregate proceeds raised from the issue of New Shares under the Offer is up to \$65.0 million.
- Includes Shares and Options held by controlled entities.

Final Directors' shareholdings will be notified to the ASX following Listing.

All Non-Executive Directors will receive fees.

Dirk Treasure will receive executive remuneration as the Managing Director and CEO.

### Will any Shares be subject to restrictions on disposal following Completion?

Approximately 37.9 million Shares, representing 38.7% of Shares on Completion of the Offer, will be subject to ASX imposed escrow arrangements. All Shares issued under the Employee Offer will be escrowed for 12 months from the date of issue of Shares.

Section 9.6

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information																																													
<b>1.7 OVERVIEW OF THE OFFER</b>																																															
<b>Who is the issuer of the Prospectus?</b>	Chrysos Corporation Limited.																																														
<b>What is the Offer?</b>	<p>The Offer is an initial public offering of 10.0 million New Shares for issue by the Company and 18.2 million existing Shares for sale by SaleCo, to be issued or transferred at the Offer Price of \$6.50 per share (with the exception of the Employee Offer which will be issued at a discounted price of 90% of the Offer Price, being \$5.85 per Share) to raise a total of \$183.5 million (before costs).</p> <p>Existing Shareholders will hold approximately 77.2 million Shares or 78.7% of Shares on Completion. Of this, approximately 37.9 million Shares or 38.7% of Shares on Completion will be subject to ASX-imposed escrow arrangements described in Section 9.6.1. All Shares issued under the Employee Offer will be escrowed for 12 months from the date of issue of those Shares as described in Section 9.6.2. The total number of Shares on issue at completion will be 98.0 million and all Shares will rank equally with each other.</p>	<b>Section 8.2 and 9.6</b>																																													
<b>What is the proposed use of the funds raised under the Offer?</b>	<p>Funds raised from the issue and transfer of Shares under the Offer (totalling approximately \$183.5 million) will be applied as set out in the below table.</p> <table border="1"> <thead> <tr> <th>Sources</th> <th>\$m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Company</b></td> </tr> <tr> <td>Offer proceeds received by the Company</td> <td>65.0</td> <td>35.4%</td> </tr> <tr> <td colspan="3"><b>SaleCo</b></td> </tr> <tr> <td>Offer proceeds received by SaleCo from the sale of existing Shares</td> <td>118.5</td> <td>64.6%</td> </tr> <tr> <td><b>Total funds raised</b></td> <td><b>183.5</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Use of Proceeds</th> <th>\$m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Company</b></td> </tr> <tr> <td>PhotonAssay capital expenditure</td> <td>61.3</td> <td>94.3%</td> </tr> <tr> <td>Costs of the Offer<sup>1</sup></td> <td>3.7</td> <td>5.7%</td> </tr> <tr> <td><b>Total uses – Company</b></td> <td><b>65.0</b></td> <td><b>100.0%</b></td> </tr> <tr> <td colspan="3"><b>SaleCo</b></td> </tr> <tr> <td>Pay Selling Shareholders the remaining Offer proceeds received by SaleCo</td> <td>115.5</td> <td>97.5%</td> </tr> <tr> <td>Costs of the Offer<sup>1</sup></td> <td>3.0</td> <td>2.6%</td> </tr> <tr> <td><b>Total uses – SaleCo</b></td> <td><b>118.5</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table>	Sources	\$m	%	<b>Company</b>			Offer proceeds received by the Company	65.0	35.4%	<b>SaleCo</b>			Offer proceeds received by SaleCo from the sale of existing Shares	118.5	64.6%	<b>Total funds raised</b>	<b>183.5</b>	<b>100.0%</b>	Use of Proceeds	\$m	%	<b>Company</b>			PhotonAssay capital expenditure	61.3	94.3%	Costs of the Offer <sup>1</sup>	3.7	5.7%	<b>Total uses – Company</b>	<b>65.0</b>	<b>100.0%</b>	<b>SaleCo</b>			Pay Selling Shareholders the remaining Offer proceeds received by SaleCo	115.5	97.5%	Costs of the Offer <sup>1</sup>	3.0	2.6%	<b>Total uses – SaleCo</b>	<b>118.5</b>	<b>100.0%</b>	<b>Section 8.5</b>
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	<p><b>Note:</b></p> <p>1. Costs of the Offer shown exclusive of the Lead Manager's 0.50% incentive fee which is payable at the absolute discretion of the Company.</p> <p>The Offer proceeds are sufficient to meet Chrysos' objectives. Taking into account the Company's cash reserves (refer to Section 4.4), Chrysos has enough working capital at the time of its admission to carry out its stated objectives.</p>																																														



Topic	Summary	Further information
<b>1.7 OVERVIEW OF THE OFFER</b>		
<b>Who is managing for the Offer?</b>	Barrenjoey Markets Pty Limited is acting as Lead Manager in relation to the Offer.	
<b>Will the shares be quoted on the ASX?</b>	<p>Chrysos will apply to the ASX for admission to the official list of the ASX and quotation of its Shares on the ASX within seven days of the Prospectus Date. The Shares are expected to trade under the ASX code C79.</p> <p>Listing is conditional on the ASX approving Chrysos' application for quotation. If the ASX approval is not given within three months after such an application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Payments received will be refunded as soon as practicable in accordance with the requirements of the Corporations Act. Interest will not be paid on Application Payments refunded.</p>	<b>Section 8.4</b>
<b>When will I receive confirmation that my Application has been successful?</b>	It is expected that initial holding statements will be dispatched by standard post on or about 6 May 2022.	<b>Section 8.11</b>
<b>When can I sell my Shares on the ASX?</b>	<p>It is expected that trading of Shares on the ASX will commence on a normal settlement basis on or about 6 May 2022.</p> <p>Applicants are responsible for confirming their own Shareholding before trading on the ASX. Applicants who sell their Shares before they receive an initial holding statement do so at their own risk.</p>	<b>Section 8.1 and 8.11</b>
<b>How is the Offer structured and who is eligible to participate?</b>	<p>The Offer comprises the Retail Offer and the Institutional Offer.</p> <p>The Retail Offer consists of the:</p> <ul style="list-style-type: none"> <li>• Broker Firm Offer – which is open to Australian and New Zealand resident retail clients of participating Brokers who have received a firm allocation of Shares from their Broker; and</li> <li>• Priority Offer – which is open to selected investors who have received an invitation from the Company to apply for Shares under this Prospectus; and</li> <li>• Employee Offer – which is open to Eligible Offer Employees in Australia who have received an invitation from the Company to apply for Shares at a discounted price of 90% of the Offer Price, being \$5.85 per Share, under the Employee Offer under this Prospectus.</li> </ul> <p>The Institutional Offer consisted of an offer to Institutional Investors in Australia and certain other jurisdictions around the world (other than the United States) made under this Prospectus.</p>	<b>Section 8.3 and 8.9</b>

# 1. INVESTMENT OVERVIEW CONTINUED

Topic	Summary	Further information
<b>1.7 OVERVIEW OF THE OFFER</b>		
<b>Is the Offer underwritten?</b>	Yes. The Offer is fully underwritten by the Lead Manager, Barrenjoey Markets Pty Limited.	Section 9.9.1
<b>What is the allocation policy?</b>	<p>The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Lead Manager in consultation with the Company.</p> <p>With respect to the Broker Firm Offer, it will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares.</p> <p>With regard to either the Priority Offer or Employee Offer, the Company will have discretion regarding the basis of allocation of Shares among Priority Offer or Employee Offer Applicants and may reject an Application, or allocate fewer Shares than the dollar amount applied for.</p>	Section 8.9
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	No brokerage or handling fees will be paid in respect of Applications made.	Section 8.10
<b>What are the tax implications of investing in the Shares?</b>	Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in Shares will depend on an Investor's particular circumstances. Applicants should obtain their own independent tax advice prior to deciding whether to invest in Shares.	Section 9.12
<b>How can I apply for Shares?</b>	<p>Eligible investors may apply for Shares under the Offer by completing a valid Application Form attached to or accompanying this Prospectus.</p> <ul style="list-style-type: none"><li>• Applicants under the Broker Firm Offer should complete a hard copy Broker Firm Offer Application Form and follow the instructions of their broker.</li><li>• Priority Offer and Employee Offer applications, who have been invited by Chrysos to participate in the Offer, may apply for Shares by completing a valid online Application Form at <a href="https://www.chrysos.com.au/prospectus">https://www.chrysos.com.au/prospectus</a>.</li></ul> <p>To the extent permitted by law, an Application is irrevocable.</p>	Section 8.7

Topic	Summary	Further information
<b>1.7 OVERVIEW OF THE OFFER</b>		
<b>Can the Offer be withdrawn?</b>	<p>Chrysos reserves the right not to proceed with the Offer at any time before Shares are issued to successful Applicants.</p> <p>If the Offer does not proceed, Application Payments will be refunded. No interest will be paid on any Application Payment refunded as a result of the Offer being withdrawn.</p> <p>The Company also reserves the right to close the Offer early, extend the Offer, reject any Application or allocate to any Applicant fewer Shares than those applied for.</p>	<b>Section 8.15</b>
<b>Where can I find out more information about this Prospectus and the Offer?</b>	<p>If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.</p>	<b>Section 8.13 and 8.16</b>



## 2. INDUSTRY OVERVIEW

## 2. INDUSTRY OVERVIEW

### 2.1 INTRODUCTION

Chrysos is a provider of assay services to the global mining industry through its exclusive ownership of the CSIRO-developed PhotonAssay technology, protected by patents in key global markets. PhotonAssay is a quantitative, chemistry-free assay solution which can be used to detect a wide-range of elements, proving particularly effective for gold. Chrysos has owned the IP for the technology since December 2016 (following development by CSIRO over a 15-year period) and has since then been focused on the roll-out of the technology across the gold mining sector globally.

Chrysos' end customers for PhotonAssay are: (i) gold and polymetallic mining companies; and (ii) independent geochemistry services providers. Given the global nature of the mining industry, Chrysos' customers are situated across a diverse number of countries and regions (refer to Figure 21).

This section is intended to provide an overview of the gold mining and assaying industry in which Chrysos operates. An independent Market Report has been prepared by Frost & Sullivan Pty Limited ("**Frost & Sullivan**") and is available in Appendix B.

### 2.2 GOLD MINING ASSAYS

Geochemistry is the scientific study of the chemical composition of rocks and minerals. Assaying is a core geochemistry service in the gold mining industry and involves the analysis of material, such as ore, to determine the presence, absence or quantity of gold and other mineral components. Assays are a non-discretionary operating cost in the mining industry, having a number of applications through the value chain. For example, gold mining companies may use assays for the following reasons:

- To discover or identify new ore deposits;
- Better define existing ore deposits for reporting in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, published by the Australasian Joint Ore Reserve Committee ("**JORC**");
- Determine economically feasible zones of an ore deposit for mining; or
- Assess ore grades and impurities to optimise ore blending and chemical reagents for processing ore.

Given its widespread use in the gold mining industry, assays are undertaken by companies of various size and stage of operation, including early-stage exploration through to large-scale production (an overview of the relevance of assays at various stages of the mining process is provided in Section 2.3.2).

Assays are undertaken either at mine-based laboratories (whether operated by gold mining companies or independent geochemistry services providers), or offsite at laboratories operated by independent geochemistry services providers. These are typically independent laboratory companies who offer geochemical services as part of a broader range of TIC services. Generally, mining companies will only build on-site laboratories where there is an established producing gold mine of sufficient scale and production volume to justify an on-site presence.

With its origins in Asia at least 2,000 years ago, fire assay has historically been the most common approach to assaying gold. Fire assay involves the use of extreme heat and toxic chemical reagents to concentrate gold and other precious metals from ore. The approach follows a complicated process and requires highly skilled and experienced operators to deliver consistent results. First, ores are pulverised, split into small aliquots (typically 30g to 50g) and mixed with chemical reagents including lead which is commonly used as the collector agent. From here, the samples are heated in a furnace where they fuse and the collector material (or lead 'button'), containing the gold and other precious minerals, separates from the valueless mineral slag. The precious metals are then extracted through a process known as cupellation, which includes the heating of the lead 'button' in an oxygen induced furnace and the oxidation of the non-precious minerals into a porous container. Finally, nitric acid is commonly added to dissolve any non-gold precious minerals (e.g. silver or platinum), isolating the remaining gold which can then be analysed via gravimetric or instrumentation methods. A more detailed summary of fire assay is provided in Section 3.4.2.

PhotonAssay represents a major advancement in gold assaying technology and was originally developed by CSIRO over a 15-year period from 2001 to 2016. Chrysos acquired the IP from CSIRO in December 2016, with the aim of commercialising the technology. PhotonAssay involves the use of high-energy X-rays to activate gold atoms in the ore, with the gamma-rays emitted by the activated gold then measured and counted to estimate the gold content in the sample. The process follows a series of simple preparation steps and is fully automated once the sample jars are loaded into the PhotonAssay unit conveyor. A more detailed summary of PhotonAssay is provided in Section 3.4.3.

## 2. INDUSTRY OVERVIEW CONTINUED

Despite fire assay's prevalence in the gold assaying market, PhotonAssay has achieved accelerating customer engagement since the deployment of the first PhotonAssay unit in 2018. This is emphasised by Chrysos currently having 33 PhotonAssay units deployed or committed, including with some of the largest global gold mining companies and geochemistry services providers. Chrysos categorises a unit as deployed when it is on a customer's site and operational, whilst a unit is deemed committed when a binding contract has been entered into with a customer for delivery of a unit.

PhotonAssay delivers several key advantages over fire assay which have helped to drive customer uptake of the technology. These include:

- Environmental and sustainability outcomes, including the removal of toxic waste, reduced CO<sub>2</sub> emissions and better operating conditions from assaying. Further, availability of real time data helps to inform better decision making and the use of chemical reagents by miners, helping to reduce tailings waste for a given ounce of gold production;
- Faster analysis through simpler processing steps and greater automation;
- Improved precision and accuracy through lower human involvement (and chance for human error) and the analysis of more representative samples; and
- Greater efficiency through a reduced requirement for labour, consumables and electricity.

A more detailed summary of the key advantages of PhotonAssay is provided in Section 3.5.

### 2.3 GOLD MINING

#### 2.3.1 Gold Price

The price of gold is an important factor that drives activity in the gold mining industry and therefore demand for geochemistry services such as assaying. Gold is a rare and chemically inert naturally occurring metal with demand from a wide range of sources. These including jewellery, technology, financial instruments (e.g. gold exchange-traded funds, over-the-counter contracts, or exchange-traded derivatives) and central bank reserves.

Financial investment is a key driver of short-term volatility in gold prices, given gold is generally considered to be a safe-haven asset. This is because gold has unique qualities of supply scarcity, yet deep market liquidity, and is considered to be a mainstream asset that has widespread applications and cultural value globally. As such, investors and central banks use gold to enhance portfolio diversification and hedge against macroeconomic, political and broader global risks to currencies and equity values. As shown in Figure 1, gold has proven an attractive investment over the past five years to 31 December 2021, returning a total of 57.6% and outperforming the S&P/ASX 200 Index by 26.2%. The safe haven attributes of gold have been further emphasised since the beginning of the COVID-19 pandemic in early 2020. From 20 February 2020 to 23 March 2020 (20 February 2020 being the final date before the S&P/ASX 200 Index started to decline and 23 March 2020 being the date of the S&P/ASX 200 Index low), the S&P/ASX 200 Index declined a total of 36.5%, versus gold which declined a modest 5.8%<sup>8</sup>. Further, gold rebounded sharply following this initial decline, recording a value of US\$2,067/oz on 6 August 2020<sup>8</sup>.

A summary of the historical gold price and S&P/ASX 200 Index returns from 31 December 2016 to 31 December 2021 is shown in Figure 1 below.

8. FactSet data as of 31 December 2021.

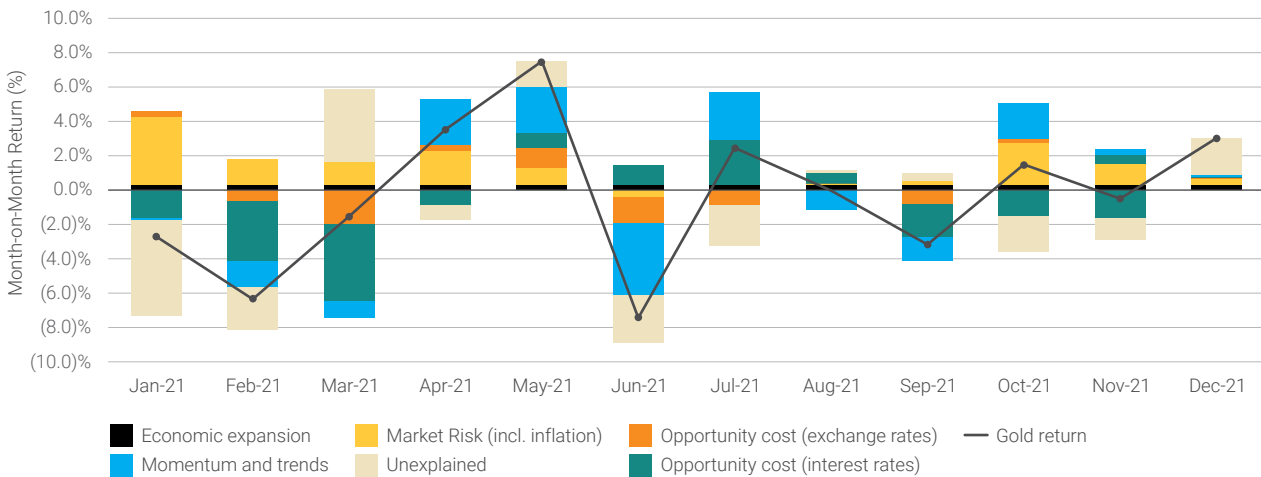
**Figure 1: Historical Gold Price and S&P/ASX200 Return, 2016 to 2021**



Source: FactSet data as of 31 December 2021.

Despite generating strong five-year historical returns, the gold price remained relatively stable in 2021, typically hovering between US\$1,750/oz and US\$1,850/oz ahead of settling at US\$1,806/oz on 31 December 2021<sup>9</sup>. The U.S. Federal Reserve’s stance on monetary policy, including the lifting of interest rates and unwinding of the bond purchasing regime, was of increasing focus with rising inflation in 2021. For instance, the U.S. Consumer Price Index (“CPI”) increased 7.0% in 2021, the largest 12-month gain since June 1982<sup>10</sup>. Goldhub, a data and research platform initiated by the World Gold Council, analyses gold price returns against several key thematic drivers, including economic expansion, market risk (including inflation), opportunity cost (exchange rates and interest rates) and momentum. The results of Goldhub’s 2021 analysis are shown in Figure 2 below.

**Figure 2: Contribution of Gold Price Thematic Drivers to Monthly Gold Returns, 2021**



Source: Goldhub, Gold Outlook 2022. Contribution of thematic drivers to gold price returns based on Goldhub multiple regression model. ‘Unexplained’ represents the percentage change in the gold price that is not explained by factors currently included in the model.

9. FactSet data as of 31 December 2021.  
 10. Bloomberg, U.S Inflation Hits 39-Year High of 7%, Stage Set for Fed Hike, January 2022.

## 2. INDUSTRY OVERVIEW CONTINUED

The U.S. Federal Reserve is expected to attempt to contain inflation through a series of interest rate hikes in 2022, however the speed with which it does so, and its effectiveness in containing inflation, are the key unknown factors which are expected to drive prices in 2022. Based on consensus forecasts, the average gold price for 2022 is expected to decline slightly on the average price in 2021, averaging US\$1,739/oz<sup>11</sup>. Consensus estimates for the average gold price in 2022 remain well above historical averages and are conducive to strong margins for operating gold mines (see Figure 8 for further information on gold mining margins at various gold prices).

The gold price (and related demand-side drivers) is a key factor influencing activity in the gold mining industry and consequently, the demand for assay technologies such as PhotonAssay.

### 2.3.2 Gold Mining Stages

The stage of a company's mining projects, including level of de-risking to become a sustainable and profitable operation, is a key driver in determining its value. Projects can be categorised into several key stages, including exploration, development, operation, decommissioning and post-closure. Geochemistry analysis in the form of assaying is used from exploration through to the operating phase of a gold project. A summary of these stages, and how assaying is used in each stage, is outlined below.

#### Exploration

Exploration involves searching, usually over a wide geographical area, for the discovery of a mineral Reserve. The exploration process comprises multiple stages, typically beginning with a ground examination before proceeding to drilling and sample evaluation. The exploration process does not usually finish once a Reserve has been defined, as there exists potential for upgrades through orebody extensions and the identification of other proximal orebodies which often mean that companies will undertake further exploration work all the way through a project's lifecycle. The initial exploration to discover a mineral Reserve has however, yielded limited success historically, with only 0.1% of prospective sites leading to a productive mine and only 10% of known global gold deposits containing sufficient gold to justify further development<sup>12</sup>.

Gold mining companies utilise assaying as part of exploration to analyse drilling ore samples and define a Mineral Resource or Ore Reserve. Many projects are located in remote areas, with gold ore samples often sent over long-distances to independent laboratories for analysis. Further, during periods of high exploration activity, demand for assaying services is correspondingly high, often creating backlogs of samples waiting to be analysed at the laboratories. PhotonAssay, through its faster analysis time, helps to address this issue.

#### Development

Development follows a successful exploration program and involves the planning and construction of the mine and associated infrastructure. The planning phase in particular can be time-consuming, requiring input from various engineering consultants as part of the mine and infrastructure design. As such, the planning phase will often overlap with the back-end of an exploration program and culminate in the form of a feasibility study; a detailed document which outlines the proposed mine and infrastructure design, mining plan, practices and economics. It is this document that will often guide a mining company's intent to invest the necessary capital for mine construction. Assays are an integral component of the preparation of a feasibility study, with assay samples guiding Reserve definition and associated mining schedules and processing designs.

#### Operation

Following construction, a mine enters the operation stage, where ore is extracted from the ground and gold is typically processed into either doré (a metallic alloy of substantial purity, typically between 60-90%)<sup>12</sup> or a concentrate (partially purified ore containing a higher grade of gold).

11. Bloomberg data as of 23 February 2022.

12. Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.



Assays have a wide-range of applications in the operation stage. During mining, companies will use assays for further orebody definition, which includes determining zones of gold ore and waste. This is used to help guide mining efforts and ensure that only those zones of the deposit that are economically-viable are being mined. In processing, assays are regularly undertaken as part of general quality control, including to blend stockpiled ore to benchmark grades, optimise chemical reagents for recoveries and monitor tailings grades. As part of sales, assays are undertaken to confirm final product grade and specifications for end-customer pricing. Further exploration opportunity (which is of increasing importance for life-of-mine extensions) exists at a number of projects, therefore companies will often continue exploration drilling, driving the need for assays of these new ore samples. Given the significant demand and requirement for real-time data at the operation stage, companies will often build their own on-site laboratory which they will operate themselves or outsource to an independent geochemistry services provider to conduct assays.

### Decommissioning and post-closure

Once an orebody has been exhausted or the remaining remnants of an ore orebody have proven uneconomic to mine, the company assumes responsibility for decommissioning and dismantling the infrastructure and rehabilitating the environmental site.

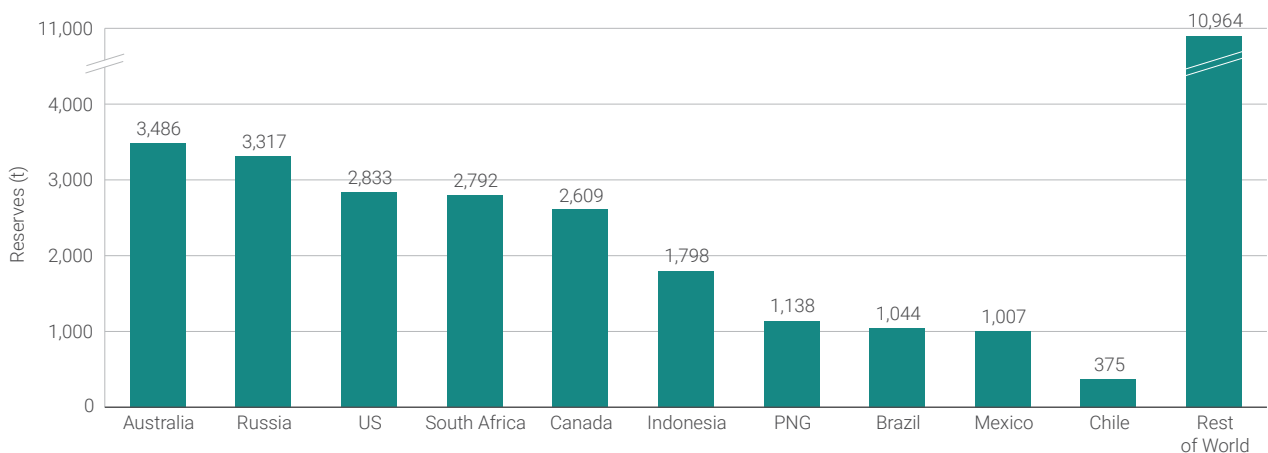
## 2.3.3 Key Themes in Gold Mining Impacting PhotonAssay Demand

### Reserves and exploration

Assays are used to analyse ore samples from exploration drilling, which is used as part of defining an Ore Reserve. Demand for PhotonAssay is therefore invariably related to exploration drilling activity and the requirement to accurately quantify Ore Reserves.

According to Wood Mackenzie data as of the end of 2019, the total gold Reserves of operating gold mines globally approximately 31,093t<sup>13</sup> (the total gold Reserves, including undeveloped and exploration projects are much larger than this, estimated at 57,500t in 2020<sup>14</sup>). Australia represented the largest portion of gold Reserves for operating gold mines, at approximately 3,486t. A summary of gold Reserves by country for operating gold mines in 2019 is shown in Figure 3 below.

**Figure 3: Gold Reserves for Operating Gold Mines by Country, 2019**



Source: Wood Mackenzie, Gold Update, November 2021. Data based on Wood Mackenzie coverage of operating gold mines.

Reserve attrition is a key risk facing the gold mining industry. For instance, the average mine life of operating gold mines globally has continued to fall over recent years, declining from approximately 15.5 years in 2012 to 11.0 years in 2019<sup>13</sup>.

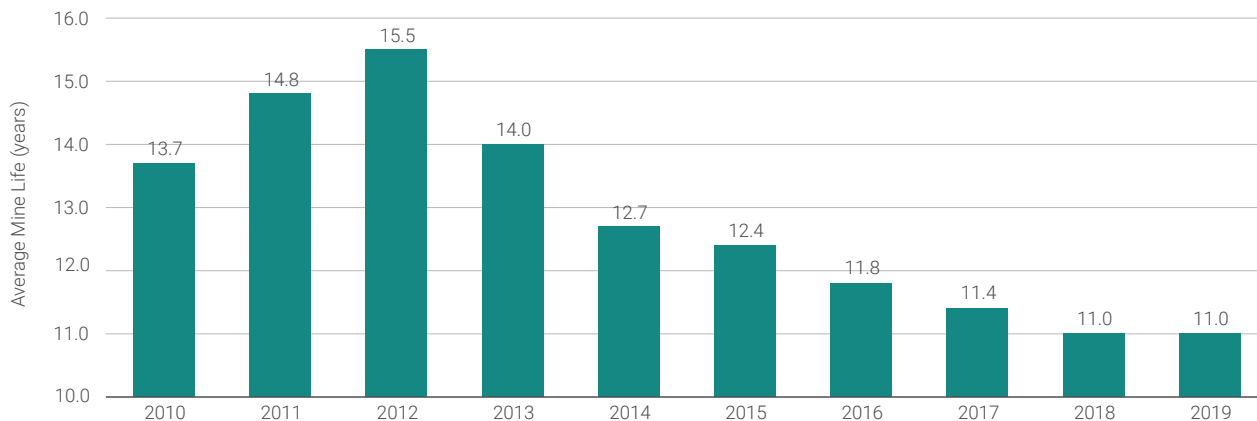
A summary of the average historical mine life of operating gold mines from 2010 to 2019 is shown in Figure 4 below.

13. Wood Mackenzie, Gold Update, November 2021.

14. World Gold Council, Gold Focus 2021.

## 2. INDUSTRY OVERVIEW CONTINUED

**Figure 4: Average Mine Life of Operating Gold Mines, 2010 to 2019**

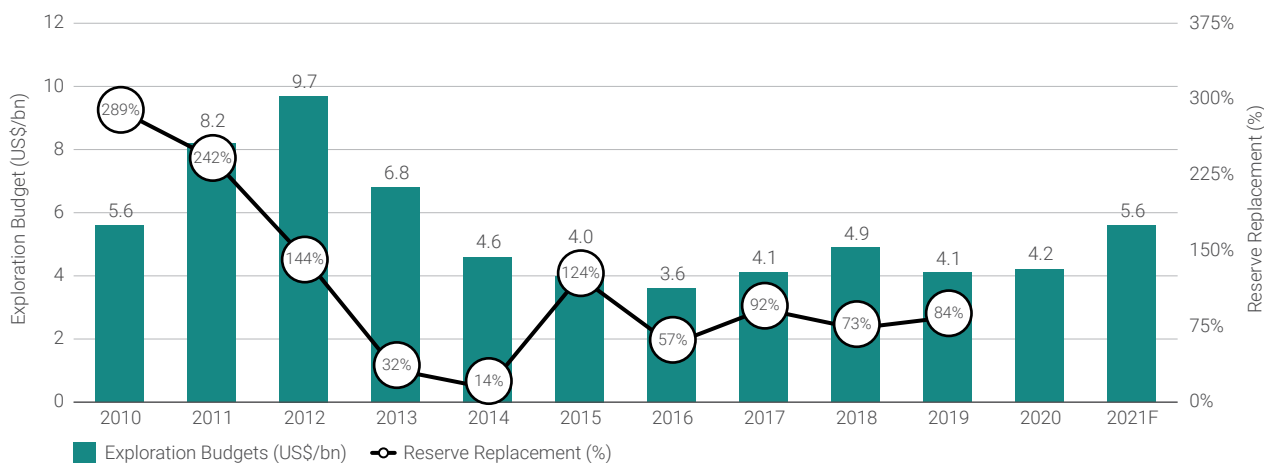


Source: Wood Mackenzie, Gold Update, November 2021. Data based on Wood Mackenzie coverage of operating gold mines. Mine life calculated by dividing end-year Reserves at operating mines by contained gold contained in ore processed in the respective year. Includes both primary gold mines and mines where gold is mined as a by-product of another primary mineral.

There are likely two key reasons for the decline in mine life. Firstly, many gold mining companies have been mining ore at grades above the Reserve grade<sup>15</sup>. This results in a faster Reserve attrition rate (through the extraction of more gold ounces) than what would be implied under the Reserve grade, exacerbating the fall in mine life. Secondly, global exploration budgets have declined since peaking at US\$9.7bn in 2012<sup>16</sup>. Naturally, this leads to fewer discoveries of new gold deposits, whilst also limiting the conversion of near-mine Resources into Reserves. In particular, the lack of near-mine conversion of Resources into Reserves, together with the mining of higher grade ores, has meant that Reserve replacement at operating gold mines has broadly declined from 2013 to 2019 (the last year from which data is available) and to levels below parity (per Figure 5 below, parity being 100% or the point where the addition of new Reserves matches the depleted Reserves from mining)<sup>15</sup>.

A summary of historical global gold exploration budgets and Reserve replacement at operating gold mines from 2010 to 2021 (Reserve replacement only to 2019) is shown in Figure 5 below.

**Figure 5: Global Exploration Budgets and Reserve Replacement, 2010 to 2021F**



Source: S&P Global Market Intelligence, Gold Exploration Trends 2020; Wood Mackenzie, Gold Update, November 2021. Reserve replacement data based on Wood Mackenzie coverage of operating gold mines and includes both primary gold mines and mines where gold is mined as a by-product of another primary mineral.

15. Wood Mackenzie, Gold Update, November 2021.

16. S&P Global Market Intelligence, Gold Exploration Trends 2020.

However, one aspect that has helped to support Reserves is the increase in the Reserve price<sup>17</sup>. The Reserve price is used in Reserve estimation to determine the economic proportion of an orebody for mining and is generally determined with reference to the prevailing market price. As such, Reserve prices have broadly increased over the past five years as the gold price has nearly doubled (from lows of approximately US\$1,000/oz to US\$1,100/oz in late 2015)<sup>18</sup>, increasing the Reserve by pushing up ore that was otherwise considered uneconomic. Even though the average Reserve price has recently increased, it remains slightly below 2012 levels. This followed a period of long-term sustained price appreciation from lows of approximately US\$300/oz in the early 2000's<sup>18</sup>.

While exploration activity has declined in recent years, signs of a recovery are starting to emerge. In 2021, global exploration budgets were approximately US\$5.6 billion, representing a 35% increase on 2020 and the highest value since 2013<sup>19</sup>. This resurgence in exploration comes on the back of the higher gold price, with senior operating gold miners benefiting from higher margins and cashflow which has helped push more capital into near-mine exploration in an attempt to unlock easy-to-deliver ounces (a focus on near-mine Resource conversion and exploration is a trend which producers have increasingly shifted towards in the past decade)<sup>19</sup>. Further, at the junior end of the market, investors have been supportive of equity capital raisings to fund exploration, with one recent example being De Grey Mining Limited raising \$125 million (including \$77 million for exploration and Resource delineation drilling) for its early-stage Mallina Gold Project in October 2021<sup>20</sup>.

Exploration is expected to be a key focus of gold mining companies as they look to bolster Reserves and mine lives over the next couple of years. Fortunately, many miners still hold robust Resource profiles at operating assets which provide the possibility of meaningful Reserve conversion through further Resource delineation drilling and continuing gold price strength. For example, if just 25% of total Resources at operating assets are converted into Reserves, then this extends the average mine life of the industry by approximately four years<sup>17</sup>. High-levels of recent investment in new exploration projects should create opportunities for further Reserve discovery and mine developments in the future, such as the Mallina Gold Project which is yet to define a Reserve but has an established existing Resource of 9Moz<sup>21</sup>.

## Development

New gold mine development is a key driver of demand for PhotonAssay, with assays having a wider-range of applications and increased usage overall once a mine enters its operational stage.

The recent strength in the gold price compared to historical averages has helped support development activity. In particular, there has been a heightened focus on the re-scoping of existing idle mines, which had otherwise proven uneconomic during periods with lower gold prices and were placed on "care and maintenance". The Bibiani project in Ghana, and the Kiena project in Canada, are two examples of idle mines that are in the process of restarting operations.

The strength of the gold price also supports investment in new projects. New mines which have been able to secure development capital through both debt and equity sources include the Woodlark gold mine in Papua New Guinea and the Bellevue gold mine in Western Australia. Examples of large-scale projects include Salares Norte in Chile and Côté in Canada, with an estimated total upfront capital cost of US\$860 million and US\$1,866 million<sup>22</sup>, respectively.

## Production

Assays are an important part of gold production, they are used to delineate ore zones from waste, process control and to determine final product grades. Demand for PhotonAssay is therefore intrinsically related to gold production.

Global gold production has risen steadily over the past decade. From 2010 to 2019, production increased at a compound annual growth rate of 2.7%, from 2,831t to 3,597t<sup>23</sup>. Production declined in 2020 to 3,478t<sup>23</sup>, with the outbreak of the COVID-19 pandemic resulting in travel restrictions and mine shutdowns. Production is estimated to have rebounded sharply in 2021, increasing 6.2% to 3,693t<sup>23</sup>. A summary of 2010 to 2021 global gold production is shown in Figure 6 below.

17. Wood Mackenzie, Gold Update, November 2021.

18. FactSet data as of 31 December 2021.

19. S&P Global Market Intelligence, Gold Exploration Trends 2020.

20. De Grey Mining Limited, ASX Announcement, Completion of Fully Underwritten \$125 million Placement, October 2021.

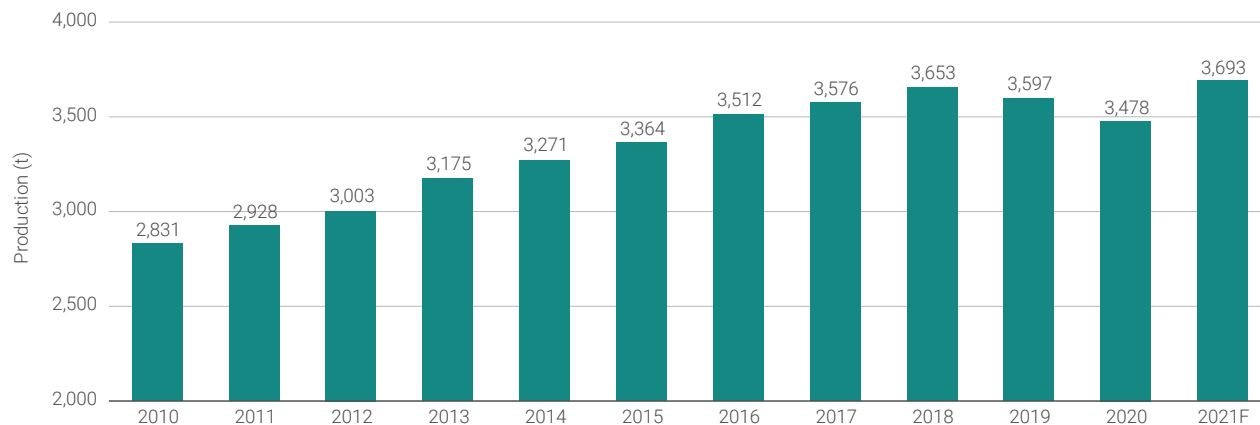
21. De Grey Mining Limited, ASX Announcement, Investor Presentation – 2021 Annual General Meeting, November 2021.

22. Goldfields, Media Release, Gold Fields begins construction of Salares Norte Project, January 2021; IAMGOLD Corporation, 2021 Technical Report – Côté Gold Project, Ontario, Canada, December 2021.

23. World Gold Council, Gold Focus 2021.

## 2. INDUSTRY OVERVIEW CONTINUED

Figure 6: Global Gold Production, 2010 to 2021F

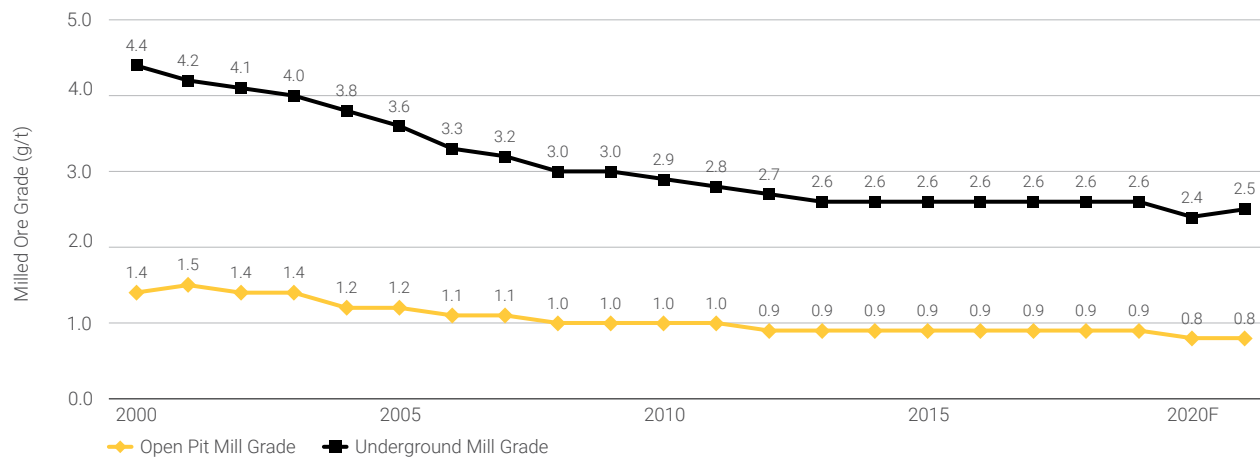


Source: World Gold Council, Gold Mining Production Volumes.

Gold is produced on every continent (except Antarctica) and in over 50 countries. However, in 2020, the top 10 countries accounted for over half of global gold production (55.7%), with the top three countries representing nearly a third (29.5%). The top three countries are China at 368t (10.6%), Russia at 331t (9.5%) and Australia at 328t (9.4%)<sup>24</sup>.

The rise in gold prices over the past decade has increased the economic proportion of an orebody, allowing for the mining of lower grade ore. As such, gold mining grades have declined over time, particularly during the early 2000 to 2012 period when the gold price appreciation was at its peak. A summary of 2001 to 2021 gold ore milling grades from both open pit and underground sources is shown in Figure 7 below.

Figure 7: Open Pit and Underground Ore Milling Grades, 2000 to 2021F



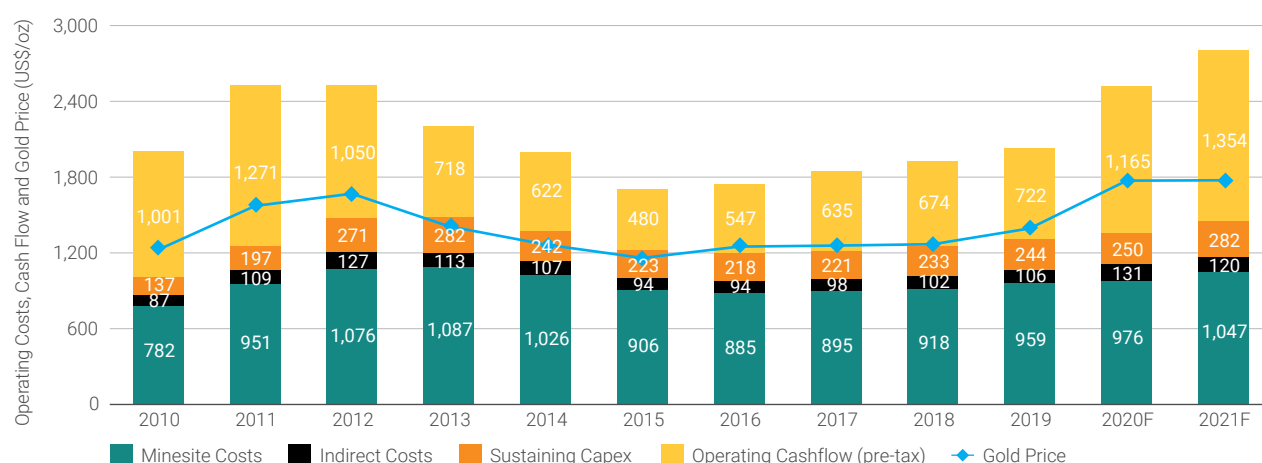
Source: Wood Mackenzie, Gold Update, November 2021. Data based on Wood Mackenzie coverage of operating gold mines and includes both primary gold mines and mines where gold is mined as a by-product of another primary mineral. Forecasts from 2020 to 2021.

24. World Gold Council, Gold Mining Production Volumes.

Despite this fall in grades, the trend has begun to moderate with the industry seemingly approaching the floor of grades that are economic to extract. It follows that the processing of more ore to produce the same amount of gold leads to cost inflation, meaning that miners will need to either invest in technology that lowers costs or the gold price will need to further improve for the grade to continue to decline. Miners have been investing in technology for several years in order to digitise and automate operations, with benefits being made across fleet optimisation, blast parameters and reduced operational downtime. However, where existing Reserve depletion requires the mining of progressively deeper mines and mines based in more remote locations, incremental technology improvements may be required to maintain the current level of grades. The speed of technology advancement and the ability of gold miners to either reduce or maintain current grades (and therefore the economic size of deposits globally) will be a key factor influencing future production and demand for assay services.

In line with the traditionally high gold price, gold mining companies are benefiting from record margins with average operating pre-tax cash flows (including by-product credits) estimated at US\$1,354/oz in 2021<sup>25</sup>. This represents a 75.0% margin on the US\$1,806/oz gold price as of 31 December 2021. A summary of 2010 to 2021 gold mining operating costs and cash flows (including by-product credits) are shown in Figure 8 below.

**Figure 8: Gold Mining Operating Costs, Cash Flows and Gold Price, 2010 to 2021F**



Source: Wood Mackenzie, Gold Update, November 2021. Data based on Wood Mackenzie coverage of operating gold mines and includes both primary gold mines and mines where gold is mined as a by-product of another primary mineral. Forecasts from 2020 to 2021.

Despite strong margins, gold miners remain focused on cost efficiencies to maximise operating cashflows<sup>25</sup>. This follows lessons from the 2000 to 2012 period, where costs ballooned in line with the higher gold price and miners were adversely impacted as the gold prices diminished from 2013<sup>25</sup>. Maintaining a disciplined approach to costs and capital management will be key to maintaining strong margins, particularly as broader macroeconomic inflationary pressures, including higher oil prices, labour and consumable costs, are expected to affect gold miners in 2022. The ability of gold miners to control costs and continue generating strong margins will influence future gold production and exploration expenditure, impacting demand for assay services.

25. Wood Mackenzie, Gold Update, November 2021.

## 2. INDUSTRY OVERVIEW CONTINUED

### ESG

Gold miners are increasingly focused on ESG practices and outcomes. This is in line with the evolving expectations of shareholders and wider stakeholder groups. Key ESG themes include:

- Safety standards and injury rates;
- Workforce diversity and inclusivity, including gender equality;
- Strong, supportive and sustainable employee cultures;
- Meaningful community engagement, including, but not limited to, native title holders and charitable organisations;
- Reduced environmental footprint, including water usage, CO<sub>2</sub> emissions, waste and other pollution; and
- Regulatory compliance, including key ethical considerations such as modern slavery.

Accordingly, many senior and/or publicly-listed gold miners outline their company's performance against ESG goals in publicly-available sustainability reports.

Events such as the recent Conference of Parties 26 have highlighted key carbon emitting industries and the significant reductions that must be made to reduce global warming. Based on 339 senior gold mines (or 60% of gold production), Wood Mackenzie estimates that the gold mining industry emitted over 55Mt of CO<sub>2</sub> equivalent ("**CO<sub>2</sub>e**") in 2019, or approximately 0.2% of total global carbon emissions<sup>26</sup>. The gold mining industry is focused on reducing emissions, with Wood Mackenzie estimating that implemented or planned cleaner energy projects are expected to deliver over 3Mt (or 5.5% on 2019) CO<sub>2</sub>e per year<sup>26</sup>. Moreover, some gold miners are positioning the transition to greener mining as a core part of their vision or strategy. It is expected that those gold miners who are able to effectively reduce emissions will be looked upon more favourably by investors and project financiers. In particular, ESG-related mining finance is beginning to emerge, as shown through Newmont securing a US\$3 billion sustainability-linked credit facility in 2021<sup>27</sup>.

Chrysol's PhotonAssay offers several key environmental and sustainability advantages over the incumbent fire assay approach, including reduced CO<sub>2</sub> emissions, less hazardous waste and improved occupational health and safety outcomes for operators. Further, the fast accurate data provided by PhotonAssay enables miners to better optimise their processes, helping to improve gold recovery and lower reagent use, thus lowering the environmental footprint per ounce of gold produced. The ongoing focus on ESG by gold mining companies is therefore expected to further drive demand for PhotonAssay as an alternative to fire assay.

### 2.3.4 Gold Mining Company Landscape

The gold mining industry is diverse, including companies with single to multiple mining projects, operating at various stages (refer to the summary in Section 2.3.2) and located in multiple geographies. There are several hundred gold mining companies globally, either listed on public stock exchanges or held in private companies, with wide-ranging valuations up to tens of billions of dollars. Given the capital intensity required for exploration and development of gold mines, it is common for gold mining companies to be listed on a public stock exchange where there is greater access to shareholder capital.

Gold mining companies are typically categorised into junior and senior (or major) categories according to the stage of their mining operations and overall company size (both scale of production and market valuation). Junior mining companies are typically focused on exploration and the discovery of new gold Reserves for development, with exploration activities often funded through capital raised from public equity markets. By contrast, senior gold mining companies are typically those focused on maximising cashflows at producing mines, which they either return to shareholders in the form of dividends and share buybacks or use to fund future growth through exploration and mergers and acquisitions ("**M&A**").

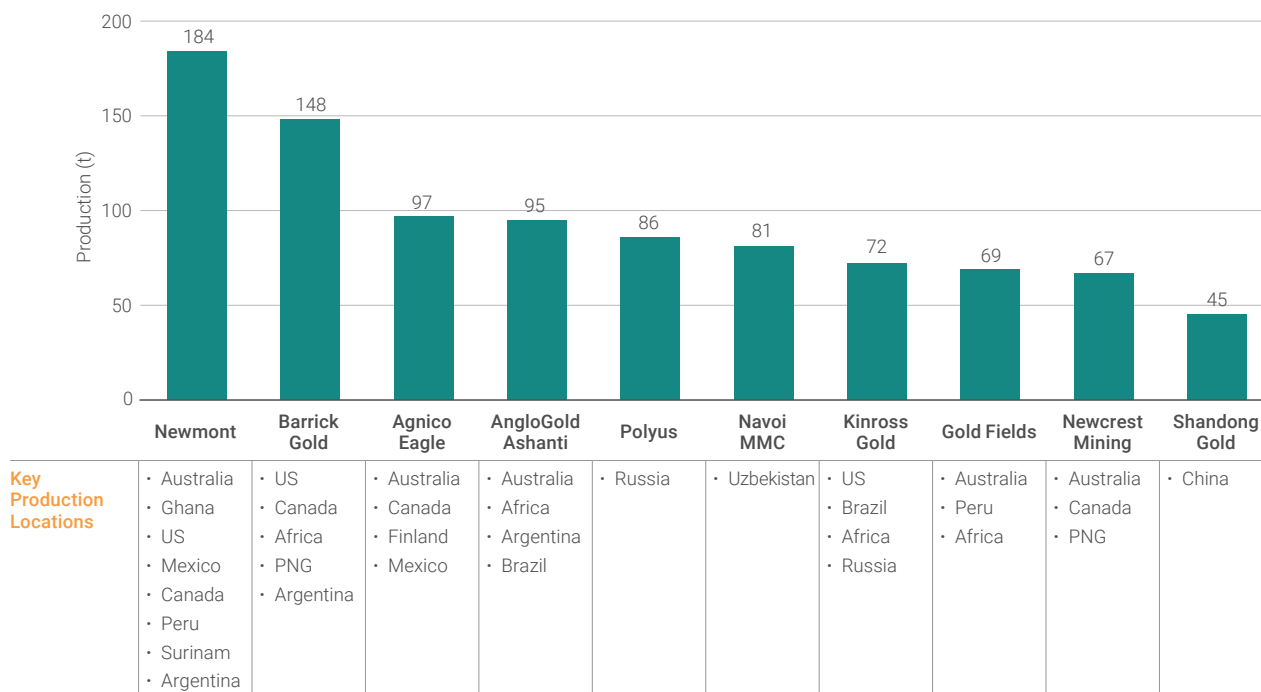
While the gold mining industry is highly fragmented at a company level, gold production is relatively concentrated amongst the largest companies in the market. For instance, the 10 largest gold mining companies by production produced 944t of gold in 2020, representing approximately 27.1% total market share<sup>28</sup>. A summary of the 10 largest mining companies by production in 2020 is shown in Figure 9 below<sup>28</sup>.

26. Wood Mackenzie, Is gold turning green?, June 2021.

27. Newmont, News Release, Newmont Announces Sustainability-Linked Revolving Credit Facility, March 2021.

28. Assumes Agnico Eagle Mines production on a pro forma basis post the merger with Kirkland Lake Gold completed in February 2022. Source: World Gold Council, Gold Focus 2021; company websites; Agnico Eagle, News Release, Agnico Eagle and Kirkland Lake Gold Complete Merger Transaction, February 2022; Kirkland Lake Gold, News Release, Fourth Quarter and Full Year 2020 and Conference Call and Webcast, February 2021.

Figure 9: Top 10 Largest Gold Mining Companies by Production, 2020



Source: World Gold Council, Gold Focus 2021; company websites; Agnico Eagle, News Release, Agnico Eagle and Kirkland Lake Gold Complete Merger Transaction, February 2022; Kirkland Lake Gold, News Release, Fourth Quarter and Full Year 2020 and Conference Call and Webcast, February 2021; FactSet data as of 25 February 2021. Agnico Eagle Mines production shown on a pro forma basis post the merger with Kirkland Lake Gold which completed in February 2022. Agnico Eagle Mines and Kirkland Lake Gold produced 54t and 43t of gold in 2020, respectively.

Chrysos has contractually deployed a PhotonAssay unit to a mine site operated by Barrick Gold and has deployed a unit in support of Agnico Eagle's Fosterville Gold Mine. Barrick Gold's unit is at its Bulyanhulu mine in Tanzania, whilst Agnico Eagle has inherited access to a unit through its merger with Kirkland Lake Gold Limited ("**Kirkland Lake Gold**"), via a local service provider in Bendigo, Victoria.

## 2.4 GEOCHEMISTRY INDUSTRY FOR GOLD MINING

### 2.4.1 Geochemistry Services

A significant proportion of geochemistry services, including assays, is outsourced by gold mining companies to independent providers. These include TIC companies, which include independent laboratory operators who specialise in geochemistry services, as well as those who offer geochemistry services as part of a broad set of TIC services to a range of different industries.

TIC companies typically undertake all stages of geochemistry services, from sample preparation through to processing and final analysis. Moreover, TIC companies often provide a range of analysis methods, such as trace metal analysis by digestion or specific gravity testing (among others) in the case of fire assay for gold. While gold represents a significant market (see Section 2.5 below for further details on the potential size of the gold assaying market), TIC companies provide geochemistry services to a range of other precious metals, base metals, rare earth elements and speciality metals such as lithium.

## 2. INDUSTRY OVERVIEW CONTINUED

Geochemistry services are undertaken either at on-site or off-site laboratories. On-site laboratories are operated by gold mining companies or, in some instances, outsourced to independent TIC companies, and provide geochemistry services for the specific mine site. Companies with larger operations often require geochemistry services for time-sensitive mining and processing decision-making, justifying the investment in an on-site laboratory. Off-site laboratories generally take longer to process assays due to the time involved in transporting the ore sample, whilst demand from multiple customers means that samples are typically held in queues waiting to be processed. Off-site laboratories are commonly used by companies in the exploration phase, where it does not make commercial sense to build a laboratory due to its early-stage nature (i.e. a Reserve may not exist).

### 2.4.2 Geochemistry Services Company Landscape

Globally, there are four major TIC companies: ALS, Bureau Veritas S.A. (“**Bureau Veritas**”), Intertek and SGS. These are large, international companies which provide diversified TIC services to a range of different industries, including agriculture and food, chemicals, construction, consumer goods and retail, oil and gas, mining, transportation and trade (among others)<sup>29</sup>. Each of these companies is publicly-listed on global stock exchanges, with market capitalisations of several billion dollars.

In addition to this, there are several smaller TIC companies, including MSALABS Limited (“**MSALABS**”) which focuses specifically on geochemistry services for the mining industry and have demonstrated strong growth in line with assay demand over recent years. Like the four major TIC companies, MSALABS operates laboratories in various countries globally, including key mining markets such as the Americas, Africa and Europe.

A summary of the key geochemistry services companies is provided in Table 1 below.

**Table 1: Key Geochemistry Services Companies**

Company	Headquarters	Global Network (all services)	Total Revenue (all services) <sup>30</sup>	Geochemistry Network
SGS	Switzerland	2,600 locations	CHF5.6bn (US\$6.06bn)	~30 geochemistry labs
Bureau Veritas	France	1,600 locations	€4.6bn (US\$5.18bn)	>200 mining labs (not all offer geochemistry)
Intertek	UK	~1,000 locations	£2.74bn (US\$3.63bn)	~15 geochemistry labs
ALS	Australia	350+ locations	A\$1.76bn (US\$1.25bn)	80 geochemistry labs (excl. on-site)
MSALABS	Canada	12 locations	n.a.	12 geochemistry labs + 2 on-site labs
AGAT Laboratories	Canada	43 locations	n.a.	13 geochemistry labs
Activation Laboratories	Canada	15 locations	n.a.	11 geochemistry labs

Source: Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.

Chrysos has contractually deployed or committed PhotonAssay units to three of the top four geochemistry services providers, being ALS, Intertek and SGS. MSALABS is also a key customer of Chrysos having successfully used PhotonAssay previously (as operator of Barrick Gold’s Bulyanhulu mine on-site laboratory unit) and contractually committed to lease a further number of units across various sites globally.

29. Select examples from the SGS website.

30. According to FY20, with the exception of ALS which is FY21.

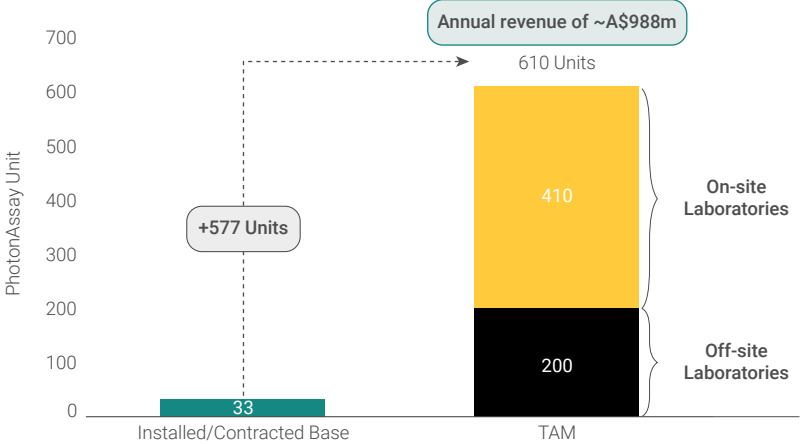


## 2.5 PHOTONASSAY ADDRESSABLE MARKET

PhotonAssay units are installed at on-site laboratories (whether operated by the mining company or outsourced) and off-site laboratories provided by TIC companies. According to Chrysos management, installation at on-site laboratories is only likely to be commercially viable for operating gold mines producing 40koz (1.25t) or more annually. There were approximately 410 mines in this category globally in 2020<sup>31</sup>. Whilst data is limited, Frost & Sullivan estimates that there are currently 200 off-site laboratories globally providing fire assay services which are therefore potential sites for deployment of a Chrysos PhotonAssay unit.

Based on average annual revenue per unit of \$1.6 million (including existing deployed and committed units) and, assuming eligible on-site and off-site laboratories of 410 and 200 respectively, Frost & Sullivan estimates a TAM of \$988 million revenue per year for PhotonAssay<sup>32</sup>. The TAM, split between the current contracted base of 33 units, potential off-site and on-site laboratories is illustrated in Figure 10 below.

Figure 10: Global Addressable Market for PhotonAssay, 2021



Source: Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.

31. S&P Global, Global Gold Mines. Includes mines where gold is mined as a by-product of another primary mineral. Does not consider whether the mine has an on-site laboratory.

32. Frost & Sullivan, Market Report, Gold Mining and Geochemistry Services, March 2022.



### 3. COMPANY OVERVIEW

## 3. COMPANY OVERVIEW

### 3.1 INTRODUCTION

Chrysos combines science and software to create technology solutions for the global mining industry.

With staff across Australia, North America and Africa, Chrysos' team of scientists, engineers and industry specialists blends innovation, technical expertise and excellent customer service to create cutting-edge assay technologies and services that deliver the crucial operational data customers need to achieve better business outcomes.

Originally developed at Australia's national science agency, CSIRO, the Company's flagship product PhotonAssay delivers faster, safer, more accurate and environmentally-sustainable analysis of gold, silver and complementary elements. With over two million commercial PhotonAssay samples processed, the technology has rapidly become a more innovative, efficient and effective alternative to the more time consuming, hazardous and costly "fire assay" technique.

The incumbent fire assay process traditionally used by the gold industry involves the smelting of ore samples with dry reagents and their subsequent concentration with acid for the separate evaluation of gold from other minerals. Chrysos' PhotonAssay offers significant operational, economic and environmental advantages over this approach, including faster analysis times, sample retention for re-testing, simpler processing, lower operating costs and reduced environmental impact from CO<sub>2</sub> emissions and hazardous waste.

Chrysos currently has 33 contracted PhotonAssay units deployed or committed. The Company categorises a unit as deployed when it is on the customer's site and operational, while a unit is committed when a binding contract has been entered into with a customer for delivery of the unit. These units are typically leased on renewable five-year arrangements to mining companies operating their own geochemical laboratories on-site (operations sometimes outsourced to geochemistry services providers) or independent off-site laboratories operated by geochemistry services providers. Chrysos' clients include Agnico Eagle, Barrick Gold and Intertek. Frost & Sullivan estimates the TAM for PhotonAssay in the global gold sector to be approximately 610 units, implying a current market penetration of 5.4%. Importantly, while gold has proven particularly sensitive to the technology, PhotonAssay may be used to detect more than half of all naturally occurring elements and there remains scope for expanding the TAM by utilising PhotonAssay on other commodities.

Chrysos has partnered with global specialist security manufacturer, Nuctech, for the manufacture and maintenance of its PhotonAssay units. The partnership model allows Chrysos to draw upon Nuctech's significant existing manufacturing capabilities whilst maintaining its own dedicated workforce comprised of highly technical staff. While Chrysos outsources the majority of the PhotonAssay manufacturing process to Nuctech, the Company ensures the protection of its IP through the "in-house" assembly and management of its system "smarts" (detectors, electronics and software), which the Company considers and manages as trade secrets. The Company has further secured its IP through a portfolio of patents which covers the development, manufacturing and deployment of PhotonAssay globally.

Chrysos employs 46 people<sup>33</sup> and operates from two offices in Australia, with two further offices in Canada and Tanzania to be established in 2022.

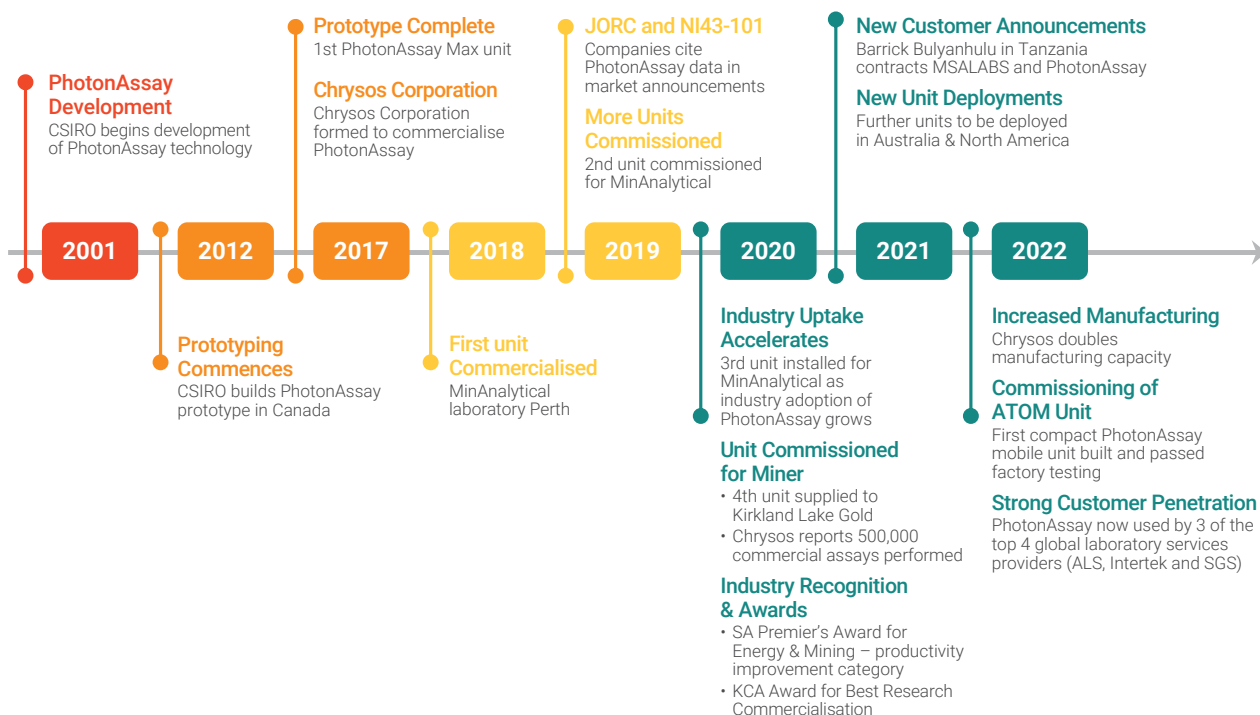
33. As of 31 January 2022. Excludes Board members, with the exception of Managing Director and CEO, Dirk Treasure.

## 3. COMPANY OVERVIEW CONTINUED

### 3.2 HISTORY AND BACKGROUND

Chrysos' PhotonAssay has been developed and commercialised since 2001. A summary of the key milestones is presented in Figure 11 below.

Figure 11: PhotonAssay Commercialisation History



PhotonAssay was invented and developed by CSIRO from 2001 to 2016. During this time, CSIRO successfully advanced the technology from a theoretical concept through to proven and tested science. Chrysos was subsequently established with a view to commercialising the technology and successfully acquired rights and title to the IP set out in the Intellectual Property Report contained in Appendix C from CSIRO in December 2016. The key terms of the deal included:

- Approximately 24.4m Chrysos shares issued to CSIRO;
- Assignment of PhotonAssay patent rights to Chrysos;
- Grant of irrevocable (excluding a Chrysos insolvency event) licence agreements, including system designs, analysis algorithms, computer codes and physics simulation codes to Chrysos;
- Access to radiation transport modelling codes and graphical user interface provided to Chrysos;
- Transfer of rights, title and interest in and to system designs and commercialisation materials to Chrysos; and
- Chrysos granted the right to make a further patent application or exercise its licence rights in relation to a CSIRO-developed, invented or discovered technology improvement to the patents set out in the Intellectual Property Report contained in Appendix C within five years of the acquisition date.

The rights acquired under this foundational deal with CSIRO provided the Company with the IP and know-how needed to independently commercialise the technology free of any further consideration or dependence on CSIRO.

The agreements with CSIRO otherwise contain customary representations, warranties and indemnities.

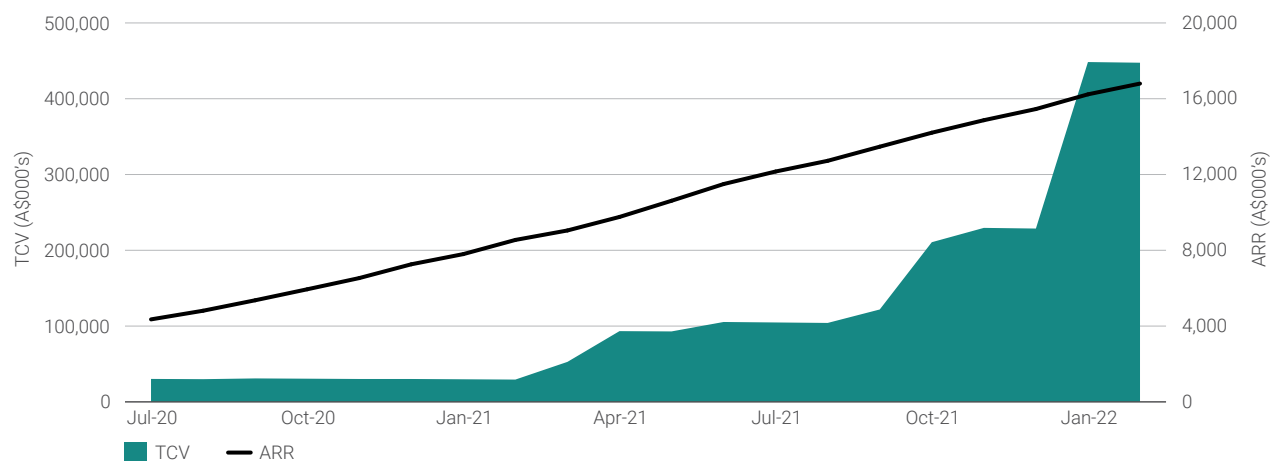
In 2018, the first PhotonAssay Max unit was leased to the Perth-based laboratory of geochemistry services group, MinAnalytical Laboratory Services Australia Pty Limited (“MinAnalytical” – a former subsidiary of Perenti Group Limited (“Perenti”) which was acquired by global geochemistry laboratory services provider, ALS, in December 2021)<sup>34</sup>. While at MinAnalytical, the technology was accredited by the National Association of Testing Authorities (“NATA”) to International Organisation for Standardization and International Electrotechnical Commission (“ISO/IEC”) 17025 certification, ensuring PhotonAssay and its associated procedures complied with international standards and were suitable for measuring gold in mineral ores. This involved more than 10,000 measurements, performed to compare PhotonAssay with traditional fire assay, and to validate the sensitivity and accuracy of PhotonAssay.

Following the grant of the NATA accreditation, MinAnalytical commenced operating PhotonAssay for its mining clients, with market announcements first citing the use of PhotonAssay as part of JORC and National Instrument (“NI”) 43-101 feasibility study reporting in 2019. Supporting JORC and NI 43-101 feasibility reporting was a key pillar of Chrysos’ PhotonAssay market penetration strategy, with management identifying it as an area to gather market credibility through public announcements. As of 31 December 2021, PhotonAssay has been used to support 54 feasibility studies, including studies for nine of the top 10 global gold miners by market capitalisation.

In 2019 and 2020, two additional PhotonAssay Max units were leased to MinAnalytical for its Perth and Kalgoorlie laboratories. Chrysos added its first mining customer in 2020 with a unit leased to Kirkland Lake Gold (who recently completed a merger with Agnico Eagle in February 2022) for support of its Fosterville gold mine in Victoria. Customer expansion continued in 2021 and into early 2022, with a total of eight leased units, including a unit now operated by global geochemistry services group, MSALABS at Barrick’s Bulyan Hulu mine in Tanzania and three units in the Perth laboratory of the world’s third largest laboratory group by revenue, Intertek. Moreover, Chrysos is currently contractually committed to lease a further 25 units, including units which are scheduled for deployment with its customers across North American and African laboratories.

An overview of Chrysos’ historical annualised recurring revenue (“ARR”) <sup>35</sup> and TCV<sup>36</sup> for the 33 contractually deployed and committed contracts is shown in Figure 12 below.

**Figure 12: Historical Contracted ARR and TCV, February 2022**



34. ALS, ASX release, ALS expands Australian Geochemistry operation with acquisition of MinAnalytical, December 2021.

35. ARR represents the 12-month forward looking contracted minimum revenue on PhotonAssay leases (both deployed and committed), inclusive of the current month, which is subject to the Company’s contractual performance obligations and the successful deployment of units.

36. TCV represents the future minimum contracted revenue on PhotonAssay leases (both deployed and committed) that are yet to be invoiced at a point in time, which are subject to the Company’s contractual performance obligations and where the Directors consider reasonable certainty exists, may include values associated with exercise of option periods.

### 3. COMPANY OVERVIEW CONTINUED

While Chrysos has focused on the deployment of the CSIRO-developed PhotonAssay Max, the Company has remained committed to ongoing R&D with a dedicated team of scientists and engineers continuing to optimise and refine the technology. In late 2021, the Company successfully built and completed factory testing of its PhotonAssay Atom unit. Compact, robust and portable, the PhotonAssay Atom is particularly suited to smaller, mine-site based operations and is a differentiated market alternative to the original PhotonAssay Max. The PhotonAssay Atom is not yet commercially available, with the model to be installed near Chrysos' Adelaide headquarters to undergo further R&D testing in 2022.

As noted above, Chrysos outsources the manufacturing of the majority of its non-core IP to specialist global security manufacturer, Nuotech. Chrysos originally partnered with Nuotech during 2017, with the relationship based on a number of single unit manufacturing and maintenance contracts. In line with significant growth in PhotonAssay demand, Chrysos and Nuotech have committed to expanding production capacity to 12 units per year by 30 June 2022, with a second-phase expansion to 18 units per year by 30 June 2023.

Chrysos established its Adelaide headquarters in 2017. It subsequently opened its Perth office in 2019 to support the deployment of PhotonAssay units to Western Australia and drive further business development within the key Western Australian gold market. The Company is currently in the process of opening two additional offices in Canada and Tanzania to support new contracts and business development opportunities in those regions. It is expected that both locations will employ both seconded existing employees and new hires.

To date, Chrysos has funded its operations primarily through equity raisings which have been supported by Chrysos' Directors and management, and strategic and institutional investors. These equity raisings include:

- **Series A (2017):** \$5.7 million equity raising as part of funding initial R&D and working capital following the acquisition of the PhotonAssay IP;
- **Series B (2019):** an equity raising of \$30 million (\$15m primary and \$15m secondary sell-down). Proceeds from the equity raisings were used to support R&D, manufacture of the initial lease units and working capital to support growth; and
- **Series C (2021):** \$50 million equity raising to support the manufacture and deployment of the pipeline of committed units and support the anticipated market penetration and growth in units through late 2021 and the first half of 2022.

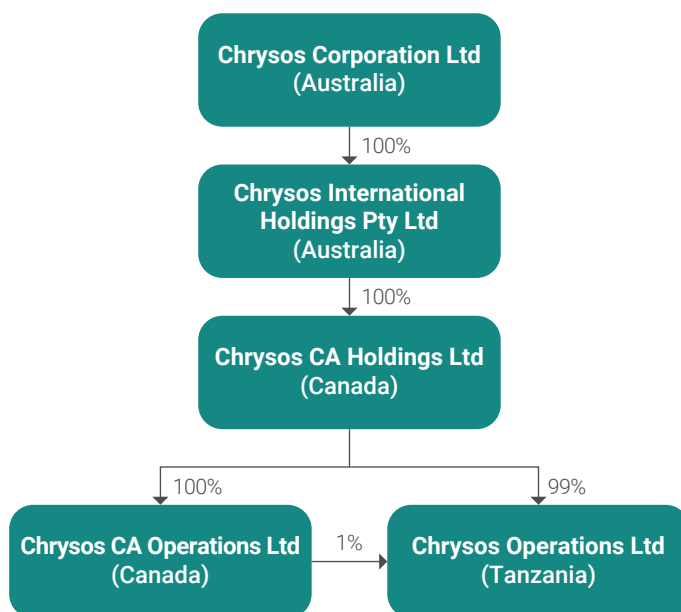
In addition to the above equity raisings, the Company secured a \$7.5 million secured debt facility with Commonwealth Bank of Australia Limited ("**Commonwealth Bank**") in 2021 with proceeds used to repay high interest customer prepayment funding and provide additional working capital for growth. As of 31 December 2021, \$4.9 million of the total \$7.5 million facility had been drawn.<sup>37</sup>

<sup>37</sup>. Refer to Note 2 of Table 26 for further information.

### 3.3 CORPORATE STRUCTURE

Chrysos Corporation Limited is the parent entity and a public company incorporated in Australia. Chrysos Corporation Limited has four subsidiaries, Chrysos International Holdings Pty Limited (incorporated in Australia), Chrysos CA Holdings Limited (incorporated in Canada), Chrysos CA Operations Limited (incorporated in Canada) and Chrysos Operations Limited (incorporated in Tanzania), which were incorporated to oversee its international operations in Canada and Tanzania. There are otherwise no investments in associated entities or joint venture interests. An overview of the corporate structure as at the Prospectus Date is outlined in Figure 13 below.

Figure 13: Chrysos Corporate Structure



### 3.4 EXISTING ASSAY METHODS

Fire assay has historically been the most common approach to gold assaying. Chrysos' PhotonAssay, with its faster, safer, accurate and environmentally friendly processes represents the first advancement in gold assaying technology in centuries and offers improved customer outcomes compared to incumbent methodologies.

#### 3.4.1 Assay Overview

Assaying involves the analysis of material such as ore to determine the presence, absence or quantity of one or more components. Assays are used throughout the gold mining value chain, from early-stage exploration to ore blending and processing into final saleable products. Typical reasons mining companies use assays are outlined in Section 2.2.

Assays are undertaken either on-site at laboratories operated by a mining company (sometimes outsourced to independent geochemistry services providers), or offsite at laboratories operated by independent geochemistry services providers. Assays are largely non-discretionary for a number of key minerals in the mining sector (including gold) and, given its widespread use through the value chain, are used by companies of various sizes and stages of operation.

## 3. COMPANY OVERVIEW CONTINUED

### 3.4.2 Fire Assay

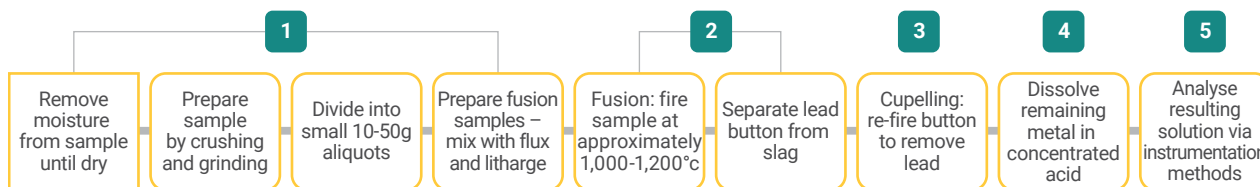
Fire assay can be used to detect a range of precious metals, including gold and silver. The approach uses a combination of intense heat produced by a furnace, various chemical reagents designed to promote separation of minerals, and bone ash containers called crucibles or cupels. Fire assay follows a complicated process and requires the expertise of skilled operators to deliver efficient and reliable outcomes. While there are nuances in the process depending on the assayed metal and chemicals used, an overview of the key steps involved in fire assaying is shown below.

- **Step 1 – sample preparation:** involves several steps including drying of wet ore to remove moisture, crushing and grinding, dividing into small 30g to 50g aliquots and mixing with chemical reagents inside a crucible. These chemical reagents commonly include lead in the form of litharge or red lead as the collector agent, as well as a range of other chemicals designed to promote fluidity and remove objectionable impurities in the form of slag.
- **Step 2 – fusion and separation of the lead button:** the crucibles containing the mixed samples are placed into a furnace. As the mixture heats and the chemical reagents react, the sample elements fuse and the molten lead (litharge or red lead converts to lead by combining with the carbon or sulphide agents) absorbs the gold and other precious metals, forming a lead 'button' in the bottom of the crucible and separate from the other gangue (valueless) mineral slag. This separation occurs as a result of the higher specific gravity of the molten lead which, once the slag is thoroughly liquid, allows the lead to pass through the slag. This process takes approximately 45 minutes<sup>38</sup> and, once complete, the molten mixture is provided the time to cool and harden ahead of the final separating of the lead button by removing the slag with a hammer.
- **Step 3 – Cupellation:** the lead 'buttons' are placed in a porous container called a cupel and loaded into a furnace supplied with oxygen. Here, the lead (and other base metals contained in the lead button) melts and undergoes oxidation ( $PbO$ ), soaking into the porous surface of the cupel. The gold and other precious metals do not oxidise and remain as a bead at the bottom of the cupel. The time for oxidation varies according to the size of the lead button, although typically proceeds at a rate of 1g per minute (about 30 minutes in total for a typical lead button of approximately 30g).<sup>38</sup>
- **Step 4 – parting:** nitric acid is typically added where other non-gold precious metals remain in the bead (e.g. silver, platinum), dissolving the non-gold precious metals and leaving the residual gold behind.
- **Step 5 – analysis:** the gold can then be analysed through either gravimetric or instrumentation methods, including Atomic Absorption Spectrometry and Inductively Coupled Plasma-Mass Spectrometry. The instrumentation methods are capable of a much lower detection limits and are therefore commonly used in practice.

Fire assay requires human involvement across each stage of the process. Operators are therefore required to take considerable care to ensure Quality Assurance ("QA") and Quality Control ("QC"), with the possibility for human error at each stage of the process potentially compromising results.

The fire assay process is summarised in Figure 14 below.

Figure 14: Summary of the Fire Assay Process



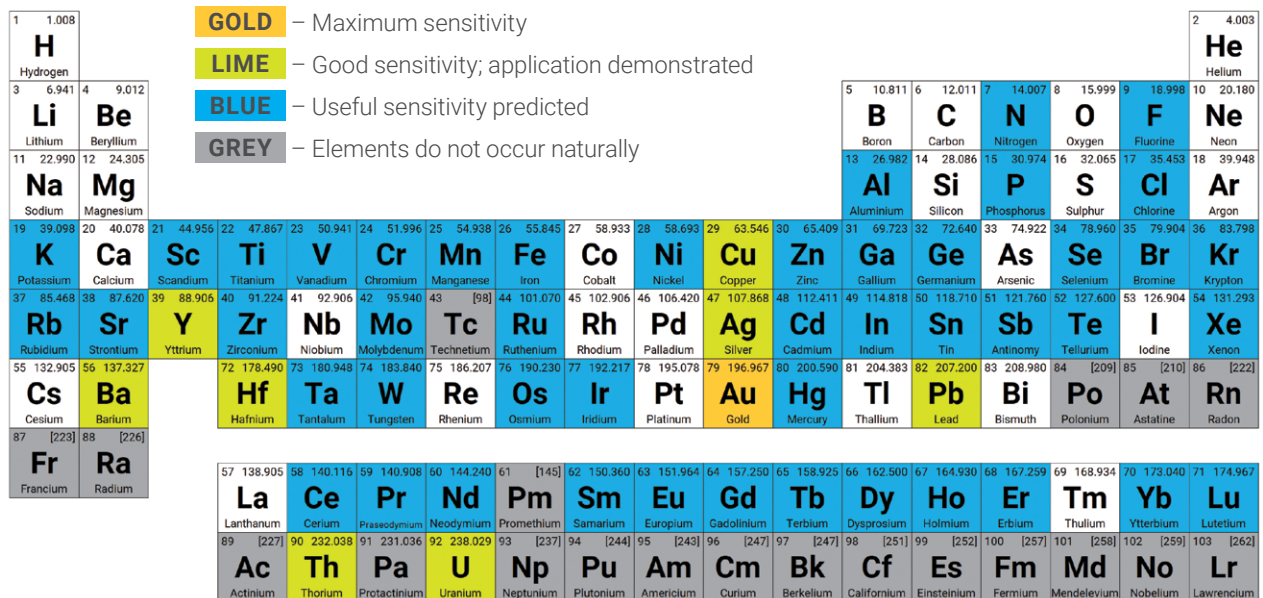
38. 911 Metallurgist, Fire Assay Procedure, November 2016.



### 3.4.3 PhotonAssay

PhotonAssay was first developed by CSIRO over a 15-year period and has been commercialised by Chrysos since it acquired the IP in December 2016. PhotonAssay uses high-energy X-rays to cause the excitation of atomic nuclei for the detection and counting of mineral atoms. The technology has proven particularly sensitive for gold (the foundation metal for testing and proving the technology) and is currently being rolled out as a replacement for fire assay in the gold industry. PhotonAssay is also able to detect more than half of all naturally occurring elements, including geologically complementary metals to gold. In particular, copper and silver have been the focus of ongoing R&D initiatives, with the ability to assay for these elements allowing Chrysos to cross-sell into alternative analyses, as well as to help win customers by providing a more complete assaying solution. An overview of the metal sensitivities to PhotonAssay are shown in Figure 15 below.

Figure 15: PhotonAssay Mineral Sensitivities



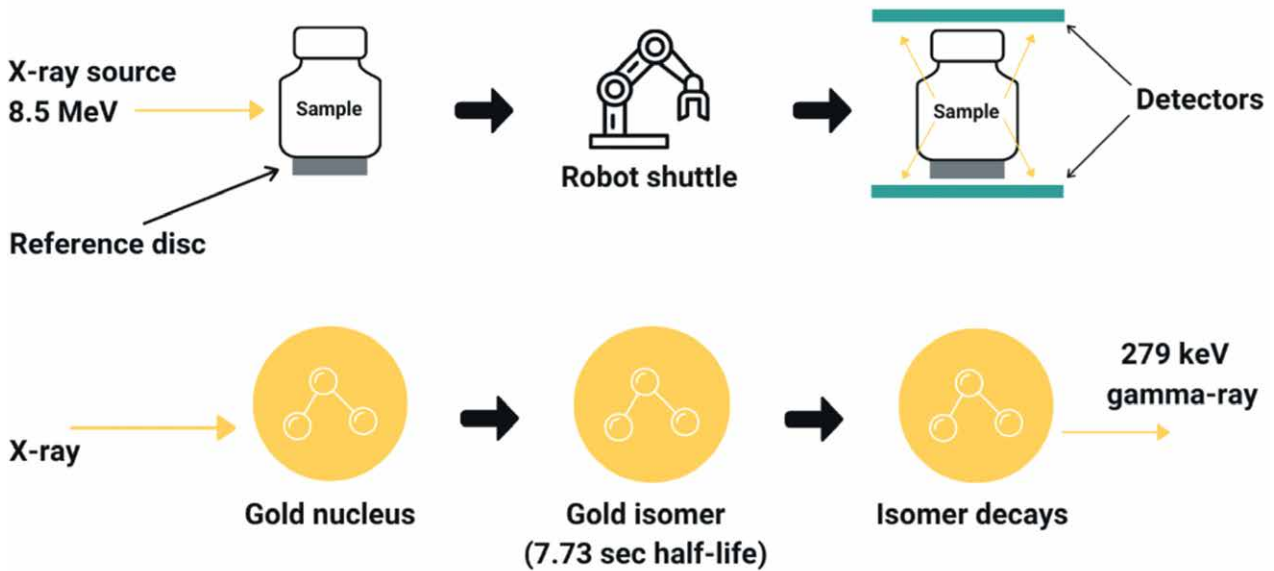
There remains substantial scope for Chrysos to advance R&D and further improve accuracy and expand the adoption of PhotonAssay into a broader set of elements. This is considered a key organic growth pillar for the Company and is outlined further in Section 3.10.1.

Compared to fire assay users, PhotonAssay customers benefit from the technology's simplified procedures and its reduced human involvement. The whole process is automated once the samples are placed in the PhotonAssay unit conveyor. The key steps, including an overview of how the PhotonAssay units detect gold, are outlined below.

- **Step 1 – sample preparation:** includes optional drying of the sample, crushing to 2-3mm, sorting into 250-650g aliquots and loading into barcoded polymer jars. PhotonAssay includes novel online moisture measurement technology, allowing dry-basis reporting for wet samples and reducing the requirement for pre-drying, which is particularly useful in the case of processing samples. The process completely eliminates chemical reagents, including the time involved with assessing the chemical composition of the ore, determining the appropriate use of chemical reagents and mixing with the ore.
- **Step 2 – analysis:** the jars are loaded into the PhotonAssay unit conveyor with the operator simply pressing 'start' to commence the analysis. From here, fully automated, quantitative results are available in less than three minutes. The PhotonAssay units work by hitting the sample jars with high energy, 8.5 million electron volt ("MeV") X-rays, causing excitation of the gold (or other metals) nuclei into a short-lived state. After a period of irradiation, typically 15 seconds, the sample is transferred to a detector station using a robotic shuttle. As the excited gold nuclei relaxes, it emits gamma-rays with a characteristic energy of approximately 279 thousand electron volts ("keV") which are detected and counted to measure the concentration of gold; excited nuclei of other elements produce gamma-rays with different characteristic energies. The X-rays used are of a significantly higher penetration than typical X-ray fluorescence spectroscopy ("XRF"), with XRF processes unable to quantitatively measure bulk samples at sensitivities of gram-per-tonne concentrations. An overview of the process is summarised in Figure 16 below.

### 3. COMPANY OVERVIEW CONTINUED

Figure 16: PhotonAssay Analysis Overview



PhotonAssay analysis involves the use of a reference disc which is fixed to the outside of the jar. The reference disc contains a compound of the element bromine which activates in a similar fashion to gold when hit by the high-energy X-rays, however it emits distinct, lower energy 207 keV gamma-rays which are also measured by the detectors. Measurement of the bromine gamma rays provides a reference point which can be used to correct for any variations in the power of the X-ray source or efficiency of the detection system. The reference significantly improves measurement accuracy and allows each analysis to be directly tied back to calibration measurements performed on a suite of certified reference materials.

PhotonAssay has proven precise in the measurement of gold and outperforms fire assay on several key metrics. A comparison of the key performance specifications of Chrysos' PhotonAssay Max unit compared to industry standard fire assay metrics are shown in Table 2 below.

**Table 2: Key Performance Specifications of PhotonAssay Max and Fire Assay**

	PhotonAssay Max	Fire Assay
<b>Assayed elements</b>	<ul style="list-style-type: none"> <li>Gold, silver and copper (and a wide array of other elements)</li> </ul>	<ul style="list-style-type: none"> <li>Gold and silver and PGM<sup>39</sup></li> </ul>
<b>Sample size</b>	<ul style="list-style-type: none"> <li>250 – 650g (depending on mineral density)</li> </ul>	<ul style="list-style-type: none"> <li>10 – 50g (depending on sample composition and lab practice)</li> </ul>
<b>Analysis time</b>	<ul style="list-style-type: none"> <li>Approximately 2-3 minutes</li> </ul>	<ul style="list-style-type: none"> <li>Minimum of 3 – 4 hours</li> <li>24 hours is generally considered rapid turn-around time</li> </ul>
<b>Gold detection limit<sup>40</sup></b>	<ul style="list-style-type: none"> <li>0.01ppm (reagent blanks)</li> <li>0.015 – 0.035ppm (typical ores)</li> </ul>	<ul style="list-style-type: none"> <li>Low ppb with instrument finish</li> <li>0.03 – 0.05ppm with gravimetric finish</li> </ul>
<b>Gold measurement precision<sup>41</sup></b>	<ul style="list-style-type: none"> <li>7 – 8% relative at 0.3ppm</li> <li>4.0% relative at 1.0ppm</li> <li>&lt;2.0% relative at &gt;10ppm</li> </ul>	<ul style="list-style-type: none"> <li>5 – 8% relative at 0.3ppm</li> <li>3 – 7% relative at 1.0ppm</li> <li>2.5 – 3.5% relative at &gt;10ppm</li> </ul>
<b>Disposal</b>	<ul style="list-style-type: none"> <li>Ore samples are retained inside the unit for 2 hours post-analysis, after which time they can be safely handled or discarded</li> </ul>	<ul style="list-style-type: none"> <li>Special disposal considerations due to contamination of waste from lead flux which is toxic</li> </ul>
<b>Re-analysis</b>	<ul style="list-style-type: none"> <li>PhotonAssay is non-destructive, so materials may be sent for additional measurements if required</li> </ul>	<ul style="list-style-type: none"> <li>Fire-assay is a destructive process that consumes the sample; re-assay requires access to additional sample material</li> </ul>
<b>Environment and sustainability</b>	<ul style="list-style-type: none"> <li>Total CO<sub>2</sub> emissions per sample of 0.455kg</li> <li>Energy consumption per sample of 0.65kWh</li> <li>No toxic waste</li> <li>Operator is not exposed to harmful chemicals or extreme heat</li> </ul>	<ul style="list-style-type: none"> <li>Total CO<sub>2</sub> emissions per sample of 0.91kg</li> <li>Electricity consumption per sample of 1.30kWh</li> <li>Toxic waste per sample of 0.31kg</li> <li>Operator is exposed to harmful chemicals and extreme heat</li> </ul>

PhotonAssay was accredited by the NATA to ISO/IEC 17025 in 2018. This certifies that the technology and its procedures are compliant with international standards and demonstrates that the laboratory outputs are valid and reliable. ISO/IEC 17025 is a key global certification standard and supports the roll out of PhotonAssay globally. Granting of the ISO/IEC 17025 involved the satisfaction of several key factors, including (but not limited to):

- Measurement methodology;
- Calibration processes;
- Repeatability and linearity;
- Detection limits; and
- Measurement certainty.

39. Stands for Platinum Group Metals. Certain PGMs require more specialised nickel sulphide collection processes.

40. PhotonAssay detection limit is larger for samples containing elevated levels of uranium, thorium or barium.

41. Quoted at one standard-deviation. Elevated uranium, thorium or barium levels reduce accuracy for PhotonAssay.

## 3. COMPANY OVERVIEW CONTINUED

There are currently no outstanding certification or legal requirements impeding the use of PhotonAssay for gold. Further, JORC and NI 43-101 reporting do not regulate which assay methodologies can be used and only imposes simple disclosure requirements. This has allowed PhotonAssay to be referenced successfully in multiple public JORC and NI 43-101 compliant announcements.

### 3.5 CHRYSOS PHOTONASSAY VALUE PROPOSITION

#### Fully quantitative, chemistry free analysis delivering improved operational, environmental and sustainability outcomes

Delivering faster, safer, and more accurate gold analysis, Chrysos PhotonAssay is an environmentally-sustainable replacement for fire assay on-site and in the laboratory. Through its rapid turnaround on high sample volumes, PhotonAssay provides timely quantitative data, drives optimisation through the value chain, and delivers operational outcomes to miners.

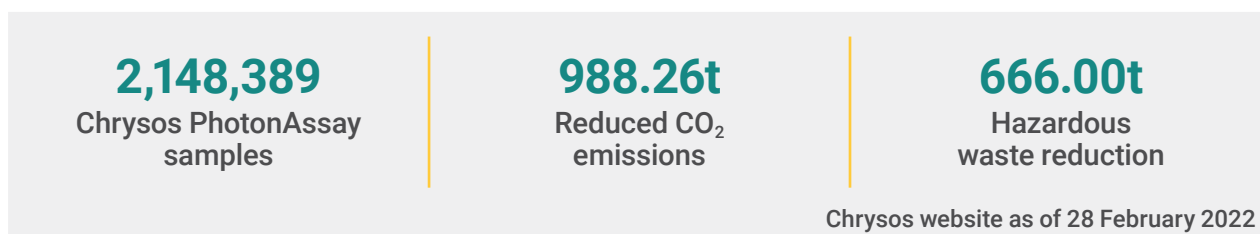
By providing assay samples in a matter of minutes (as opposed to several hours under fire assay), PhotonAssay provides real-time assaying data to miners, helping to better inform decision making. In particular, the ability for miners to quickly determine the concentration of gold and other elements in mill feed and process samples allows miners to better optimise their use of chemical reagents in the processing phase. As such, it can be expected that miners using PhotonAssay will use fewer chemical reagents to deliver the same or higher recoveries of gold, ultimately reducing chemical waste in the form of tailings and the overall environmental impact per ounce of gold produced.

The smelting process in fire assay requires extreme heat and power which, coupled with various toxic chemical reagents, creates environmental hazards in the form of increased CO<sub>2</sub> emissions and disposal of toxic waste. Furthermore, exposure to toxic lead poses a health risk to the fire assay operators. As such, fire assay operators are required to undergo routine blood testing to confirm acceptable levels of lead and are rotated through various other laboratory tasks which limit lead exposure, as required.

PhotonAssay is a chemical-free analysis approach where the key consumables are electricity and re-usable jars. Unlike the fire assay process, operators are not exposed to harmful chemical substances, while the removal of extreme heat from the process and reduced operational requirements from staff helps to improve the overall safety of PhotonAssay. The reduction of chemical waste delivers a significant benefit to the environment, representing a reduction of 0.31kg toxic waste material per sample (compared to fire assay). This environmental benefit is further enhanced by a reduction in CO<sub>2</sub> of 0.455kg per sample (compared to fire assay), with PhotonAssay requiring less operational power and removing key CO<sub>2</sub> emitting chemicals.

The total estimated environmental benefit of PhotonAssay as an alternative to fire assay is summarised in Figure 17 below.

Figure 17: Environmental Impact of PhotonAssay vs. Fire Assay, February 2022



Importantly, PhotonAssay does not use a radioactive source. It instead generates X-rays electronically from an electron linear accelerator. It produces no radiation when the source is powered off.

## **Simplified processing flowsheet and faster analysis time**

Fire assay involves several complex preparation and processing steps which generally require human involvement and are complex to automate. By contrast, PhotonAssay requires only simple sample preparation including the crushing and loading of a sample into a jar, with the process and analysis fully automated once the jar is placed into the PhotonAssay unit. From that point, fully quantitative digital results are available in as little as two minutes for the PhotonAssay Max unit (eight minutes for the PhotonAssay Atom unit), considerably faster than fire assay which takes approximately three to four hours to complete a single sample. Faster processing times help to improve sample throughput which reduces sample backlogs and waiting times for processing. Backlogs of samples can significantly delay analysis under the fire assay approach and result in assays taking months to complete.

*"This new technique (PhotonAssay) delivers faster, safer and more accurate analysis of gold, silver and complementary elements by non-destructive measurement of larger and more representative samples in as little as two minutes, enabling rapid turnaround of critical operational information that drives optimization throughout the mining value chain.*

**Barrick Gold, Press Release**

## **Greater accuracy, precision and repeatability**

Greater human involvement in the fire assay process requires highly skilled and trained technicians to deliver consistent results. The process is highly complex and, despite stringent quality control practices, there remains a risk of human error. Given the automation and limited human involvement in PhotonAssay, this risk of human error is significantly reduced.

PhotonAssay also uses larger, more representative samples than fire assay (PhotonAssay ore samples are approximately 250-650g, versus approximately 10-50g for fire assay). Furthermore, the PhotonAssay process is non-destructive, so samples can be stored in crushed form for quality control and re-testing purposes. This differs from the fire assay approach in which assay samples are destroyed and discarded via the smelting process.

According to customer feedback, real-time gold analysis would be able to improve gold recovery when applied through the value chain from exploration to blending and processing.

## **Efficiency advantages**

PhotonAssay requires 66% less labour on average than fire assay with a simpler processing methodology further reducing training time and the requirement for highly specialised staff. Moreover, PhotonAssay requires minimal supply chain inputs or consumables, whereas fire assay involves a number of high-cost items such as chemical reagents. Additionally, these chemical reagents contribute to toxic waste which must be safely discarded and transported to a receipt point, coming at an additional cost. Finally, fire assay, given the extreme heat requirement as part of the smelting process, uses approximately twice as much energy as PhotonAssay analysis.

## 3. COMPANY OVERVIEW CONTINUED

### 3.6 BUSINESS MODEL

#### 3.6.1 Corporate Positioning

Chrysos has established a clear corporate mission, vision, and strategy, and has outlined a specific goal for PhotonAssay. These are outlined below.

##### The Chrysos mission

Chrysos exists to create enduring long-term value for its Shareholders, employees and other stakeholders.

##### The Chrysos vision

To achieve its stated mission, Chrysos aims to become the world's leading provider of innovative assay services and technologies.

##### The Chrysos PhotonAssay goal

In support of its mission and vision, Chrysos' flagship product, PhotonAssay, will displace existing assay processes. It delivers faster, safer, more accurate and environmentally-sustainable analysis of gold and complementary elements and provides the timely quantitative data that customers need to achieve better business outcomes. PhotonAssay's market growth will be accelerated by generating increased demand from mining companies, garnering independent industry endorsement, and broadening the technology's applicability to encompass elements outside of gold.

##### The Chrysos strategy

To deliver on its mission, vision and PhotonAssay goal, Chrysos combines technological leadership with a focus on safety, supply chain security, IP protection, rapid market penetration, human resource flexibility and superior customer service. The Company takes an entrepreneurial approach to organic and inorganic growth where identified opportunities offer the business the potential for competitive advantage in new or existing markets.

#### 3.6.2 Key Pillars of Chrysos' Corporate Strategy

The key pillars of Chrysos' corporate strategy are outlined below.

##### Safety and ESG

Chrysos is a safety-first organisation with an ethos of zero harm: everywhere and always. Further, Chrysos' commitment to ESG principles is fundamental to strong growth and successful expansion across the globe.

##### Technological leadership and delivery model

Chrysos embraces a philosophy of continuous improvement to product and service development. This approach broadens technology applicability, builds barriers-to-entry, and ensures market leadership through enhanced performance and reliability.

Chrysos employs a Product-as-a-Service ("PaaS") business model, where products are leased, rather than sold, to customers. This model delivers "annuity style" earnings back to the business whilst also encouraging further market uptake through the elimination of upfront capital costs for customers.

##### Supply chain and IP protection

The Company secures its IP through a portfolio of patents which covers the development, manufacturing and deployment of PhotonAssay globally.

Chrysos ensures that its technological and market leadership is maintained by assembling core components of its equipment at its own facilities. The integration of proprietary software by Chrysos team members gives the Company full oversight of the technology's "smarts" and core IP throughout the manufacturing process.

### Market growth and penetration

Chrysos' international success flows from its multi-channel push-pull approach to market growth. The business continues to sell into assaying laboratories globally whilst also generating demand from mining companies across the world.

The Company's penetration into each market is deepened through its high-engagement support model which ensures fast operational response times and the delivery of superior customer outcomes. This approach strengthens client relationships and builds barriers to competitor entry.

### Human resource management

Chrysos invests continually in high-performance team members with training and upskilling for succession planning in all key business areas.

As a growing organisation, seeking to expand into international markets, Chrysos recognises the strategic imperative for, and tactical strength derived from, the multi-lingual and multi-cultural experience embedded in its team. The Company's approach is to continually build and leverage this experience across markets.

### 3.6.3 Manufacturing Overview

Chrysos commenced contracting with manufacturing partner Nuotech in 2017. Nuotech is a Chinese partially state-owned private company headquartered in Beijing with manufacturing facilities located in China, South America and Europe. Nuotech employs thousands of people globally with customers across 170 countries<sup>42</sup>. Nuotech specialises in the design and manufacture of a wide range of detection and security mechanisms covering cargo and vehicles, baggage and parcel inspection, personnel screening, explosives and narcotics detection, liquid inspection, radioactive substance monitors, applied irradiation and other integrated solutions. Furthermore, Nuotech manufacture Linear Accelerators ("LINAC"), a key radiation device that is critical in the manufacture of PhotonAssay units. Through its experience with LINACs and other security products, Nuotech represented a logical partner for Chrysos in the manufacture of its PhotonAssay units.

The Nuotech partnership is on a single unit contract basis, which can be terminated by either party for breach or insolvency. Under the contracts, Nuotech is responsible for manufacturing and assembling several key PhotonAssay unit components, excluding the detector station. Furthermore, Nuotech are contracted to provide first-line maintenance, supporting Chrysos to achieve targeted operational availability uptime of approximately 90%. The services under these arrangements are provided between a period of 5.5 months and 12 months and may be terminated by either party for non-performance or default which cannot be remedied within 30 days.

In 2020, Nuotech and Chrysos agreed to expand manufacturing capacity to 12 units per year by 30 June 2022 and 18 units per year by 30 June 2023.

Approximately 80% of the PhotonAssay unit components are manufactured or assembled by Nuotech. The remaining 20% of componentry, including the detector station, is assembled from Chrysos' Adelaide headquarters. Here, Chrysos oversee the integration of its proprietary software, ensuring full oversight of its system "smarts" or core IP (detectors, electronics and software) through the manufacturing process. Final assembly and commissioning of the PhotonAssay units occurs over a 6 week-long period at the end customer's laboratory site, with the process managed jointly by Chrysos and Nuotech. Except for certain limited components which are owned by Nuotech and licensed to Chrysos, the IP created under these agreements is owned by Chrysos.

A brief summary of the manufacturing steps, including key responsibilities, is outlined in Table 3 below.

42. Nuotech website – available here: <http://www.nuotech.com/en/SitePages/SeNormalPage.aspx?nk=ABOUT&k=ACABGD>.

### 3. COMPANY OVERVIEW CONTINUED

**Table 3: PhotonAssay Manufacturing Overview**

Key Step	Description	Key Responsibility
<b>Manufacture of main PhotonAssay unit components</b>	<ul style="list-style-type: none"> <li>• LINAC tube</li> <li>• Power supplies</li> <li>• Modulator and control systems</li> </ul>	<ul style="list-style-type: none"> <li>• Nuctech</li> </ul>
	<ul style="list-style-type: none"> <li>• Klystron</li> <li>• Cabins and radiation shielding</li> <li>• Automation system</li> </ul>	<ul style="list-style-type: none"> <li>• Various suppliers (U.S, Japan, China)</li> </ul>
	<ul style="list-style-type: none"> <li>• Assembly of main unit components</li> </ul>	<ul style="list-style-type: none"> <li>• Nuctech</li> </ul>
<b>Factory testing</b>	<ul style="list-style-type: none"> <li>• To pass key performance specifications</li> </ul>	<ul style="list-style-type: none"> <li>• Nuctech, Chrysos</li> </ul>
<b>Manufacture of detector components</b>	<ul style="list-style-type: none"> <li>• Gamma-ray detectors</li> <li>• Gamma-ray read-out electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Various suppliers (U.S, China, Italy)</li> </ul>
<b>Assembly and installation of key system “smarts”</b>	<ul style="list-style-type: none"> <li>• Detector station assembled</li> <li>• Server and remote communications hardware assembled</li> <li>• Analysis, database, user interface and reporting software incorporated</li> </ul>	<ul style="list-style-type: none"> <li>• Chrysos</li> </ul>
<b>On-site installation</b>	<ul style="list-style-type: none"> <li>• Final assembly of all components</li> <li>• Testing and approvals</li> </ul>	<ul style="list-style-type: none"> <li>• Chrysos, Nuctech</li> </ul>

The outsourcing of manufacturing and maintenance capability to Nuctech, together with the fact that the PhotonAssay units are operated by the end user (discussed in Section 3.6.4 below), enables Chrysos to maintain a small dedicated technical workforce.



### 3.6.4 Product Overview

Chrysos produces two PhotonAssay unit models, the PhotonAssay Max and PhotonAssay Atom. The PhotonAssay Max is Chrysos' flagship unit. The Company has successfully deployed or committed to lease 33 PhotonAssay Max units. More recently, Chrysos successfully completed factory testing on the PhotonAssay Atom, which represents the first PhotonAssay model developed and manufactured since the original PhotonAssay Max. The PhotonAssay Atom is a more compact, robust and portable unit (compared to the PhotonAssay Max) better suited to smaller mine site locations than large geochemistry laboratories. This product differentiation opens the door to new market segments and sale opportunities. The PhotonAssay Atom is expected to undergo further R&D testing in Adelaide during the second quarter of 2022, with the Company assessing commercial production during 2023.

An overview of the performance and technical specifications of the PhotonAssay Max is outlined in Table 4 below.

**Table 4: Specifications of the PhotonAssay Max**

Performance Specifications	
<b>Key assayed elements</b>	Gold, Silver, Copper
<b>Sample size</b>	250 – 650g (depending on mineral density)
<b>Analysis time</b>	Approximately 2-3 minutes
<b>Gold detection limit<sup>43</sup></b>	0.01ppm (reagent blanks) 0.015 – 0.035ppm (typical ores)
<b>Gold measurement precision<sup>44</sup></b>	7 – 8% relative at 0.3ppm 4.0% relative at 1.0ppm <2.0% relative at >10ppm
Technical Specifications	
<b>Dimensions</b>	
<b>Width</b>	6,100mm
<b>Depth</b>	7,300mm
<b>Height</b>	2,700mm
<b>Weight</b>	80,000kg (approx.)
<b>Analysis capacity</b>	
<b>Throughput</b>	72 samples per hour
<b>Input queue</b>	160 samples
<b>Output queue</b>	120 samples

43. PhotonAssay detection limit is larger for samples containing elevated levels of uranium, thorium or barium.

44. Quoted at one standard-deviation. Elevated uranium, thorium or barium levels reduce accuracy for PhotonAssay.

### 3. COMPANY OVERVIEW CONTINUED

An image of the PhotonAssay Max is shown in Figure 18 below.

**Figure 18: Image of the PhotonAssay Max**



In addition to the recent development of the PhotonAssay Atom, Chryos continues to undertake R&D to improve the capability of its existing PhotonAssay Max. This is expected to lead to the design, development and commissioning of a “next generation” PhotonAssay Max unit model (“**Gen-2 Model**”) in the future. Key improvement areas envisaged in the Gen-2 Model include:

- Simplified automation to enhance reliability and serviceability;
- Increased maximum throughput of 90 samples per hour (up from 72 samples per hour currently, representing a 25% increase); and
- Simplified operation for end-users.

Chryos PhotonAssay units are designed to be highly intuitive and simple to operate, with the process and analysis fully automated once the samples are loaded into the conveyor. As such, the end-user, being the mining company or geochemistry laboratory provider, assumes responsibility for operations. Chryos and its partners provide ongoing technical support, while the software automation of QA and QC protocols ensures the streamlined operation of the units.

*“PhotonAssay’s simple process reduces waste, involves fewer people, requires less technical training, and reduces the likelihood of error.”*

**Stuart Thomson (Chief Executive Officer of MSALABS)**

### 3.6.5 Revenue Model

#### PhotonAssay lease model

Chrysos' PhotonAssay units are leased on long-term renewable contracts. The contracts operate on a fee-per-sample basis, where Chrysos' customers commit to a MMAP. Key terms of the contracts include:

- Contract term;
- MMAP; and
- Rate per assay.

The lease revenue model provides Chrysos with contractual certainty of recurring revenue, capital commitments and operating costs to support the leases. The minimum monthly commitment incentivises the customer to utilise PhotonAssay, helping to embed the infrastructure in the value chain and allow Chrysos to develop "sticky" customer relationships. A key advantage from the customer's perspective is the removal of the upfront capital burden associated with purchasing a PhotonAssay unit.

#### Contract term

PhotonAssay contracts are typically deployed on long-term lease agreements with customers. The majority of Chrysos' lease contract lengths are for a five-year period. Some of the customer agreements contain termination for convenience clauses but in most cases, an early termination fee is then payable. Generally however, contracts may only be terminated by Chrysos or the customer for unremedied breach or insolvency. Typically, contracts also have an option period for a further five-year term which is automatically extended unless notice of termination is provided by either party. The Company has entered into some contracts that are shorter or longer than the standard contract term, based on negotiation between the Company and its customers. In all cases, the customer is obliged to obtain the relevant insurances and licences to operate the PhotonAssay unit in its jurisdiction.

#### Minimum monthly assay payment and utilisation

The Company's lease agreements operate with a MMAP, where the customer is required to pay Chrysos a fee that is equal to the rate per assay multiplied by a minimum utilisation, which is calculated by reference to a PhotonAssay unit's capacity of 40,000 samples per month. Both the rate per assay and minimum monthly commitment vary between individual contracts and are negotiated with the customer on a risk-sharing basis. For instance, Chrysos will charge a lower rate per assay if the customer is willing to incur a higher minimum monthly commitment (and vice versa). Given the contract structure, MMAP act as a "take or pay" mechanism, ensuring a contracted minimum revenue to Chrysos each month, while providing upside where Chrysos' customers process additional samples. The monthly revenue to Chrysos will only vary if the end-user processes more assays than defined under the minimum utilisation or Chrysos is in breach of its warranties. A summary of the minimum utilisation for Chrysos' contracted units is shown in Table 5 below. Further, Figure 19<sup>45</sup> shows the actual average monthly utilisation for Chrysos' deployed operating units, which has exceeded the average minimum contracted utilisation of 45% (for the existing deployed unit base) for every month since December 2020. Furthermore, as a result of PhotonAssay's application to optimisation of process plants, Chrysos anticipates sample volumes from miners will increase over time.

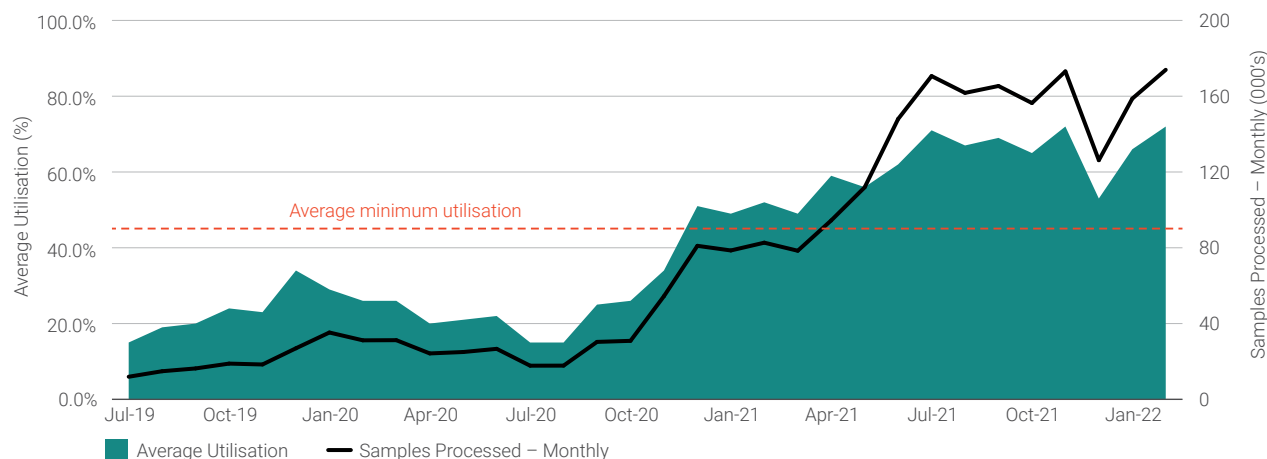
**Table 5: Summary of Contracted Minimum Utilisation, February 2022**

<b>Range</b>	11 – 100%
<b>Average of current operating units<sup>45</sup></b>	45%
<b>Average of all signed and committed contracts</b>	53%

45. Shown exclusive of one unit which has a minimum utilisation of 100% and therefore does not benefit from any excess utilisation upside. Including this unit would result in an average minimum utilisation of 53% for current operating units.

## 3. COMPANY OVERVIEW CONTINUED

Figure 19: Average Monthly Utilisation for Operating Units, July 2019 to February 2022



### Rate per assay

Chrysos targets a rate per assay that will provide the customer with an overall analysis cost that is competitive with its existing cost of analysis using alternative methods such as fire assay. As previously mentioned, the agreed minimum monthly utilisation is also an important input in determining the rate per assay which is negotiated on a risk-sharing basis with the customer. There are global differences in the cost of fire assay, which are reflected in Chrysos' lease agreements. Chrysos' contracts in Africa and North America benefit from this premium in pricing over Australian contracts.

Chrysos' contracts also typically include a waterfall pricing mechanism to encourage and incentivise customers to increase utilisation by providing a discount on the rate per assay on assays above certain utilisation targets. The utilisation target where the discounted rate is applied and the discount on the rate per assay charged for the waterfall pricing varies between contracts. Some contracts can have multiple waterfall price levels for target utilisation levels. An illustrative example of how a contract with multiple waterfall pricing targets can be structured is provided in Table 6 below. Approximately 55% of Chrysos' committed contracts include one or more waterfall pricing mechanisms.

Table 6: Illustrative Waterfall Pricing Mechanism

Samples Processed Monthly	Effective Utilisation	Rate per Assay Charged
<25,000	0 – 62.5%	Standard Price
25,000 – 35,000	62.5 – 87.5%	Discount of 8%
35,000 – 40,000	87.5 – 100%	Discount of 20%

Table 7 below provides a summary of the current rates per assay that have been negotiated and contracted to date. Chrysos has been able to negotiate a higher average rate per assay on more recent contracts as illustrated by the higher average rate on committed contracts compared to deployed units. Chrysos management believes it has been able to negotiate a higher average rate per assay on more recent contracts in part due to the increased industry uptake contributing to higher demand for PhotonAssay units.

**Table 7: Summary of Contracted Rates per Assay, February 2022**

<b>Range</b>	\$5.50 – \$8.50
<b>Average of current operating units</b>	\$5.92
<b>Average of all signed and committed contracts</b>	\$6.44

**Inflation:** The per-sample rates are generally escalated over time to allow for inflation. Rates are either directly linked to local CPI or are escalated under a fixed annual escalation figure.

**Unit clustering:** Where Chrysos is able to have multiple units regionally co-located, the Company’s unitised maintenance cost is decreased. For isolated units, a premium is charged.

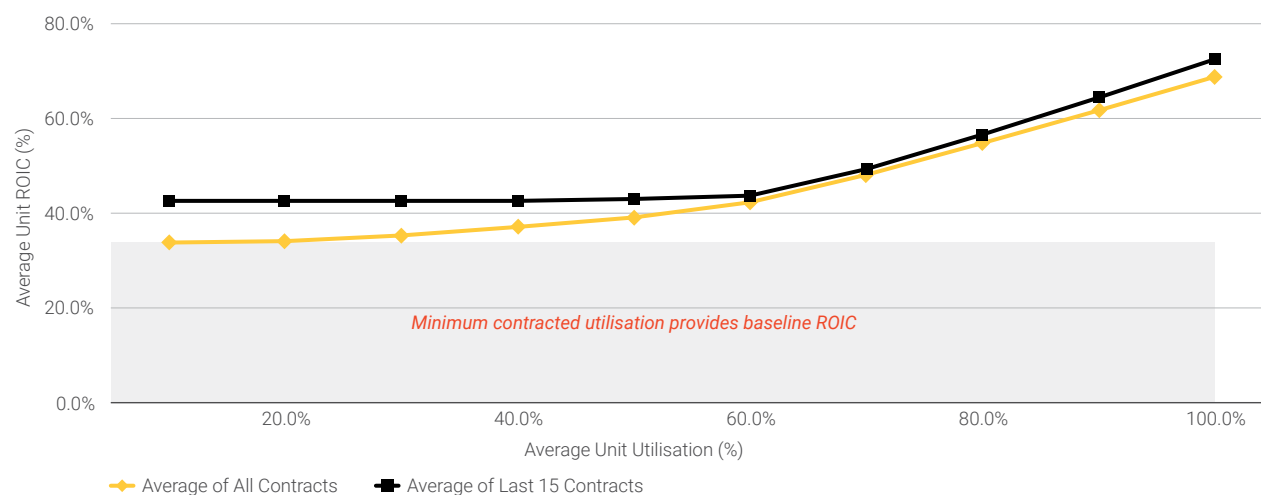
**Alternative analysis:** Where a customer requires alternative analysis, for example copper and silver analysis, Chrysos is able to charge a premium over the gold-only service. Samples that are co-analysed for moisture content also receive a premium.

### ROIC

Chrysos management considers the unit ROIC as an important metric and key performance indicator (“KPI”) for the Company. Chrysos defines the unit ROIC as the annual gross profit divided by the capital expenditure to produce and install the unit, where the annual gross profit is the annual revenue less the direct costs associated with operating the unit. The current capital expenditure to produce a unit is approximately \$3.65 million. Figure 20 provides the average ROIC per unit for given levels of average utilisation across all contracts and also for the most recent 15 contracts entered into by Chrysos. Figure 20 illustrates the benefit to Chrysos of the minimum contracted utilisation mechanism, that is, a baseline average unit ROIC of 34% regardless of the level of average utilisation. Figure 19 above shows that the actual average utilisation across Chrysos’ deployed units in recent months is significantly higher than the average contracted minimum utilisation of 45%. As a result, its average unit ROIC is also higher than the baseline ROIC of 34% illustrated in Figure 20.

Figure 20 further highlights the improved unit economics Chrysos has negotiated on its 15 most recent contracts. The higher average unit ROIC on the 15 most recent contracts is a function of being able to negotiate a higher rate per assay as well as a higher minimum contracted utilisation, which in turn has translated to a higher average baseline ROIC of 43% (compared to an average of 34% on all contracts). Again, management attributes the ability to negotiate more favourable terms on recent contracts to increased industry uptake and customer demand for PhotonAssay units.

**Figure 20: Average Unit ROIC and Utilisation, February 2022**



### 3. COMPANY OVERVIEW CONTINUED

An illustrative example of the build-up to unit ROIC, based on the average contract terms of Chrysos' 33 deployed and committed PhotonAssay units, is provided in Table 8 below.

**Table 8: Illustrative Unit ROIC**

Assumed Utilisation	Baseline	Upside Scenario (70%)
Upfront capital cost (approx.)	\$3,650,000	\$3,650,000
Maximum samples per month	40,000	40,000
Weighted average rate per assay	\$6.28	\$6.18
Monthly revenue	\$133,975	\$177,419
Annual revenue	\$1,607,698	\$2,129,031
Annual unit PhotonAssay costs (approx.) <sup>46</sup>	\$(375,000)	\$(375,000)
Annual gross profit	\$1,232,698	\$1,754,031
ROIC	33.8%	48.1%

#### 3.6.6 Sales Strategy

Since Chrysos successfully commercialised PhotonAssay, the Company has actively pursued a sales strategy that (i) enables wide-ranging penetration into the mineral sampling market, (ii) ensures a robust pipeline for future growth and (iii) further serves to strengthen the Company's global brand recognition and reputation.

As it stands, Chrysos has achieved strong global penetration in its targeted regions of North America, Africa and Australia. An overview of the Company's locations, including regions currently undertaking due diligence on PhotonAssay is provided in Figure 21 below.

**Figure 21: Chrysos Locations and Regions Undertaking PhotonAssay Due Diligence**



46. Approximation based on the 5-year average annual PhotonAssay cost per unit. As discussed in Section 4.7.2, Chrysos forecast monthly PhotonAssay costs of \$1,000 per month for those units operating less than 12 months from deployment and, \$38,000 per month for those units operating more than 12 months from deployment. Based on this, the average annual 5-year PhotonAssay cost is approximately \$367,000 per unit.

## Gold analytics

A significant factor in the success of Chrysos has been discipline in retaining focus on the commodities that will maximise utilisation of PhotonAssay. Gold analytics and the gold mining industry more generally is a large market ripe for further penetration. There is an estimated global pool of over 410 gold mines producing more than 40koz of gold per annum in 2020<sup>47</sup>. To facilitate Reserve replacement and maintain production levels, these operations are obligated to commit significant capital towards exploration and analytics with assaying considered a 'non-discretionary' expenditure.

The gold market remains buoyant and consequently, so has the demand for assays. Accordingly, Chrysos' near-term focus remains on gold, silver and those elements that present alongside gold mineralogically. These are the most attractive opportunities for the business to pursue currently and will remain the key focus of Chrysos' business development and sales team.

## Customer relationships

Chrysos pursues a dual focus customer engagement strategy targeting rapid global market entry, namely through (i) partnering with leading independent providers of geochemistry laboratory services and (ii) direct site access through working with high-quality explorers, developers and producers. By pursuing a dual-focus customer strategy, Chrysos is able to effectively reduce downside risk from gold market cyclicality, while still maintaining upside exposure. Specifically, independent laboratory assay flows have greater exposure to gold market cyclicality and the associated variable nature of exploration spend, whereas large-scale gold miners, whilst still influenced by market cyclicality, rely on the majority of their assay use for gold production which remains generally consistent throughout the cycle.

Large scale, 'hub and spoke' laboratories have become popular alternatives to on-site assaying due to their ability to:

- Assay higher volumes at improved efficiency;
- Reduce preparation time;
- Offer fully automated facilities and equipment;
- Reduce human error; and
- Enhance QA and QC outcomes.

As it currently stands, Chrysos has established relationships with three of the top four laboratory services providers by revenue, being ALS (through the recent acquisition of MinAnalytical), Intertek and SGS. These relationships enable Chrysos to accelerate its growth and position against smaller-scale laboratories existing in the market.

Large mining companies will often have a captive on-site laboratory, operated either by themselves or by an independent laboratory group. On-site analysis is important for miners to:

- Eliminate volume bottlenecks often associated with sharing laboratory services;
- Maximise reliability and accuracy;
- Enable rapid turnaround time;
- Optimise plant operational settings; and
- Reduce gold lost to dumps and tails.

Through the demonstrated customer value of PhotonAssay and the Company's collaboration with leading laboratory service providers, Chrysos has deployed PhotonAssay units under contract with leading global gold miners, including Kirkland Lake Gold (recently completed a merger with Agnico Eagle in February 2022) and, most notably, Barrick Gold.

Bolstered by these partnerships, each of Chrysos' PhotonAssay units currently in production are committed for the 2022 calendar year and committed lease agreements extend out until calendar year 2024. Further details of these partnerships are outlined below in Section 3.7.

47. S&P Global, Global Gold Mines. Includes mines where gold is mined as a by-product of another primary mineral. Does not consider whether the mine has an on-site laboratory.

## 3. COMPANY OVERVIEW CONTINUED

### 3.7 CUSTOMER RELATIONSHIPS

#### 3.7.1 Laboratory Service Providers

##### SGS

SGS is a leading provider of geochemistry laboratory services and the largest TIC company by revenue globally, with a market capitalisation of approximately \$29 billion as of 25 February 2022. A high-level overview of SGS is provided in Table 1. Presently, SGS has contractually committed to lease one PhotonAssay unit which is scheduled for deployment in early 2023.

##### Intertek

Intertek is a leading provider of geochemistry laboratory services and the third largest TIC company by revenue globally, with a market capitalisation of approximately \$16 billion as of 25 February 2022. A high-level overview of Intertek is provided in Table 1. Presently, Intertek is operating three PhotonAssay units which are located in their Minerals Global Centre of Excellence facility in Perth, Western Australia. The PhotonAssay units were installed in 2021 and early 2022.

##### ALS

ALS is a leading provider of geochemistry laboratory services and the fourth largest TIC company by revenue globally, with a market capitalisation of approximately \$6 billion as of 25 February 2022. A high-level overview of ALS is provided in Table 1. ALS recently expanded its Australian geochemistry operations through the acquisition of MinAnalytical from Perenti in December 2021. MinAnalytical operates two geochemistry laboratories in Perth and Kalgoorlie and was the first customer to lease a PhotonAssay unit (in 2018). Presently, MinAnalytical has three PhotonAssay units leased across its Perth and Kalgoorlie laboratories and has committed to lease an additional two units scheduled for commissioning in 2022.

##### MSALABS

MSALABS specialises in geochemistry laboratory services for the mining industry. The business has experienced rapid expansion over the course of FY21 having commissioned three new laboratories. Currently, MSALABS has a network of 13 laboratories in key mining regions around the world including the Americas, Africa, and Europe. A further three laboratories are currently under construction.

MSALABS' operating footprint matches well with Chrysos' primary geographic target markets. Chrysos intends to expand its operations to a number of new countries alongside MSALABS during 2021/2022 which will serve to propagate additional growth.

MSALABS intends to deploy PhotonAssay units into both 'hub and spoke' laboratories and directly to mine sites. Chrysos and MSALABS are working together closely on rolling out PhotonAssay globally.

#### 3.7.2 Global Explorers, Developers & Miners

##### Barrick Gold

Barrick is a Canadian-based company with 16 operating sites across 13 countries. The company is one of the largest gold producers in the world.

In a demonstration of MSALABS' global reputation in the mineral sampling market, Chrysos, in collaboration with MSALABS, was able to deploy one PhotonAssay unit to Barrick's Bulyanhulu mine in Tanzania – the first in Africa and in its global operations. The unit was installed in October 2021 and has been operating successfully since.



### **Agnico Eagle (previously Kirkland Lake Gold)**

Agnico Eagle is a Canadian-based gold producer with a market capitalisation of approximately \$33 billion as of 25 February 2022. Having recently completed a merger with Kirkland Lake Gold, the enlarged company now operates a global portfolio of operating assets across Canada, Mexico, Finland and Australia, including the Fosterville mine in Victoria, which is one of the highest-grade operations in the world. Chrysos secured an agreement with Kirkland Lake Gold for deployment of a PhotonAssay unit in August 2020, which was installed locally in On-Site Laboratory Services Pty Limited's facility in Bendigo.

Wess Edgar, Chief Geologist for Agnico Eagle in Australia, summarised his company's enthusiasm for the new Chrysos installation. "We believe the PhotonAssay method has potential benefits for our business that include simple sample preparation, fast turnaround times for high-quality results, and improved outcomes related to health, environment and the community".

In relation to the advantages of Chrysos PhotonAssay over traditional assay methods, Mr Edgar continued, "The sample charge used in the PhotonAssay method is approximately 10-20 times larger than existing fire assay, and thus has potential for a more representative assay result of the entire crushed sample, which is considered important for samples containing high gold grades and/or visible-gold, as are often found at Fosterville. "We believe the PhotonAssay method has potential benefits for our business that include simple sample preparation, fast turnaround times for high-quality results, and improved outcomes related to health, environment and the community". On Site Laboratory Services has taken over the lease of this PhotonAssay unit from April 2022 and continues to support Fosterville for their analytical requirements.

### **Novo Resources**

Novo Resources is a Canadian-based gold and battery metals explorer and producer with a market capitalisation of approximately \$264 million as of 25 February 2022. The company is predominantly focused on exploring, developing and mining gold projects in the Pilbara region of Western Australia.

Announced in May 2021, Novo Resources entered into a three-year agreement (with an option to extend to six years) with Intertek for the provision of on-site laboratory and sample preparation services and PhotonAssay services.

Intertek will manage an on-site laboratory at Novo Resources' Golden Eagle mill designed to prepare samples from the company's infill drilling campaign at the Beatons Creek conglomerate gold project for PhotonAssay in Intertek's new state of the art facility in Perth, Western Australia. Intertek has agreed to provide Novo Resources with priority access to two PhotonAssay units to which Novo Resources has agreed to provide a minimum of 20,000 PhotonAssay's per month for each unit.

In commenting on the agreement in May 2021, Dr. Quinton Hennigh, current non-executive co-chairman of Novo Resources noted that "Securing a minimum of 40,000 PhotoAssays per month is a huge step for Novo. We can soon begin to alleviate our backlog of grade control assays, but also now have an assurance that we can provide sufficient assay capacity for Beatons Creek and our exploration programs across the Pilbara on an ongoing basis during the life of the Intertek Agreement. We were one of the first companies to utilise Chrysos PhotonAssays in 2017 and take great pride in being one of the first to commit to wholesale long-term use of this technique for virtually all our analytic needs. We look forward to working with Intertek as they install these two new units and our new sample preparation facility at the Golden Eagle Mill."

## 3. COMPANY OVERVIEW CONTINUED

### 3.8 PHOTONASSAY INTELLECTUAL PROPERTY RIGHTS

Chrysos owns a range of IP, including patents, trademarks, copyright, and know how or trade secrets. In particular, a significant amount of work has been undertaken by the Company to establish patents designed to protect its competitive advantage in relation to the commercialisation and delivery of PhotonAssay. These patents apply to the following inventions:

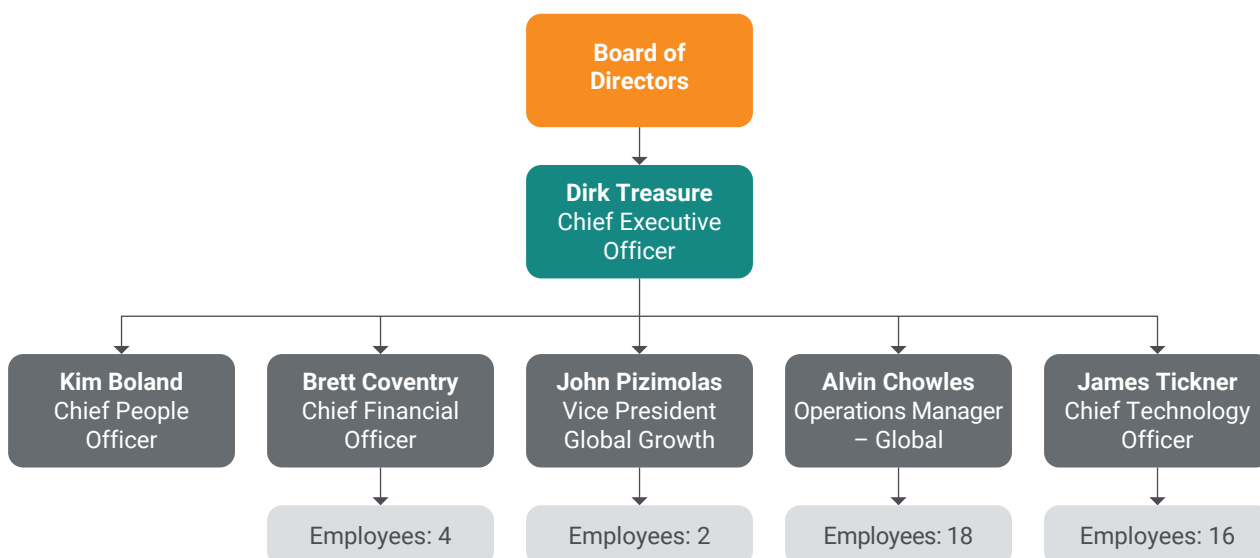
- **Improved method for rapid analysis of gold:** applies to the invention of the reference disc method used by PhotonAssay to determine the concentration of a target element in a sample;
- **A shielded X-ray radiation apparatus:** applies to the invention of the compact shielding for safe X-ray equipment operation;
- **System and method for moisture measurement:** applies to the invention of the system and method used by PhotonAssay to determine the moisture content of a sample undergoing elemental activation analysis; and
- **Improvements in gamma-activation analysis measurements:** applies to the invention of the method for measurement of multiple elements other than gold via gamma activation analysis.

The inventions protected by these patents, including a summary of the status of the patent applications and the countries and/or regions protected by these patents, is discussed further in the Intellectual Property Report in Appendix C.

### 3.9 WORKFORCE

Chrysos' workforce is of vital importance to the business and the Company now has 46 employees<sup>48</sup>, all of whom are employed on a permanent full-time basis. Chrysos employees are situated across a number of regions globally, including Africa, Canada and various states (Victoria, Queensland, Western Australia and South Australia) in Australia. The organisation structure is outlined in Figure 22 below.

Figure 22: Chrysos Organisation Structure, January 2022



Chrysos enjoys long tenure with its management team, a number of whom have been involved with the Company since its incorporation in 2016. These include Managing Director and CEO, Dirk Treasure, CTO and the lead inventor of PhotonAssay with CSIRO, Dr James Tickner, Operations Manager (global), Dr Alvin Chowles and Physics Manager, Dr Rhys Preston. By establishing a strong and stable management team, Chrysos has built a culture where management personnel have a clear understanding of their roles and feel empowered to assume responsibility over the core functions allocated to them. Management has successfully permeated this culture through all levels of the organisation and consider this critical to the success of the business as it continues to grow and expand its geographical exposure.

48. As of 31 January 2022. Excludes Board members, with the exception of Managing Director and CEO, Dirk Treasure.

Chrysos has continued to adapt its employee structure over time to meet the challenges posed by the increasing scale and complexity of the business. This has been facilitated through the hiring of new high performing staff, as well as the training and professional development of existing staff. Given the global nature of the Company's operations, Chrysos recognises the importance of both a multi-lingual skillset and multi-cultural experience as part of its team-building approach.

## 3.10 GROWTH STRATEGY

### 3.10.1 Organic Growth

The superiority of Chrysos' PhotonAssay technology combined with the Company's industry leading partnerships with global laboratories and producers, has enabled Chrysos to grow consistently over the last five years and embed PhotonAssay throughout the mining value chain. Chrysos management has continued to position the Company to deliver organic growth through:

- **New business opportunities:** Chrysos plans to continually win new customer contracts with large miners and laboratories and expand the scope of services to existing customers;
- **Expansion of manufacturing capacity:** accelerate the roll-out of PhotonAssay units to meet forecasted demand growth;
- **Geographic expansion:** establish offices and operating footprints in strategic locations to build new relationships and support business development initiatives;
- **Diversification into other commodities:** invest in R&D to expand PhotonAssay's analytical offering to include additional commodities such as copper, silver, lead and zinc; and
- **Higher utilisation:** higher utilisation of PhotonAssay units as global acceptance and uptake of the technology continues.

A substantial amount of work has gone into establishing the foundations for future growth and management considers there to be significant optionality in both customer base and geographic diversity to accelerate roll-out of PhotonAssay. Chrysos currently has contractual commitments for PhotonAssay units extending out to 2024 and an existing TCV of \$448 million at February 2022 across its 33 deployed or committed units. The Company has however not committed all of its manufacturing capacity, providing optionality to supply additional units to customers where there is an opportunity to accelerate market growth or generate favourable contractual terms.

### 3.10.2 Inorganic Growth

Since inception, the scope and optionality of Chrysos' organic growth profile has meant the Company has not had to rely on M&A to pursue growth. Management is confident that Chrysos can continue to meet its growth objectives over the short and medium term through the Company's existing strategy.

However, management will continue to monitor and assess acquisition opportunities that bring additional depth and scale to Chrysos' activities and ultimately enhance Shareholder value. Chrysos has developed a comprehensive framework for reviewing potential acquisition opportunities and considers the following factors as key requirements for any transaction:

- Creating enduring long-term value for Shareholders, staff, customers and the environment;
- Uncompromising approach to safety, environmental responsibility and governance;
- Complementary, defensible IP that provides depth to Chrysos' key service offerings;
- Extension of the Company's existing PaaS business model and core capabilities;
- Aligned with the Company's vision of being the world's leading provider of innovative assay technologies and services;
- Cultural fit and ability to work collaboratively as either 'one brand' or as specialised businesses within the broader group;
- Contributes to commodity diversification, geographic exposure and/or market share; and
- Strong reputation and industry position.

## 3. COMPANY OVERVIEW CONTINUED

### 3.11 ENVIRONMENT, SOCIAL & GOVERNANCE

Chrysos' ESG principles reflect its core values of respecting stakeholders, listening to, and empathising with, the communities in which those stakeholders exist, and operating with integrity and consistency at all times.

Chrysos believes commitment to ESG principles is fundamental to strong growth and successful expansion across the globe. Accordingly, Chrysos seeks to partner with companies that not only share its principles, but also demonstrate a history of strict legal compliance, local community engagement and sustainability practices.

#### 3.11.1 Environment and Sustainability

Chrysos is committed to managing its environmental footprint and minimising its impact on the environment. It recognises that proper care of the environment is a fundamental part of its corporate responsibility and will be integral to the Company's long-term growth and performance.

In commencing its own sustainability journey, Chrysos is delivering positive environmental outcomes to mining customers around the world. Through PhotonAssay, Chrysos is embedding technology in the minerals industry that provides faster, safer, more accurate and environmentally-friendly analysis of gold, silver and other complementary elements. Customer feedback indicates PhotonAssay delivers improvements in gold recovery which has been shown to:

- Lower energy consumption;
- Minimise water usage and the application of fewer reagents overall; and
- Significantly reduce CO<sub>2</sub> emissions and eliminate the hazardous waste associated with traditional fire assays.

It is important that the activities of organisations Chrysos engages with minimise environmental impact at all touchpoints. Accordingly, Chrysos partners with companies that:

- Maintain strong environmental risk management plans;
- Utilise market-leading environmental standards;
- Apply robust science and research in their approach to activities;
- Ensure materials, energy and resources are used efficiently;
- Minimise the use of hazardous and environmentally harmful materials (including emissions) and have contingency plans in the event of containment failure;
- Monitor, report and accurately disclose environmental and sustainability performance; and
- Actively seek to improve environmental and sustainability performance.

### 3.11.2 Corporate Governance and Social Responsibility

Chrysos has adopted appropriate systems of control and accountability as the basis for the administration of corporate governance. The Board and management team is committed to administering Chrysos' policies and procedures with openness and integrity such that the Company complies with all applicable laws and regulations including the 4th edition of the ASX Corporate Governance Principles and Recommendations.

The Company maintains strict compliance with domestic and international corporate governance standards, in particular:

- Giving high priority to safety and risk management;
- Promotion of ethical and responsible decision-making;
- Full compliance with anti-bribery and corruption rules and regulations;
- Upholding a strong foundation for management;
- Ensuring the integrity of financial reporting;
- Respecting the rights of, and providing effective and transparent disclosure to, all stakeholders;
- Providing fair remuneration to employees and a positive, development-focused work environment; and
- Promoting inclusion and diversity, including through investing in training and educational programmes.

Chrysos aspires to enable responsible and sustainable development that creates value not only for its customers but also for its people and the communities within which the Company operates. Equally, Chrysos expects the companies it engages with to develop meaningful community relationships and social programmes. Accordingly, it partners with companies that:

- Maintain an open and mutually-beneficial dialogue with their communities;
- Create shared value through community and social investment;
- Seek to maximise local engagement in operations through employment and contracting;
- Demonstrate cultural sensitivity and respect for local customs and rights; and
- Engage with community leaders and local authorities to ensure any development plans have input from relevant stakeholders.



# 4. FINANCIAL INFORMATION

## 4. FINANCIAL INFORMATION

### 4.1 INTRODUCTION

The financial information of Chrysos contained in this Section 4 includes the following (collectively, the “**Financial Information**”):

- **Historical Financial Information**, being the Statutory Historical Financial Information and Pro Forma Historical Financial Information for the financial years ended 30 June 2020 (“**FY20**”) and 30 June 2021 (“**FY21**”) and, half years ended 31 December 2020 (“**H1 FY21**”) and 31 December 2021 (“**H1 FY22**”); and
- **Forecast Financial Information**, being the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information for the financial years ending 30 June 2022 (“**FY22**”) and 30 June 2023 (“**FY23**”).

An overview of the relevant Financial Information items is shown in Table 9 below.

**Table 9: Chrysos’ Financial Information**

	Statutory Financial Information	Pro Forma Financial Information
<b>Historical Financial Information</b>	<p><b>Statutory Historical Financial Information</b> comprises the following:</p> <ul style="list-style-type: none"> <li>• Statutory consolidated historical statements of profit and loss and other comprehensive income for FY20, FY21, H1 FY21 and H1 FY22 (“<b>Statutory Historical Income Statement</b>”);</li> <li>• Statutory consolidated historical statement of financial position as at 31 December 2021 (“<b>Statutory Historical Statement of Financial Position</b>”); and</li> <li>• Statutory consolidated historical statement of cash flows for FY20, FY21, H1 FY21 and H1 FY22 (“<b>Statutory Historical Cash Flows</b>”).</li> </ul>	<p><b>Pro Forma Historical Financial Information</b> comprises the following:</p> <ul style="list-style-type: none"> <li>• Pro forma consolidated historical statements of profit and loss and other comprehensive income for FY20, FY21, H1 FY21 and H1 FY22 (“<b>Pro Forma Historical Income Statement</b>”), together with a reconciliation to the Statutory Historical Income Statement;</li> <li>• Pro forma consolidated historical statement of financial position as at 31 December 2021 (“<b>Pro Forma Historical Statement of Financial Position</b>”); and</li> <li>• Pro forma historical cash flows for FY20, FY21, H1 FY21 and H1 FY22 (“<b>Pro Forma Historical Cash Flows</b>”), together with a reconciliation to the Statutory Historical Cash Flows.</li> </ul>
<b>Forecast Financial Information</b>	<p><b>Statutory Forecast Financial Information</b> comprises the following:</p> <ul style="list-style-type: none"> <li>• Statutory consolidated forecast statement of profit and loss and other comprehensive income for FY22 and FY23 (“<b>Statutory Forecast Income Statement</b>”); and</li> <li>• Statutory consolidated forecast cash flows for FY22 and FY23 (“<b>Statutory Forecast Cash Flows</b>”).</li> </ul>	<p><b>Pro Forma Forecast Financial Information</b> comprises the following:</p> <ul style="list-style-type: none"> <li>• Pro forma consolidated forecast statement of profit and loss and other comprehensive income for FY22 and FY23 (“<b>Pro Forma Forecast Income Statement</b>”), together with a reconciliation to the Statutory Forecast Income Statement; and</li> <li>• Pro forma consolidated forecast cash flows for FY22 and FY23 (“<b>Pro Forma Forecast Cash Flows</b>”), together with a reconciliation to the Statutory Forecast Cash Flows.</li> </ul>

## 4. FINANCIAL INFORMATION CONTINUED

Also summarised in this Section 4 are:

- The basis of preparation and presentation of the Financial Information (Section 4.2);
- An explanation of the certain key non-International Financial Reporting Standards (“IFRS”) financial measures included in this Section 4 (Section 4.2.4);
- An overview of Chrysos’ revenue and key expense items (Sections 4.2.5 and 4.2.6);
- A summary of key pro forma operating and financial metrics (Section 4.3.3);
- The pro forma adjustments applied to the Statutory Historical Financial Information and the Statutory Forecast Financial Information for the preparation of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information, respectively (Sections 4.3.4, 4.4 and 4.5.3);
- Reconciliations of the Statutory Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information, respectively (Sections 4.3.4 and 4.5.3);
- Management discussion of the Pro Forma Historical Financial Information, including a discussion of the general factors, key drivers and key trends affecting the financial and operating results of Chrysos (Section 4.6);
- The Directors best estimate assumptions underlying the Forecast Financial Information, together with management discussion of the Pro Forma Forecast Financial Information (Section 4.7);
- Key sensitivities in respect of the Forecast Financial Information (Section 4.7.5);
- A summary of Chrysos’ pro forma indebtedness as at 31 December 2021 (Section 4.8); and
- A summary of Chrysos’ proposed dividend policy (Section 4.10).

The Financial Information has been reviewed and reported on in accordance with the Australian Standard on Assurance Engagements 3450 *Assurance Engagements involving Corporate Fundraisings and/or prospective Financial Information* by KPMG Financial Advisory Services (Australia) Pty Limited whose Investigating Accountant’s Report is contained in Section 5. Investors should note the scope and limitations of that report.

The Financial Information in this Section 4 should be read in conjunction with this Prospectus as a whole, including the risk factors in Section 6 and Chrysos’ Significant Accounting Policies in Appendix A. Investors should note that past performance is not a guarantee of future performance.

Unless otherwise stated, all amounts disclosed in this Section 4 are presented in Australian dollars and rounded to the nearest thousand. Some numerical tables in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in tables contained in this Prospectus are due to rounding.

### 4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

#### 4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Chrysos, together with the forecast financial performance and cash flows for FY22 and FY23.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (“AAS”) adopted by the Australian Accounting Standards Board (“AASB”), which are consistent with IFRS and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form and does not include all the presentation and disclosures, statements and comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.



The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual results and cash flows of Chrysos for the periods indicated. Chrysos believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business and is presented on a consistent basis with the Pro Forma Forecast Financial Information.

In addition to the Financial Information, this Section 4 describes certain non-IFRS measures included in the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information that are used to manage and report on Chrysos' business. These financial measures are not defined under or recognised by AAS or IFRS.

#### **4.2.2 Basis of Preparation of the Historical Financial Information**

The Statutory Historical Financial Information used in the preparation of the Pro Forma Historical Financial Information has been derived from Chrysos' audited general purpose financial statements for FY20 and FY21 (restated), reviewed general purpose financial statements for H1 FY22 and reviewed special purpose financial statements for H1 FY21.

The FY20 financial statements were audited by Deloitte Touche Tohmatsu which issued an unmodified audit opinion. The FY21 financial statements were audited by KPMG which issued an unmodified opinion. The FY21 financial statements were subsequently restated and reissued by KPMG to reflect a revision of the interpretation of AASB 16 and associated classification of leases whereby Chrysos' finance leases were reclassified to operating leases. Accounting for operating leases involves recognising the equipment that is subject to the lease as property, plant and equipment and recognising the operating lease as income on a straight-line basis over the term of the lease. This revision to the accounting interpretation results in revenue recognition being more closely aligned with the cash flows of each lease.

The H1 FY21 financial statements and the H1 FY22 financial statements were reviewed by KPMG which issued an unmodified opinion on both sets of financial statements.

Both the audits of the FY20, FY21 (restated and reissued) and the reviews of the H1 FY21 and H1 FY22 financial statements were performed in accordance with Australian Auditing Standards.

Pro Forma Historical Financial Information has been prepared solely for the purpose of this Prospectus.

The Pro Forma Historical Income Statement and Pro Forma Historical Cash Flows have been derived from the Statutory Historical Financial Income Statement and Statutory Historical Cash Flows and, adjusted to reflect the following:

- One-off payroll tax expense attributable to Options which becomes payable on exercising the Options and is assumed to occur at the time of the Offer;
- The change in accounting treatment of PhotonAssay units as operating leases. This adjustment was made to FY20 in order to reflect the revised interpretation of AASB 16 and present all financial periods on a like-for-like basis; and
- The reclassification of term deposits from other current assets to cash and cash equivalents in the H1 FY22 cash flow to reflect actual cash at bank held by Chrysos (impacts Pro Forma Historical Cash Flows only).

Incremental costs associated with being a publicly listed entity have not been included in the Pro Forma Historical Financial Information on the basis that Chrysos was in a start-up phase of operations over these periods. Incremental costs that are expected to be incurred as a listed company are included in the Forecast Financial Information from the expected date of the Offer.

Section 4.3.4 sets out the pro forma adjustments made to the Statutory Historical Income Statement and a reconciliation of the statutory historical net profit after tax ("**NPAT**") to the pro forma historical NPAT. Section 4.5.3 includes the pro forma adjustments made to the statutory historical net cash flow before dividends and a reconciliation of the statutory historical net cash flow before dividends to the pro forma historical net cash flow before dividends.

The Pro Forma Historical Statement of Financial Position is derived from the Statutory Historical Statement of Financial Position and adjusted to reflect the impact of the Offer.

Section 4.4 includes the pro forma adjustments made to the Statutory Historical Statement of Financial Position and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position.

## 4. FINANCIAL INFORMATION CONTINUED

With the exception of the treatment of PhotonAssay leases in the Statutory Historical Financial Information for FY20, Chrysos' accounting policies have been consistently applied in preparing the Historical Financial Information for each of the periods presented.

The Pro Forma Historical Financial Information is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Chrysos. Investors should note that past results are not a guarantee of future performance.

### 4.2.3 Basis of Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY22 and FY23. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Forecast Financial Information has been prepared by Chrysos with due care and attention, based on an assessment of current economic and operating conditions and on the basis of the general and specific assumptions regarding future events and actions set out in Section 4.7.1 and 4.7.2. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the potential effect on the Forecast Financial Information if, and to the extent that, any such assumption does not occur. The disclosure of the assumptions is not intended to be a representation that the assumptions will occur. Accordingly, investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Directors consider all the best estimate general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on Chrysos' actual financial performance, cash flows or financial position. In addition, the best estimate assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Chrysos, the Directors and management, and are not reliably predictable. Accordingly, none of Chrysos, the Directors or management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Statutory Forecast Financial Information represents Chrysos' best estimates of the financial performance and cash flows that it expects to report in its consolidated general purpose statutory financial statements for FY22 and FY23. This assumes Completion will occur on 30 April 2022 and reflects two months of incremental public company costs associated with Chrysos being a publicly listed entity. A full 12 months of incremental public company costs has been included in the FY23 Statutory Forecast Financial Information.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information and adjusted to reflect:

- The exclusion of Offer costs forecast to be expensed in the statutory results in FY22. Offer costs have not been removed from the FY22 pro forma forecast cash flows on the basis that gross proceeds of the Offer are included in the FY22 pro forma cash flows to reflect the use of funds from the Offer for Chrysos' planned investment in PhotonAssay unit deployment; and
- One-off payroll tax expense attributable to Options which becomes payable on exercising the Options and is assumed to occur at the time of the Offer.

Due to its nature, the Pro Forma Forecast Financial Information does not represent Chrysos' actual or prospective financial performance or cash flows for the relevant periods.

Section 4.3.4 includes a reconciliation of statutory forecast NPAT to the pro forma forecast NPAT. Section 4.5.3 includes a reconciliation of statutory forecast net cash flow before dividends to the pro forma forecast net cash flow before dividends.

The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 4.7.1 and 4.7.2, the sensitivity analysis described in Section 4.7.5, the risk factors described in Section 6, the Significant Accounting Policies set out in Appendix A and other information in this Prospectus. Chrysos does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

#### 4.2.4 Explanation of Non-IFRS Financial Measures

Chrysos uses certain measures to manage and report on its business that are not recognised under IFRS. These measures are collectively referred to in this Section 4 and under *Regulatory Guide 2013 Disclosing non-IFRS financial information* published by ASIC as “non-IFRS financial measures”.

Although Chrysos believes that these measures provide useful information to users in measuring the financial performance and condition of the business, they should be considered as supplements to the income statement measures that have been presented in accordance with IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on IFRS, they do not have standard definitions and the way Chrysos calculates these measures may differ from similarly titled measures by other entities. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

The key non-IFRS financial measures that are referred to in this Prospectus are outlined below.

##### Income statement

- **Revenue:** represents the amounts earned from the PhotonAssay leases. This includes revenue earned from contracted minimum monthly lease payments and variable revenue earned on a per assay basis for machine and assay volumes above the minimum contracted volumes.
- **PhotonAssay costs:** represents the expenditure which is directly attributable to servicing the PhotonAssay leases. This primarily includes the unit maintenance costs and other minor equipment costs.
- **Gross profit:** represents revenue and other income, net of PhotonAssay costs.
- **Employee benefits expense:** represents employee salaries and wages, bonuses and costs relating to equity-settled incentive plans.
- **EBITDA:** represents earnings before interest on borrowings, interest on lease liabilities recognised under AASB 16, income tax expense and depreciation and amortisation.
- **EBIT:** represents earnings before interest on borrowings, interest on lease liabilities recognised under AASB 16 and income tax expense.

##### Cash flow statement

- **Capital expenditure:** represents capitalised expenditure primarily relating to payments for the manufacture of PhotonAssay units and capitalised development costs in relation to the PhotonAssay units.
- **Working capital:** represents the sum of trade and other receivables and other assets less the sum of trade and other payables, other liabilities and employee provisions.

##### Indebtedness information

- **Net cash:** represents cash and cash equivalents and, term deposits, net of borrowings and lease liabilities recognised under AASB 16.

## 4. FINANCIAL INFORMATION CONTINUED

### Operating metrics

- **Number of deployed units:** represents the number of PhotonAssay units operating at customer sites and generating revenue for Chrysos.
- **PhotonAssay leases:** represents the PhotonAssay units which Chrysos has contractually leased to customers. PhotonAssay leases are categorised as either deployed or committed based on the PhotonAssay units operating status. Deployed PhotonAssay units are those which are on a customer's site and operational, where the customer is required to make monthly payments to Chrysos under the lease agreement. Committed units are those where Chrysos has entered a binding lease contract to deliver a PhotonAssay unit, however the unit is yet to be installed on the customer's site and is therefore non-operational. The customer is not required to make monthly payments to Chrysos until the PhotonAssay unit is operational on-site.
- **Total contract value (TCV):** represents the future minimum contracted revenue on PhotonAssay leases (both deployed and committed) that are yet to be invoiced at a point in time, which are subject to the Company's contractual performance obligations and where the Directors consider reasonable certainty exists, may include values associated with exercise of option periods.
- **Annual recurring revenue (ARR):** represents the 12-month forward looking contracted minimum revenue on PhotonAssay leases (both deployed and committed), inclusive of the current month, which is subject to the company's contractual performance obligations and the successful deployment of units.
- **Minimum monthly assay payment (MMAP):** represents the contractually agreed MMAP made by Chrysos' customers under the PhotonAssay leases. The MMAP is calculated based on a specified rate per assay, multiplied by a minimum utilisation.
- **Minimum utilisation:** represents the minimum number of assay samples that Chrysos' customers are contracted for under the MMAP, expressed as a percentage of the maximum number of assay samples implied by the nameplate capacity of the PhotonAssay units.
- **Average utilisation:** represents the actual number of assay samples processed by Chrysos' customers, expressed as a percentage of the maximum number of assay samples implied by the nameplate capacity of the PhotonAssay units (excluding those units contracted at 100% of capacity).
- **Minimum assays:** represents the number of assay samples implied by the minimum utilisation on PhotonAssay leases.
- **Actual assays:** represents the number of assay samples processed by Chrysos' customers on the PhotonAssay leases.

### Financial metrics

- **Revenue growth:** represents the period-on-period growth in revenue.
- **Gross margin:** represents revenue net of PhotonAssay costs, expressed as a percentage of revenue.
- **Employee benefits expense to revenue:** represents employee benefits expense expressed as a percentage of revenue.
- **EBITDA margin:** represents EBITDA expressed as a percentage of revenue and other income.

#### 4.2.5 Revenue Overview

Chrysos generates revenue by charging monthly fees on long-term lease contracts for its PhotonAssay units. Fees under the contracts are charged on a per-sample-basis, however incorporate a MMAP or "take or pay" mechanism whereby the customer is required to pay Chrysos a fee equal to a specified rate per assay multiplied by a minimum monthly utilisation. The specified rate per assay and minimum monthly utilisation varies between individual contracts and is negotiated according to a risk-sharing basis (for example, Chrysos will charge a lower rate per assay if the customer assumes a higher minimum monthly utilisation, vice versa).

Further to the MMAP, Chrysos charge customers for any additional assays processed above the minimum monthly utilisation. As such, Chrysos' monthly lease revenue will only vary from the MMAP where the customer is processing more samples than agreed under the minimum monthly utilisation (or Chrysos is otherwise in breach of its warranties). Chrysos does not necessarily charge the same rate per assay as applied under the MMAP for additional assays processed above the minimum utilisation.

Given the structure of its PhotonAssay lease contracts, Chrysos' revenue can be derived by reference to the following key factors:

- The number of PhotonAssay leases;
- The contracted MMAP, including the rate per assay and minimum utilisation;
- The average utilisation or actual assays processed by its customers; and
- The contracted rate per assay charged on assays processed above the minimum utilisation.

A more detailed summary of Chrysos' revenue model is provided in Section 3.6.5.

#### **4.2.6 Expense Categories Overview**

Chrysos' categorises its expenses as either PhotonAssay costs or operating expenses.

PhotonAssay costs represents expenditure directly attributable to servicing and maintaining PhotonAssay units, including unit maintenance and other minor equipment costs. These costs tend to vary based on the number and length of lease contracts, with a large part of these costs relating to scheduled maintenance expenditure, which remains relatively fixed over the contract term. Moreover, the Company uses these costs as part of the calculation of gross profit and ROIC, which are key KPI's used by the Company to assess the financial performance and returns on its units (see section 4.2.4).

In addition to PhotonAssay costs, Chrysos recognises several other expense items as operating expenses, including employee benefits expense, administrative expenses, legal fees, travel and marketing costs and other expenses. As opposed to PhotonAssay costs, operating expenses, with the exception of maintenance personnel within employee benefits expense, tend to be more fixed or semi-variable in nature. Further, employee benefits expense is the largest expense item in this category, representing 79% in H1 FY22. It is expected that employee benefits expense will grow in the forecast period as Chrysos expands its headcount to support significant growth in the annual deployment of PhotonAssay units (refer to Section 4.7.3).

### **4.3 HISTORICAL AND FORECAST INCOME STATEMENT**

#### **4.3.1 Pro Forma Historical and Forecast Income Statement, Statutory Forecast Income Statement**

Chrysos' Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement are shown in Table 10 below. Reconciliations of the Statutory Historical Income Statement and Statutory Forecast Income Statement to the Pro Forma Historical Income Statement and Pro Forma Forecast Income Statement are provided in Section 4.3.4.

Expenses in Table 10 have been presented using certain non-IFRS measures discussed in Section 4.2.4. The presentation of expenses in Table 10 also splits costs between PhotonAssay costs and operating expenses, as discussed in Section 4.2.6.

## 4. FINANCIAL INFORMATION CONTINUED

**Table 10: Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement**

\$000's	Notes	Pro Forma				Statutory			
		FY20	FY21	H1 FY21	H1 FY22	FY22	FY23	FY22	FY23
<b>Revenue and other income</b>									
Revenue	1	2,794	4,341	1,899	5,361	13,583	26,623	13,583	26,623
Other income		194	127	123	160	156	–	156	–
<b>Total revenue and other income</b>		<b>2,988</b>	<b>4,468</b>	<b>2,022</b>	<b>5,521</b>	<b>13,739</b>	<b>26,623</b>	<b>13,739</b>	<b>26,623</b>
PhotonAssay costs	2	(456)	(791)	(391)	(831)	(2,130)	(4,840)	(2,130)	(4,840)
<b>Gross profit</b>		<b>2,532</b>	<b>3,677</b>	<b>1,631</b>	<b>4,690</b>	<b>11,609</b>	<b>21,783</b>	<b>11,609</b>	<b>21,783</b>
<b>Operating expenses</b>									
Employee benefits expense	3	(1,595)	(3,182)	(1,625)	(3,193)	(8,123)	(15,621)	(8,888)	(15,621)
Administrative expenses	4	(398)	(396)	(150)	(196)	(1,030)	(1,171)	(1,030)	(1,171)
Legal fees		(120)	(176)	(79)	(101)	(241)	(314)	(241)	(314)
Travel and marketing costs		(317)	(271)	(77)	(160)	(529)	(727)	(529)	(727)
Other expenses	5	(288)	(344)	(201)	(402)	(762)	(766)	(2,656)	(766)
<b>Total operating expenses</b>		<b>(2,718)</b>	<b>(4,369)</b>	<b>(2,133)</b>	<b>(4,052)</b>	<b>(10,684)</b>	<b>(18,599)</b>	<b>(13,344)</b>	<b>(18,599)</b>
<b>EBITDA</b>		<b>(186)</b>	<b>(692)</b>	<b>(501)</b>	<b>638</b>	<b>925</b>	<b>3,184</b>	<b>(1,734)</b>	<b>3,184</b>
D&A	6	(1,905)	(2,343)	(1,243)	(1,362)	(3,167)	(7,073)	(3,167)	(7,073)
<b>EBIT</b>		<b>(2,090)</b>	<b>(3,035)</b>	<b>(1,745)</b>	<b>(724)</b>	<b>(2,242)</b>	<b>(3,890)</b>	<b>(4,902)</b>	<b>(3,890)</b>
Net finance costs	7	(363)	(406)	(163)	(279)	(692)	(854)	(692)	(854)
<b>Profit before income tax</b>	8	<b>(2,453)</b>	<b>(3,441)</b>	<b>(1,908)</b>	<b>(1,003)</b>	<b>(2,935)</b>	<b>(4,743)</b>	<b>(5,594)</b>	<b>(4,743)</b>
Income tax (expense)/benefit		–	–	–	–	–	–	–	–
<b>NPAT</b>		<b>(2,453)</b>	<b>(3,441)</b>	<b>(1,908)</b>	<b>(1,003)</b>	<b>(2,935)</b>	<b>(4,743)</b>	<b>(5,594)</b>	<b>(4,743)</b>

**Notes:**

- Revenue represents amounts earned from the lease of Chrysos' PhotonAssay units. This includes revenue earned from contracted minimum monthly lease payments and variable revenue earned on a per assay basis for machine assay volumes above the minimum contracted volumes.
- PhotonAssay costs primarily include PhotonAssay unit maintenance costs and other minor equipment costs.
- Employee benefits expense includes salaries, wages, bonuses and costs relating to equity-settled long-term incentive plans.
- Administration costs include consulting costs, insurance, corporate governance, corporate development costs and audit fees.
- Other expenses include IT related costs, minor office equipment expenses and short-term lease expenses.
- Depreciation and amortisation expense relates primarily to the depreciation of PhotonAssay units and amortisation of Intellectual Property. Other depreciation charges relate to right-of-use assets.
- Net financing costs relate to interest charges associated with AASB16 and interest associated with the debt facilities.
- Chrysos is currently loss-making and is not expected to redeem the tax losses in the near future. Therefore, a deferred tax asset has not been recognised.

### 4.3.2 Statutory Historical Income Statement and Statutory Forecast Income Statement

Chrysos' Statutory Historical Income Statement and Statutory Forecast Income Statement are shown in Table 11 below. The reported figures exclude the impact of pro forma adjustments detailed in Table 13. As discussed previously, the financial report for FY20 has been prepared with PhotonAssay leases shown on a finance lease basis, while the financial reports for FY21, H1 FY21 and H1 FY22 show PhotonAssay leases on an operating lease basis.

**Table 11: Statutory Historical and Forecast Income Statement**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23
<b>Revenue and other income</b>							
Revenue	1	5,953	4,341	1,899	5,361	13,583	26,623
Other income		194	127	123	160	156	–
<b>Total revenue and other income</b>		<b>6,147</b>	<b>4,468</b>	<b>2,022</b>	<b>5,521</b>	<b>13,739</b>	<b>26,623</b>
PhotonAssay costs	1	(456)	(791)	(391)	(831)	(2,130)	(4,840)
<b>Gross profit</b>		<b>5,691</b>	<b>3,677</b>	<b>1,631</b>	<b>4,690</b>	<b>11,609</b>	<b>21,783</b>
<b>Operating expenses</b>							
Employee benefits expense	1	(1,984)	(3,583)	(1,825)	(3,796)	(8,888)	(15,621)
Administrative expenses	1	(398)	(396)	(150)	(196)	(1,030)	(1,171)
Legal fees		(120)	(176)	(79)	(101)	(241)	(314)
Travel and marketing costs		(317)	(271)	(77)	(160)	(529)	(727)
Other expenses	1	(288)	(344)	(201)	(402)	(2,656)	(766)
<b>Total operating expenses</b>		<b>(3,107)</b>	<b>(4,770)</b>	<b>(2,333)</b>	<b>(4,654)</b>	<b>(13,344)</b>	<b>(18,599)</b>
<b>EBITDA</b>		<b>2,584</b>	<b>(1,093)</b>	<b>(702)</b>	<b>35</b>	<b>(1,734)</b>	<b>3,184</b>
D&A	1	(432)	(2,343)	(1,243)	(1,362)	(3,167)	(7,073)
<b>EBIT</b>		<b>2,152</b>	<b>(3,436)</b>	<b>(1,945)</b>	<b>(1,327)</b>	<b>(4,902)</b>	<b>(3,890)</b>
Net finance costs	1	(162)	(406)	(163)	(279)	(692)	(854)
<b>Profit before income tax</b>	1	<b>1,990</b>	<b>(3,842)</b>	<b>(2,108)</b>	<b>(1,605)</b>	<b>(5,594)</b>	<b>(4,743)</b>
Income tax (expense)/benefit		1,056	–	–	–	–	–
<b>NPAT</b>		<b>3,046</b>	<b>(3,842)</b>	<b>(2,109)</b>	<b>(1,605)</b>	<b>(5,594)</b>	<b>(4,743)</b>

**Note:**

1. Refer to the notes pertaining to the equivalent line items in Table 10.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.3.3 Key Operating and Financial Metrics

Table 12 below summarises Chrysos' key pro forma historical operating and financial metrics for FY20, FY21, H1 FY21 and H1 FY22, and the key pro forma forecast operating and financial metrics for FY22 and FY23.

**Table 12: Key Pro Forma Operating and Financial Metrics**

	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23
<b>Operating metrics</b>						
Number of deployed units	3	6	4	7	11	21
PhotonAssay leases <sup>1</sup>	6	15	7	21	33	n.a.
TCV (\$000's) <sup>1</sup>	29,590	105,396	30,183	228,688	n.a.	n.a.
ARR (\$000's)	4,068	11,496	7,261	15,455	n.a.	n.a.
MMAP (\$000's)	2,794	4,228	1,899	4,361	10,887	21,257
Average utilisation (%) <sup>2</sup>	23.2%	41.6%	28.8%	66.2%	63.8%	54.9%
Actual assays (000's) <sup>2</sup>	281	826	232	953	2,134	3,871
<b>Financial metrics</b>						
Revenue growth (%)	–	55.4%	n.a.	182.3%	212.9%	96.0%
Gross margin (%)	83.7%	81.8%	79.4%	84.5%	84.3%	81.8%
Employee benefits to revenue (%)	57.1%	73.3%	85.5%	59.6%	59.8%	58.7%
EBITDA margin (%)	(6.2)%	(15.5)%	(24.8)%	11.5%	6.7%	12.0%

**Notes:**

1. Management has not forecast any additional contract sales given that its existing 33 committed contracts at the time of this Prospectus support the deployment schedule anticipated in FY22 and FY23. As such, the number of PhotonAssay leases would remain unchanged in FY23, and the TCV would decline in the forecast period by the revenue generated on Chrysos' existing and scheduled deployments. However, this is not likely to occur, as the Company would expect to sign further contract sales to support deployments beyond the forecast period.
2. Shown exclusive of one unit which has a contracted minimum utilisation of 100% under the MMAP and therefore does not benefit from any additional utilisation upside.



#### 4.3.4 Adjustments to the Statutory Historical Income Statement and Statutory Forecast Income Statement

An overview of the pro forma adjustments, including a reconciliation of the statutory historical to pro forma historical NPAT for FY20, FY21, H1 FY21 and H1 FY22, and statutory forecast to pro forma forecast NPAT for FY22 and FY23, is shown in Table 13 below.

**Table 13: Pro Forma Adjustments and Reconciliation of Statutory to Pro Forma NPAT**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23
<b>Statutory NPAT</b>		<b>3,046</b>	<b>(3,842)</b>	<b>(2,109)</b>	<b>(1,605)</b>	<b>(5,594)</b>	<b>(4,743)</b>
Offer Transaction costs	1	–	–	–	–	2,057	–
Options – Payroll tax expense	2	361	401	201	602	602	–
Change in accounting treatment	3	(5,860)	–	–	–	–	–
<b>Pro forma adjustments</b>		<b>(5,499)</b>	<b>401</b>	<b>201</b>	<b>602</b>	<b>2,659</b>	<b>–</b>
<b>Pro Forma NPAT</b>		<b>(2,453)</b>	<b>(3,441)</b>	<b>(1,908)</b>	<b>(1,003)</b>	<b>(2,935)</b>	<b>(4,743)</b>

**Notes:**

1. FY22 transaction fees related to the Offer are estimated at \$3,685 thousand of which \$1,791 thousand relates to the issue of New Shares by Chrysos and will be offset against equity raised in the Offer. The remaining \$1,894 thousand plus executive IPO bonuses totalling \$163 thousand, are included in this adjustment.
2. Represents payroll tax expense attributable to the Chief Technology Officer's parcel of 4,054,878 options which are expected to be exercised from the IPO creating a liquidity event. The share-based payments expense related to these options vested over the period prior to FY20. The payroll tax liability on these options is estimated at \$1,365 thousand at December 2021 based on the estimated share price at Listing date. Any change in the assumed share price will have a resultant change on the payroll tax payable on exercising of the options. The \$1,365 thousand was expensed over the period from FY20 to H1 FY22. As the exercising of the options is reliant on a liquidity event, being the Listing, these costs are effectively a one-off cost of the IPO and have therefore been removed from the pro forma income statement.
3. In FY20, the statutory financial statements of Chrysos accounted for the leasing of PhotonAssay units on a finance lease basis under AASB 16. Subsequent to a change in accounting policy, the FY21 and H1 FY22 statutory financial statements account for the PhotonAssay unit leases on an operating lease basis. This adjustment serves to present FY20 on a like-for-like basis with the other financial periods presented in the pro forma income statement.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.4 HISTORICAL STATEMENT OF FINANCIAL POSITION

Chrysos' Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position is shown in Table 14 below. Table 14 also sets out the pro forma adjustments to arrive at the Pro Forma Historical Statement of Financial Position, including the effects of the Offer as if they had occurred as at 31 December 2021. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the financial position of Chrysos upon Completion of the Offer or at a future date.

**Table 14: Historical Statutory and Pro Forma Statement of Financial Position at 31 December 2021**

\$000's	Notes	Statutory at 31-Dec-21	Impact of the Offer	Pro Forma at 31-Dec-21
<b>Current assets</b>				
Cash and cash equivalents	1	33,394	61,315	94,709
Term deposits		12,006	–	12,006
Trade and other receivables		3,218	–	3,218
Current tax asset		1,327	–	1,327
Other current assets		200	–	200
Prepayments		2,876	–	2,876
<b>Total current assets</b>		<b>53,021</b>	<b>61,315</b>	<b>114,336</b>
<b>Non-current assets</b>				
Plant and equipment		24,014	–	24,014
Right-of-use assets		207	–	207
Intangible assets		879	–	879
<b>Total non-current assets</b>		<b>25,100</b>	<b>–</b>	<b>25,100</b>
<b>Total assets</b>		<b>78,121</b>	<b>61,315</b>	<b>139,436</b>
<b>Current liabilities</b>				
Trade and other payables		(5,517)	–	(5,517)
Borrowings		(4,900)	–	(4,900)
Lease liabilities		(215)	–	(215)
Employee benefits		(538)	–	(538)
Other financial liabilities		(823)	–	(823)
Provisions		(2,085)	–	(2,085)
<b>Total current liabilities</b>		<b>(14,078)</b>	<b>–</b>	<b>(14,078)</b>
<b>Non-current liabilities</b>				
Trade and other payables		(1,308)	–	(1,308)
Employee benefits		(31)	–	(31)
Other financial liabilities		(1,630)	–	(1,630)
Provisions		(385)	–	(385)
<b>Total non-current liabilities</b>		<b>(3,354)</b>	<b>–</b>	<b>(3,354)</b>
<b>Total liabilities</b>		<b>(17,433)</b>	<b>–</b>	<b>(17,433)</b>
<b>Net assets</b>		<b>60,689</b>	<b>61,315</b>	<b>122,004</b>
<b>Equity</b>				
Issued capital	1	71,812	63,209	135,021
Retained losses	1	(12,194)	(1,894)	(14,088)
Share-based payment reserve		1,071	–	1,071
<b>Total equity</b>		<b>60,689</b>	<b>61,315</b>	<b>122,004</b>

**Notes:**

1. **Impact of the Offer:** The pro forma cash and cash equivalents adjustment relates to the impact of the Offer, being cash proceeds net of the estimated transaction costs. This equates to cash proceeds of \$61,315 thousand net of transaction costs and associated GST still to be paid in FY22. There is no tax offset against transaction costs, given a deferred tax asset relating to accumulated tax losses has not been recognised in the 31 December 2021 statutory statement of financial position, on the basis that Chrysos is not expected to redeem its carried forward tax losses in the near future.

**Issued capital:** The pro forma issued capital adjustment relates to the increase in New Shares under the Offer, net of the portion of gross transaction costs attributable to the issue of New Shares.

**Retained losses:** The pro forma accumulated losses adjustment represents the portion of transaction costs not directly attributable to the issue of New Shares.

## 4.5 HISTORICAL AND FORECAST CASH FLOWS

### 4.5.1 Pro Forma Historical and Forecast Cash Flows, Statutory Forecast Cash Flows

Chrysos' Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows are shown in Table 15 below. Reconciliations of the statutory historical and statutory forecast net cash flow before dividends to the pro forma historical and pro forma forecast net cash flow before dividends, are provided in Table 17.

Table 10 has been presented using certain non-IFRS measures discussed in Section 4.2.4.

**Table 15: Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows**

\$000's	Notes	Pro Forma				Statutory			
		FY20	FY21	H1 FY21	H1 FY22	FY22	FY23	FY22	FY23
<b>EBITDA</b>		<b>(186)</b>	<b>(692)</b>	<b>(501)</b>	<b>638</b>	<b>925</b>	<b>3,184</b>	<b>(1,734)</b>	<b>3,184</b>
Non-cash items	1	281	575	80	335	771	1,627	1,431	1,627
Changes in working capital	2	1,260	(344)	118	(2,172)	167	(1,009)	(1,093)	(1,009)
<b>Operating cash flows</b>		<b>1,355</b>	<b>(461)</b>	<b>(302)</b>	<b>(1,199)</b>	<b>1,862</b>	<b>3,802</b>	<b>(1,396)</b>	<b>3,802</b>
Capital expenditure	3	(3,071)	(8,073)	(2,616)	(11,525)	(29,474)	(54,617)	(29,474)	(54,617)
<b>Free cash flow before financing and dividends</b>		<b>(1,716)</b>	<b>(8,534)</b>	<b>(2,918)</b>	<b>(12,724)</b>	<b>(27,611)</b>	<b>(50,815)</b>	<b>(30,870)</b>	<b>(50,815)</b>
<b>Financing cash flows</b>									
Net proceeds/(repayments) from borrowings	4	–	–	–	4,900	–	–	–	–
Repayment of other borrowings	5	(91)	(196)	–	–	(1,261)	(789)	(1,261)	(789)
Net interest paid		(107)	(124)	(102)	(213)	(322)	(406)	(322)	(406)
Principal lease repayments		(52)	(61)	(35)	(62)	(145)	(628)	(145)	(628)
R&D tax refund received		773	1,186	1,573	–	957	652	957	652
Net proceeds from the issue of share capital	6	14,278	–	–	47,731	109,046	–	110,940	–
<b>Net cash flow before dividends</b>		<b>13,085</b>	<b>(7,729)</b>	<b>(1,482)</b>	<b>39,632</b>	<b>80,664</b>	<b>(51,986)</b>	<b>79,299</b>	<b>(51,986)</b>

**Notes:**

- Non-cash items in EBITDA relate to share-based payments in relation to the Executive LTI plan.
- Working capital represents the sum of trade and other receivables and other assets less the sum of trade and other payables, other liabilities and employee provisions.
- Capital expenditure predominantly relates to payments for the production of PhotonAssay machines and capitalised development costs in relation to the PhotonAssay units and planned ERP implementation in FY22. FY23 PhotonAssay unit capital expenditure includes \$9,828 thousand related to PhotonAssay units that will be deployed post FY23. Of this, \$4,834 thousand relates to PhotonAssay units already contracted with customers. FY23 forecast capex also includes \$1,300 thousand related to new office fit-outs.
- In H1 FY22, this relates to the drawn down portion of Chrysos' \$7,500 thousand loan facility held with the Commonwealth Bank of Australia. The balance of \$4,900 thousand at 31 December 2021 is assumed to be repaid in H2 FY22.
- Represents net repayments of customer deposits.
- Relates to net proceeds from Chrysos' FY20 capital raise, its September 2021 Series C capital raise and net proceeds of the Offer. The cash inflows associated with these raises are included in the pro forma cash flows for consistency with the sources and uses of funds related to them. The purpose of the capital raises was to fund the manufacture of future PhotonAssay units, with the associated cash outflows reflected in capital expenditure (note 3). FY22 pro forma net proceeds differs from the statutory net proceeds. This is due to a classification difference between the statutory and pro forma cash flows whereby the full \$3,685 thousand of transaction fees is deducted from gross proceeds in the pro forma cash flow but only the portion of the IPO transaction fees directly attributable to the issue of new shares (\$1,791 thousand) is deducted from gross proceeds in the statutory cash flow, with the balance included within statutory EBITDA.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.5.2 Statutory Historical Cash Flows and Statutory Forecast Cash Flows

Chrysos' Statutory Historical Cash Flows and Statutory Forecast Cash Flows are shown in Table 16 below. The reported figures exclude the impact of pro forma adjustments detailed in Table 17. As discussed previously, the financial report for FY20 has been prepared showing PhotonAssay lease contracts on a finance lease basis, while the financial reports for FY21, H1 FY21 and H1 FY22 show PhotonAssay leases on an operating lease basis. Importantly, while there are certain classification differences arising from the change in accounting treatment, the net cash flow remains the same under both methods.

**Table 16: Statutory Historical and Forecast Cash Flows**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23
<b>EBITDA</b>		<b>2,584</b>	<b>(1,093)</b>	<b>(702)</b>	<b>35</b>	<b>(1,734)</b>	<b>3,184</b>
Non-cash items	1	(8,210)	987	281	937	1,431	1,627
Changes in working capital	2	6,981	(344)	119	(2,172)	(1,093)	(1,009)
<b>Operating cash flows</b>		<b>1,355</b>	<b>(450)</b>	<b>(302)</b>	<b>(1,199)</b>	<b>(1,396)</b>	<b>3,802</b>
Capital expenditure	2	(3,071)	(8,073)	(2,616)	(11,525)	(29,474)	(54,617)
<b>Free cash flow before financing and dividends</b>		<b>(1,716)</b>	<b>(8,523)</b>	<b>(2,918)</b>	<b>(12,724)</b>	<b>(30,870)</b>	<b>(50,815)</b>
<b>Financing cash flows</b>							
Investment in term deposits	3	–	–	–	(12,006)	–	–
Net proceeds/(repayments) from borrowings	2	–	–	–	4,900	–	–
Repayment of other borrowings	2	(91)	(196)	–	–	(1,261)	(789)
Net interest paid		(107)	(124)	(102)	(213)	(322)	(406)
Principal lease repayments		(52)	(72)	(35)	(62)	(145)	(628)
R&D tax refund received		773	1,186	1,573	–	957	652
Net proceeds from the issue of share capital	2	14,278	–	–	47,731	110,940	–
<b>Net cash flow before dividends</b>		<b>13,085</b>	<b>(7,729)</b>	<b>(1,482)</b>	<b>27,626</b>	<b>79,299</b>	<b>(51,986)</b>

**Notes:**

1. Non-cash items in EBITDA relate to share-based payments in relation to the Executive LTI plan and the payroll tax expense accrued in relation to the CTO's options. FY20 non-cash items also includes the profit on sale recognised under the finance lease accounting treatment.
2. Refer to the notes pertaining to the equivalent line item in Table 15. FY20 statutory changes in working capital also included movements in finance lease receivables recognised under the finance lease accounting treatment.
3. Represents statutory classification of cash and cash equivalents whereby term deposits for periods of greater than 3 months are recognised outside of the cash balance as a current asset. This has been reclassified to cash in the pro forma cash flow.

### 4.5.3 Pro Forma Adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

An overview of the pro forma adjustments, including a reconciliation of the statutory historical to pro forma historical net cash flow before dividends for FY20, FY21, H1 FY21 and H1 FY22 and, statutory forecast to pro forma forecast net cash flow before dividends for FY22 and FY23, is shown in Table 17 below.

**Table 17: Pro Forma Adjustments and Reconciliation of Statutory to Pro Forma Net Cash Flow Before Dividends**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22	FY22	FY23
<b>Statutory net cash flow before dividends</b>							
		13,085	(7,729)	(1,482)	27,626	79,299	(51,986)
Option conversion on IPO	1	–	–	–	–	1,365	–
Reclassification of term deposit	2	–	–	–	12,006	–	–
<b>Pro forma adjustments</b>		–	–	–	12,006	1,365	–
<b>Pro forma net cash flow before dividends</b>							
		13,085	(7,729)	(1,482)	39,632	80,664	(51,986)

**Notes:**

1. Represents payroll tax payable upon exercise of the CTO's options which are expected to be exercised from the IPO creating a liquidity event.
2. Represents add back of movement in cash held on term deposit. The statutory cash flow shows this \$12,006 thousand as a cash outflow in H1 FY22 to reflect statutory classification as a current asset, rather than cash and cash equivalents. As the cash remains held by the Company and can be utilised, it has been added back to the pro forma cash flow.

## 4.6 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

### 4.6.1 Pro Forma Historical Income Statement

**Table 18: Pro Forma Historical Income Statement**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22
<b>Revenue and other income</b>					
Revenue	1	2,794	4,341	1,899	5,361
Other income		194	127	123	160
<b>Total revenue and other income</b>		<b>2,988</b>	<b>4,468</b>	<b>2,022</b>	<b>5,521</b>
PhotonAssay costs	1	(456)	(791)	(391)	(831)
<b>Gross profit</b>		<b>2,532</b>	<b>3,677</b>	<b>1,631</b>	<b>4,690</b>
<b>Operating expenses</b>					
Employee benefits expense	1	(1,595)	(3,182)	(1,625)	(3,193)
Administrative expenses	1	(398)	(396)	(150)	(196)
Legal fees		(120)	(176)	(79)	(101)
Travel and marketing costs		(317)	(271)	(77)	(160)
Other expenses	1	(288)	(344)	(201)	(402)
<b>Total operating expenses</b>		<b>(2,718)</b>	<b>(4,369)</b>	<b>(2,133)</b>	<b>(4,052)</b>
<b>EBITDA</b>		<b>(186)</b>	<b>(692)</b>	<b>(501)</b>	<b>638</b>
D&A	1	(1,905)	(2,343)	(1,243)	(1,362)
<b>EBIT</b>		<b>(2,090)</b>	<b>(3,035)</b>	<b>(1,745)</b>	<b>(724)</b>
Net finance costs	1	(363)	(406)	(163)	(279)
<b>Profit before income tax</b>		<b>1</b>	<b>(2,453)</b>	<b>(3,441)</b>	<b>(1,908)</b>
Income tax (expense)/benefit		–	–	–	–
<b>NPAT</b>		<b>(2,453)</b>	<b>(3,441)</b>	<b>(1,908)</b>	<b>(1,003)</b>

**Note:**

1. Refer to the notes pertaining to the equivalent line items in Table 10.

## 4. FINANCIAL INFORMATION CONTINUED

### Revenue

Chrysos' revenue increased by \$1,547 thousand (or 55%) from FY20 to FY21, and \$3,462 thousand (or 182%) from H1 FY21 to H1 FY22. There were several factors that contributed to this, including:

- An increase in the number of deployed PhotonAssay units to customer sites. As at the start of FY20, Chrysos had deployed two units, with this increasing to a total of seven units (excluding one in the process of being installed) by the end of H1 FY22;
- An increase in the number of deployed units benefiting from a full period of operations and revenue generation. In FY20, there were two units which operated for the full period, with this increasing to three units in FY21 and H1 FY21 and, six units in H1 FY22;
- An increase in the monthly fees arising from greater customer utilisation. Specifically, as discussed in Sections 3.6.5 and 4.2.5, this occurs where the customers average utilisation exceeds the minimum utilisation under the MMAP, resulting in additional assay fees payable. Historically, these fees have been payable, on average, since December 2020 where average utilisation has exceeded minimum utilisation with the quantum of these fees, based on the gap between the average and minimum utilisation, generally increasing over this period (see Figure 19); and
- An increase in the monthly fees arising from better contractual economic terms, on average, across more recently deployed units as a result of increased demand and industry acceptance of PhotonAssay.

More broadly, activity in the gold mining sector increased from 2020 to 2021, with less operating restrictions from COVID-19 and a gold price higher than historical averages helping to support further exploration expenditure (see Figure 5) and production volumes (see Figure 6). Naturally, this also acted as a tailwind for Chrysos, driving higher utilisation across its deployed units and helped to support growth in revenue.

An overview of the growth in revenue from FY20 to FY21 and H1 FY21 to H1 FY22 is shown in Figure 23 and Figure 24 below, respectively. Both Figures split revenue between minimum contracted revenue and the potential upside revenue from excess utilisation (where average utilisation exceeds the minimum utilisation). Moreover, the Figures show the growth in revenue from existing and new deployments, with existing deployments representing those units which were deployed in prior periods and growth in the minimum contracted revenue from those units being the result of a greater number of operating months (relative to the previous year).

**Figure 23: Key Drivers of Growth in Pro Forma Historical Revenue, FY20 to FY21**

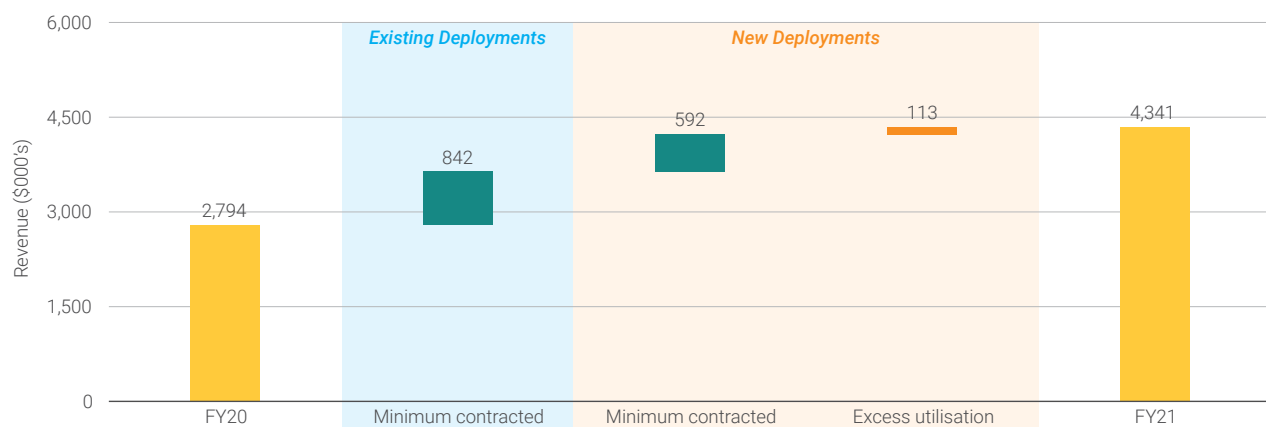
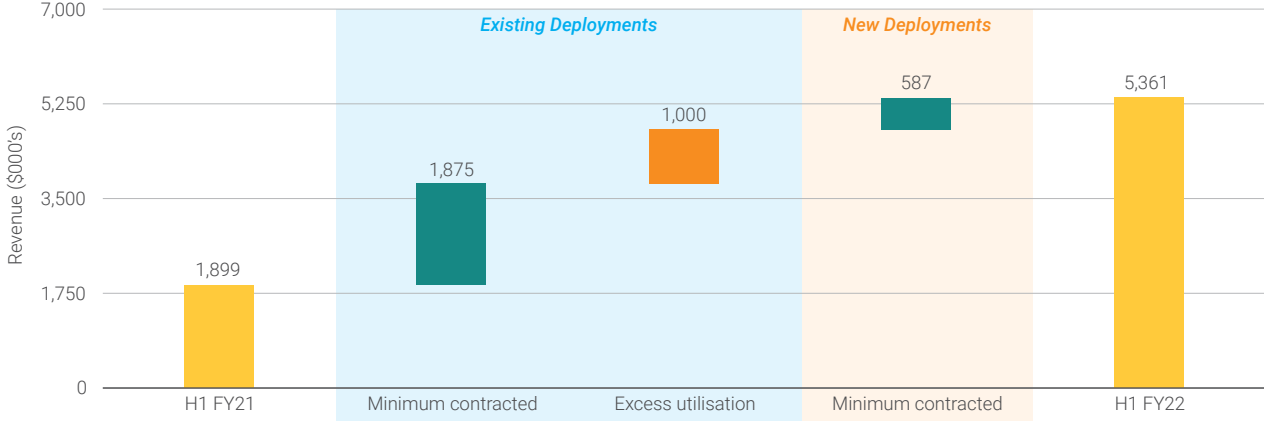


Figure 24: Key Drivers of Growth in Pro Forma Historical Revenue, H1 FY21 to H1 FY22



**PhotonAssay costs**

Chrysos’ PhotonAssay costs increased by \$336 thousand (or 74%) from FY20 to FY21, and \$440 thousand (or 113%) from H1 FY21 to H1 FY22. This was driven by an increase in the number of deployed PhotonAssay unit (discussed previously) and the associated requirement for maintenance and other support services expenditure.

Chrysos looks at its gross margins as a measure of the cost efficiency of its PhotonAssay leases. Gross margins have fluctuated over historical periods, with this largely related to the timing and ramp-up of new PhotonAssay leases. Management expect that this will stabilise in the medium-term as the majority of PhotonAssay leases approach steady-state utilisation.

**Operating expenses**

In addition to PhotonAssay costs, Chrysos reports several items of operating expenses, including employee benefits expense, administrative expenses, legal fees, travel and marketing costs and other expenses. Employee benefits expense, representing the largest cost item in this category, increased by \$1,587 thousand (or 99%) from FY20 to FY21, and \$1,569 thousand (or 97%) from H1 FY21 to H1 FY22.

This growth related to the expansion of employee headcount across the organisation, particularly within the Company’s operations and, R&D divisions. As at the start of FY2020 there were 12 employees across the organisation, increasing to 38 (or growth of 217%) by the end of H1 FY2022. The expansion of employees over this period was in support of the deployment of six additional PhotonAssay units (including one in the process of being installed at the end of H1 FY22) since the start of FY20, as well as to position the Company for future growth.

Given that the Company requires operations employees, particularly maintenance engineers, to support the deployment of PhotonAssay units, much of the Company’s employee costs are recognised ahead of any subsequent revenue generation. Most of this employee expense is fixed and is to support a future level of unit deployment.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.6.2 Pro Forma Historical Cash Flows

Table 19: Pro Forma Historical Cash Flows

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22
<b>EBITDA</b>		<b>(186)</b>	<b>(692)</b>	<b>(501)</b>	<b>638</b>
Non-cash items	1	281	575	80	335
Changes in working capital	1	1,260	(344)	118	(2,172)
<b>Operating cash flows</b>		<b>1,355</b>	<b>(461)</b>	<b>(302)</b>	<b>(1,199)</b>
Capital expenditure	1	(3,071)	(8,073)	(2,616)	(11,525)
<b>Free cash flow before financing and dividends</b>		<b>(1,716)</b>	<b>(8,534)</b>	<b>(2,918)</b>	<b>(12,724)</b>
<b>Financing cash flows</b>					
Net proceeds/(repayments) from borrowings	1	–	–	–	4,900
Repayment of other borrowings	1	(91)	(196)	–	–
Net interest paid		(107)	(124)	(102)	(213)
Principal lease repayments		(52)	(61)	(35)	(62)
R&D tax refund received		773	1,186	1,573	–
Net proceeds from the issue of share capital	1	14,278	–	–	47,731
<b>Net cash flow before dividends</b>		<b>13,085</b>	<b>(7,729)</b>	<b>(1,482)</b>	<b>39,632</b>

**Note:**

1. Refer to the notes pertaining to the equivalent line items in Table 15.

Chrysos' free cash flows before financing and dividends has increased in deficit historically, including by \$6,818 thousand (or 397%) from FY20 to FY21 and \$9,806 thousand (or 336%) from H1 FY21 to H1 FY22. This has been the result, in principle, of:

- An increase in net cash outflows (or lower net cash inflows) associated with working capital movements, including from a net inflow of \$1,260 thousand in FY20 to a net outflow of \$344 thousand in FY21, and net inflow of \$118 thousand in H1 FY21 to a net outflow of \$2,172 thousand in H1 FY22. This was a result of higher growth in revenue (and subsequent trade receivables) relative to operating costs (and subsequent trade payables), arising as a result of new unit deployments and increased average utilisation (refer to Figure 19 and Figure 20) over these periods. The impact of working capital outflows has also largely attributed to Chrysos' operating cash flows decreasing historically; and
- An increase in capital expenditure, including from \$3,071 thousand in FY20 to \$8,073 thousand in FY21 (or growth of 163%), and \$2,616 thousand in H1 FY21 to \$11,525 thousand (or growth of 341%) in H1 FY22. This primarily related to the construction and installation of new unit deployments over these periods.

As discussed in Section 4.7.4, Chrysos expects its free cash flows before financing and dividends to remain in a deficit in the medium term, as it continues to scale the business and fund the capital expenditure anticipated by the future growth in deployed units.

In addition to this, the Company also incurs relatively minor sustaining capital expenditure.<sup>49</sup> These include general office equipment (i.e. furniture and fittings), spare parts, vehicles and other specialist equipment to support testing and R&D. An overview of historical capital expenditure, split between growth and other sustaining capital expenditure, is shown in Table 20 below.

<sup>49</sup> Sustaining capital expenditure relates to those costs that are associated with the day-to-day operations of the business and are relatively recurring in nature. By contrast, growth capital expenditure is associated with new revenue generation or other one-off capital costs such as those relating to market expansion.



**Table 20: Historical Pro Forma Sustaining and Growth Capital Expenditure**

\$000's	Notes	FY20	FY21	H1 FY21	H1 FY22
<b>Sustaining capital expenditure</b>					
Motor vehicles		22	–	–	31
Furniture and fittings		–	13	13	39
Office equipment		–	–	–	59
Testing and R&D equipment		–	65	–	–
Spare parts		48	399	–	204
<b>Total sustaining capital expenditure</b>		<b>70</b>	<b>477</b>	<b>13</b>	<b>333</b>
<b>Growth capital expenditure</b>					
PhotonAssay units	1	3,000	6,622	2,603	10,517
<b>Total growth capital expenditure</b>		<b>3,000</b>	<b>6,622</b>	<b>2,603</b>	<b>10,517</b>
Capitalised R&D		–	973	–	675
<b>Total capital expenditure</b>		<b>3,071</b>	<b>8,073</b>	<b>2,616</b>	<b>11,525</b>

**Note:**

1. The majority of capital expenditure on the PhotonAssay units is spread over the period from initial order through to installation. Approximately 10% of the payment to the supplier is held for 12 months post installation as part of a warranty and defect period.

#### 4.6.3 Impact of COVID-19

The COVID-19 pandemic caused significant disruption to the mining industry globally. In terms of Chrysos' operations, restrictions on the movement of staff, both within Australia and internationally, had a particularly large affect, resulting in:

- Delays to support staff tasks, including installation of PhotonAssay units and on-site maintenance services; and
- Constraints on business development and the capacity for customers to undertake due diligence on PhotonAssay units.

Whilst the above factors potentially impacted the financial performance of Chrysos, the overall financial impact is difficult to estimate and remains unclear. It is however, management's belief that, while COVID-19 did have some impact on the business, it was not material to the overall historical financial performance of the business.

Chrysos did not receive any assistance from the Australian Government as part of the JobKeeper program, nor was it eligible to receive assistance under this program as part of any historical periods.

## 4.7 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various specific and general assumptions, including those set out in Sections 4.7.1 and 4.7.2. In preparing the Forecast Financial Information, Chrysos has undertaken an analysis of historical performance and applied assumptions in order to forecast future performance for FY22 and FY23. Chrysos believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, actual results are likely to vary from those forecast and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of Chrysos and its Directors and management, and are not reliably predictable. Accordingly, none of Chrysos, its respective Directors or any other person can give assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

## 4. FINANCIAL INFORMATION CONTINUED

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.7.5, the Investigating Accountant's Report in Section 5 and the risk factors in Section 6. A reconciliation between the Pro Forma Forecast Financial Information and the Statutory Forecast Financial Information is set out in Sections 4.3.4 and 4.5.3.

The Forecast Financial Information for FY22 includes actual reviewed results for the first six months ended 31 December 2021.

### 4.7.1 General Assumptions

In preparing the Forecast Financial Information, the Directors have adopted the following general assumptions:

- No material change in the competitive operating environment in which Chrysos operates;
- No material changes in applicable AAS and IFRS that would have a material impact on Chrysos' accounting policies, financial reporting or disclosure requirements;
- No significant deviation from current market expectations in the geographies in which Chrysos operates and the economic conditions relevant to Chrysos;
- No material changes in the legislative regimes (including taxation) and regulatory requirements in any of the countries in which Chrysos operates;
- No material losses of customers or contracts;
- No material industry actions or other disruptions to Chrysos' supply chain, or business operations impacting the continuity of Chrysos' operations;
- No material amendments to any material contract, agreements or arrangements relating to Chrysos' business or IP;
- No material acquisitions or divestments are completed;
- No material change in Chrysos' corporate or capital structure other than as set out or contemplated by this Prospectus;
- No loss of key management personnel and Chrysos will maintain the ability to recruit and retain personnel as required;
- No material litigation that will arise or be realised to the detriment of Chrysos;
- No material contingent liabilities will arise or be realised to the detriment of Chrysos;
- None of the risks listed in Section 6 eventuate, or if they do, none of them has a material adverse impact on the operations of Chrysos; and
- The Offer proceeds in accordance with the important dates set out in Section 8.1 of this Prospectus.

### 4.7.2 Specific Assumptions

#### Revenue assumptions

Revenue from contracted PhotonAssay leases is forecast to increase 213% from FY21 to FY22 and, 96% from FY22 to FY23, respectively.

The Forecast Financial Information is based on the following key assumptions:

- Additional deployed units, including five units in H2 FY22 (including one unit installed in late February 2022) and 10 units in FY23 (collectively increasing to 21 deployed units by the end of FY23). These PhotonAssay units reflect part of the 25 committed contracts which are yet to be deployed as at the Prospectus Date. As such, specific contract terms, including the rate per assay and the minimum monthly utilisation levels, have already been agreed;
- Deployment dates occur broadly in line with contracted installation dates, subject to assumptions regarding time lags in line with historical levels;
- The staged ramp-up of newly deployed units in the forecast period to utilisation levels which are broadly in-line with historical trends for newly deployed units;
- The average utilisation for previously deployed units is slightly below steady-state historical averages. For both newly deployed units and previously deployed units, management has based utilisation assumptions on discussions with each of its individual unit customers; and
- Foreign exchange rate of AUD:USD 0.73 and AUD:CAD 0.94. This was based on the average of the 3-month forward curve from Bloomberg in March 2022.

### PhotonAssay cost assumptions

PhotonAssay costs are variable in nature and are associated with servicing and maintaining PhotonAssay units. PhotonAssay costs are forecast to increase by 169% from FY21 to FY22 and, 127% from FY22 to FY23, respectively.

The Forecast Financial Information is based on the following key assumptions:

- Additional deployed units (discussed above);
- Average monthly cost of \$1 thousand per unit for those units operating less than 12 months from initial deployment. This is consistent with the historical average for H1 FY22 and reflects supplier warranty periods and forecast maintenance schedules;
- Average monthly cost of \$38 thousand per unit for those units operating more than 12 months from initial deployment. This is consistent with the historical average for H1 FY2022; and
- Average unit costs (discussed above) remain consistent (flat) for the forecast period.

### Operating expenses

Operating expenses include employee benefits expense, administrative expenses, legal fees, travel and marketing costs and other expenses. It is forecast that operating expenses will increase 145% from FY21 to FY22 and 74% from FY22 to FY23, respectively.

The Forecast Financial Information is based on the following key assumptions:

- Additional headcount across the organisation, including 34 new employees in H2 FY22 and 47 new employees in FY23 (collectively increasing headcount to 119 by the end of FY23). This increase in headcount reflects the anticipated growth in the organisation required to support the forecast PhotonAssay unit deployments and provide a platform for business growth beyond FY23;
- An increase in the base salaries of certain key management following Completion the Offer, reflecting the increased responsibilities of running a publicly listed company. Further details of the remuneration of the CEO and Chief Financial Officer (“CFO”) is provided in Section 7.3.3;
- A 2.5% increase in the base salaries of employees in FY23, reflecting current inflation estimates and general labour market tightness;
- Payments to executives under revised LTI and STI plans which have been increased following Completion of the Offer (similar to the base salaries) in-line with the incremental responsibilities of running a publicly listed company. Further details of the employee incentive plans are provided in Section 9.4;
- The commencement of the Canada office in late H2 FY22;
- The relocation of the Adelaide office in late H2 FY22;
- General increase in legal, consulting and other professional costs, reflecting growth in the business and the increased scope of work and governance requirements associated with running a publicly listed entity; and
- An increase in travel expenditure to support the deployment of new PhotonAssay leases, as well as business development activities in-light of the lifting of COVID-19 related border restrictions.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.7.3 Pro Forma Forecast Income Statement

Table 21: Pro Forma Historical Income Statement (FY21) and Pro Forma Forecast Income Statement

\$000's	Notes	FY21	FY22	FY23
<b>Revenue and other income</b>				
Revenue	1	4,341	13,583	26,623
Other income		127	156	–
<b>Total revenue and other income</b>		<b>4,468</b>	<b>13,739</b>	<b>26,623</b>
PhotonAssay costs	1	(791)	(2,130)	(4,840)
<b>Gross profit</b>		<b>3,677</b>	<b>11,609</b>	<b>21,783</b>
<b>Operating expenses</b>				
Employee benefits expense	1	(3,182)	(8,123)	(15,621)
Administrative expenses	1	(396)	(1,030)	(1,171)
Legal fees		(176)	(241)	(314)
Travel and marketing costs		(271)	(529)	(727)
Other expenses	1	(344)	(762)	(766)
<b>Total operating expenses</b>		<b>(4,369)</b>	<b>(10,684)</b>	<b>(18,599)</b>
<b>EBITDA</b>		<b>(692)</b>	<b>925</b>	<b>3,184</b>
D&A	1	(2,343)	(3,167)	(7,073)
<b>EBIT</b>		<b>(3,035)</b>	<b>(2,242)</b>	<b>(3,890)</b>
Net finance costs	1	(406)	(692)	(854)
<b>Profit before income tax</b>	1	<b>(3,441)</b>	<b>(2,935)</b>	<b>(4,743)</b>
Income tax (expense)/benefit		–	–	–
<b>NPAT</b>		<b>(3,441)</b>	<b>(2,935)</b>	<b>(4,743)</b>

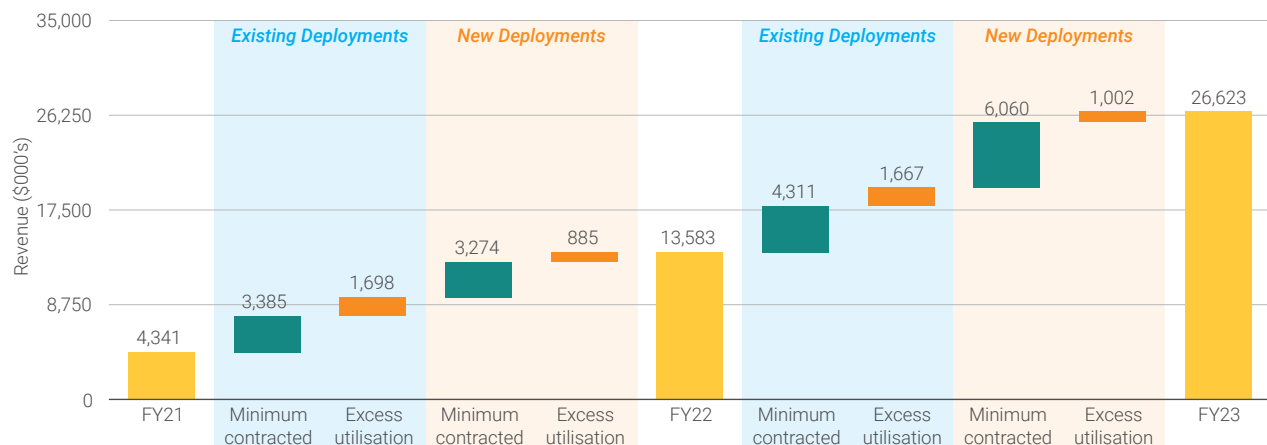
**Note:**

1. Refer to the notes pertaining to the equivalent line items in Table 10.

### Revenue

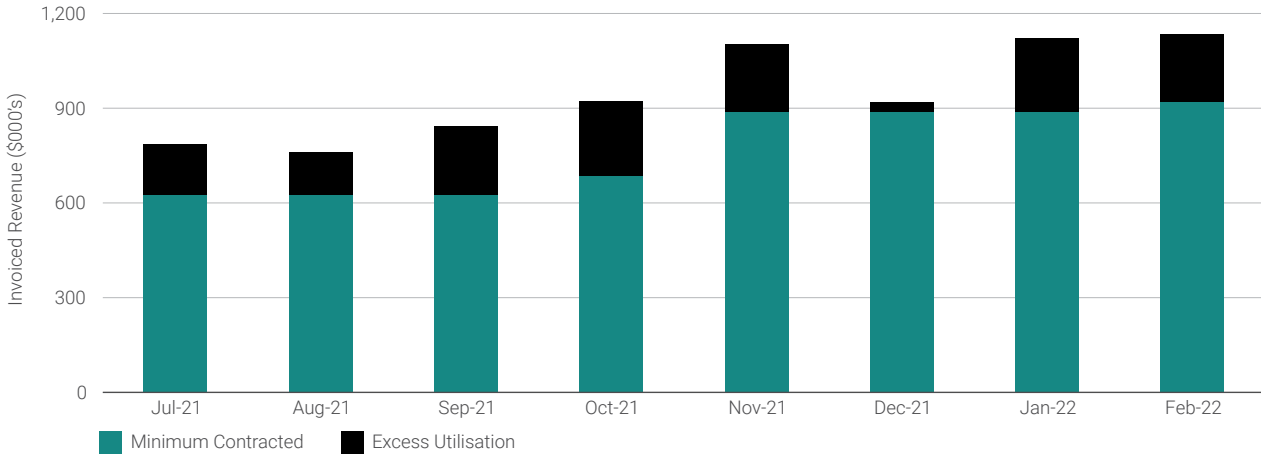
As shown in Table 21, revenue is forecast to increase by \$9,242 thousand (or 213%) from FY21 to FY22, and \$13,039 thousand (or 96%) from FY22 to FY23. This growth in revenue, split between existing and new deployments, and minimum contracted revenue and variable excess utilisation revenue, is illustrated in Figure 25 below.

Figure 25: Key Drivers of Growth in Pro Forma Forecast Revenue



The breakdown of historical invoiced revenue between minimum contracted revenue and excess utilisation revenue for the first eight months of FY22 is shown in Figure 26<sup>50</sup> below.

**Figure 26: Historical Invoiced Revenue, FY22 YTD**

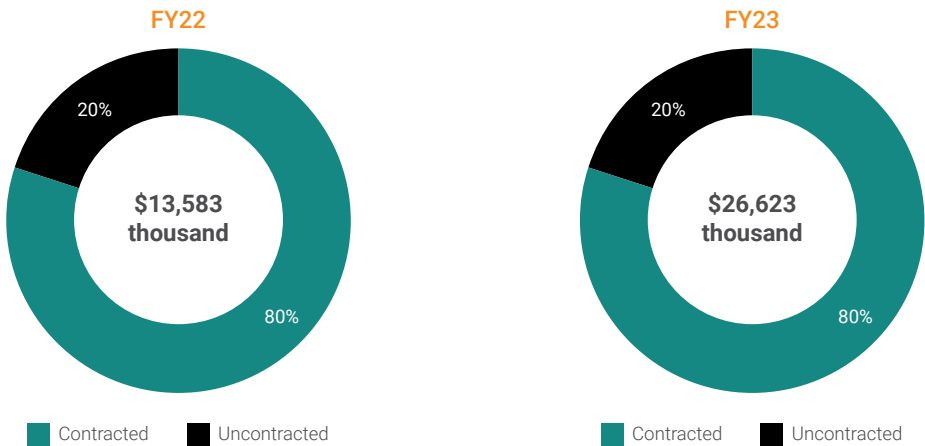


Growth in minimum contracted revenue, arising as a result of new deployments and a greater number of operating months from existing deployments (relative to the previous year), is the key driver of growth in revenue. Chrysos successfully deployed three units in FY21 and is currently contracted to deploy an additional five units in H2 FY22 (including one unit installed in late February 2022) and a further 10 units in FY23.

While judgment has been made with regard to individual contracts, management are generally assuming utilisation on newly deployed units to exceed minimum commitments. Management has taken a slightly more conservative position on previously deployed units, making the assumption that utilisation will remain slightly below historical averages in the forecast period.

Figure 27 below shows the split between contracted revenue and uncontracted revenue for FY22 and FY23. For both periods, 80% of revenue is contracted, illustrating the high level of revenue visibility and the advantages of Chrysos' contracted 'take or pay' revenue model.

**Figure 27: Proportion of Contracted and Uncontracted Pro Forma Forecast Revenue**



50. July 2021 to December 2021 revenue has been extracted from the H1 FY22 reviewed Statutory Historical Financial Information. Jan-22 and Feb-22 revenue has been extracted from the unaudited management accounts and accounting records of Chrysos.

## 4. FINANCIAL INFORMATION CONTINUED

### PhotonAssay costs

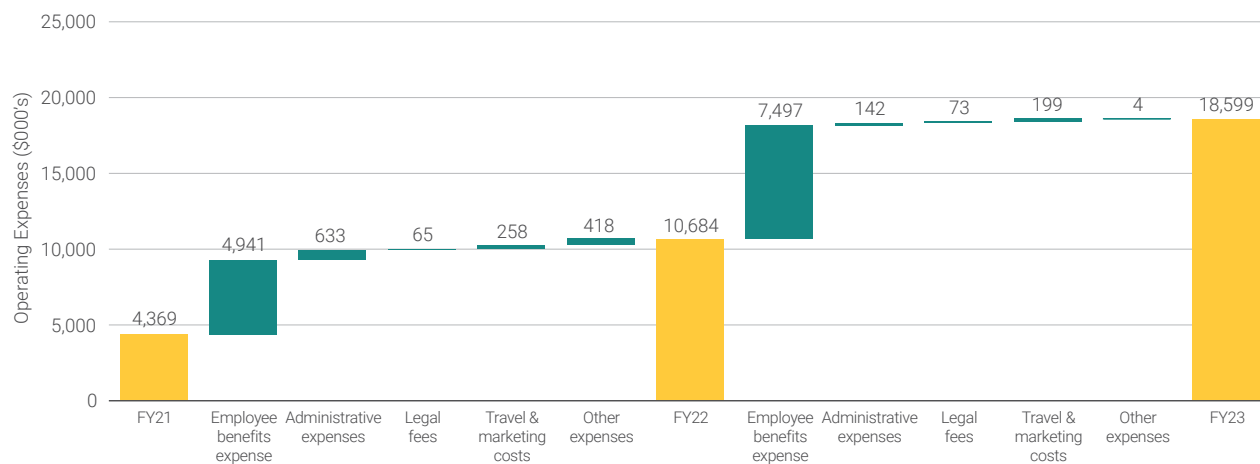
PhotonAssay costs are driven by the number of deployed units, particularly those operating more than 12 months from initial deployment. This follows that the majority of the servicing requirements for PhotonAssay units commence after the first 12 months of operations, as evident by the assumed growth in monthly costs from \$1 thousand to \$38 thousand. However, management believe that growth in the number of deployments will result in 'hubs' of units in close proximity, resulting in fixed servicing costs being spread over a greater number of units, potentially creating marginal cost efficiencies in the future.

There are expected to be eight new PhotonAssay units surpassing 12 months of operations across the FY22 and FY23 periods. By comparison, there were only three units with 12 months of operations in FY21. As such, the forecast growth in PhotonAssay costs, which increases by \$1,338 thousand (or 169%) from FY21 to FY22, and \$2,710 thousand (or 127%) from FY22 to FY23, relates largely to the timing of deployed units and the step-up in the servicing requirements of these units.

### Operating expenses

Figure 28 below shows the increase in operating expenses in FY22 and FY23, broken-down by employee benefits expense, legal fees, travel and marketing costs, consulting fees and other expenses.

**Figure 28: Growth in Pro Forma Forecast Operating Expenses**



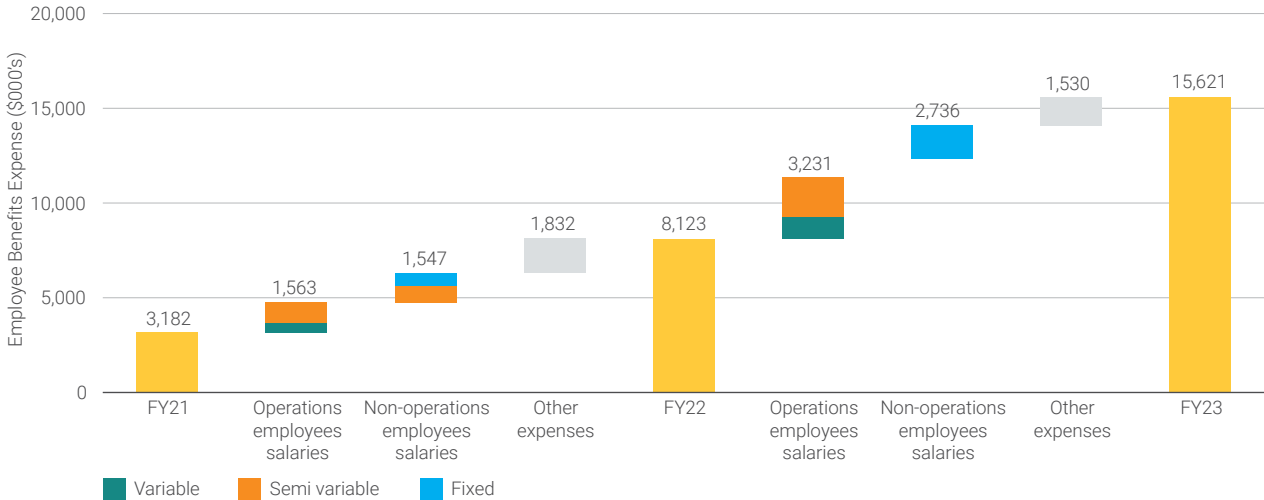
As shown in Figure 28, employee benefits expense is the key driver of growth, increasing by \$4,941 thousand (or 155%) from FY21 to FY22 and \$7,497 thousand (or 92%) from FY22 to FY23. The increase in employee benefits expense relates primarily to the expansion of headcount. In particular, this includes significant growth in the number of employees within the Company's operations division, particularly maintenance engineers, which are required to support the deployment of the 16 new contracted PhotonAssay in H2 FY22 and FY23. Moreover, whilst not included as part of the forecast, the Company has already contractually committed 12 units for deployment in FY24 which, as indicated by the TAM (discussed in Section 2.5) and given the existing manufacturing capacity with Nuctech (discussed in Section 3.6.3), has potential for further upside beyond this (both in FY24 and subsequent periods). As such, management has built-in additional operating capacity (beyond FY22 and FY23 deployments) as part of its forecast employee base, ensuring that it is well-positioned to support growth beyond the forecast period.

Importantly, by significantly accelerating its operations headcount over the forecast period, Chrysos management believe they will have the capacity to support the roll-out and maintenance of more than 12 units per year from FY23 onward without the need to add additional operations headcount.

In addition to operations employees, the Company has also forecast growth in employees across other divisions, including those from R&D, business development, human resources, finance and administration. Unlike the operations employees, personnel expenses in these divisions tend to be more fixed in nature, and not directly correlated with unit deployments. However, given that the Company is positioning to expand into new countries and significantly grow its operational scale, management has forecast growth in headcount to reflect an organisational structure which is capable of supporting a much larger and geographically diverse business in the future. As such, management do not expect there to be significant growth in headcount across these divisions going forward, as the Company will have the relevant head-office capacity to support its growth ambitions.

In total, management are estimating an increase in its operations employee headcount of 55 (or 550%) from FY21 to FY23, including 24 new maintenance engineers (representing growth of 600%) and other non-operations employee headcount of 35 (or 184%) from FY21 to FY23. In terms of operations employees, maintenance engineers are directly variable with deployments, whereas all other operations staff (e.g. maintenance managers, commissioning engineers, project managers – among others) tend to be semi-variable (i.e. a single maintenance manager can support multiple deployed units). The growth in employee benefits expense arising as a result of additional headcount, classified by the variability of base salaries across operations and non-operations staff, is shown in Figure 29 below<sup>51</sup>.

**Figure 29: Pro Forma Forecast Employee Benefits Expense**



**Variable:** within its operations employees, Chrysos only considers maintenance engineers to be fully variable employee expenses as incremental headcount is directly correlated to unit deployment.

**Semi variable:** refers to employee expenses that increase with unit deployment, but can be shared over multiple units (e.g. a maintenance manager can oversee multiple maintenance engineers in the same region).

**Fixed:** refers to employee expenses which are uncorrelated to unit deployment.

51. Other expenses in Figure 28 represent the net of all other non-salary employee benefits expense items, including LTI payments, STI payments, payroll tax and R&D capitalisation offsets. The majority of these expenses do not relate to maintenance engineers and are therefore semi variable or fixed in nature.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.7.4 Pro Forma Forecast Cash Flows

Table 22: Pro Forma Historical Cash Flows (FY21) and Pro Forma Forecast Cash Flows

\$000's	Notes	FY21	FY22	FY23
<b>EBITDA</b>		<b>(692)</b>	<b>925</b>	<b>3,184</b>
Non-cash items	1	575	771	1,627
Changes in working capital	1	(344)	167	(1,009)
<b>Operating cash flows</b>		<b>(461)</b>	<b>1,862</b>	<b>3,802</b>
Capital expenditure	1	(8,073)	(29,474)	(54,617)
<b>Free cash flow before financing and dividends</b>		<b>(8,534)</b>	<b>(27,611)</b>	<b>(50,815)</b>
<b>Financing cash flows</b>				
Net proceeds/(repayments) from borrowings	1	–	–	–
Repayment of other borrowings	1	(196)	(1,261)	(789)
Net interest paid		(124)	(322)	(406)
Principal lease repayments		(61)	(145)	(628)
R&D tax refund received		1,186	957	652
Net proceeds from the issue of share capital	1	–	109,046	–
<b>Net cash flow before dividends</b>		<b>(7,729)</b>	<b>80,664</b>	<b>(51,986)</b>

**Note:**

1. Refer to the notes pertaining to the equivalent line items in Table 15.

As shown in Table 22, Chrysos is expected to continue operating a free cash flow before financing and dividends deficit over the forecast period. Moreover, the size of this deficit is expected to increase by \$19,077 thousand (or 224%) from FY21 to FY22 and \$23,204 thousand (or 84%) from FY22 to FY23. This is principally due to an increase in capital expenditure to support growth in deployments over this period.

Whilst the forecast capital expenditure relates primarily to the construction and installation of new PhotonAssay units, management has also factored-in other growth capital costs, including those required for the fit-out and establishment of the new Canadian operations. An overview of forecast capital expenditure, split between growth in deployed units and other sustaining capital expenditure, is shown in Table 23 below.



**Table 23: Pro Forma Historical (FY21) and Forecast Growth and Sustaining Capital Expenditure**

\$000's	Notes	FY21	FY22	FY23
<b>Sustaining capital expenditure</b>				
Motor vehicles		–	106	100
Furniture and fittings		13	108	–
Office equipment		–	–	–
Testing and R&D equipment		65	600	2,100
Spare parts		399	2,498	2,500
<b>Total sustaining capital expenditure</b>		<b>477</b>	<b>3,312</b>	<b>4,700</b>
<b>Growth capital expenditure</b>				
PhotonAssay units	1	6,622	24,757	46,458
New office fit-outs	2	–	–	1,300
<b>Total growth capital expenditure</b>		<b>6,622</b>	<b>24,757</b>	<b>47,758</b>
Capitalised R&D		973	1,405	2,159
<b>Total capital expenditure</b>		<b>8,073</b>	<b>29,474</b>	<b>54,617</b>

**Notes:**

1. Refer to the notes pertaining to the equivalent line items in Table 20.
2. Relates to the fit-out of the new offices in Canada, as well as the re-location of the Adelaide head office.

**4.7.5 Sensitivity Analysis**

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its Directors and management, and depend upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the amounts forecast in this Prospectus are to be expected. To assist in assessing the impact of these assumptions on the forecasts, Table 24 below shows a summary of the sensitivity of forecast NPAT to changes in several key assumptions.

**Table 24: Sensitivity Analysis on Pro Forma Forecast NPAT**

	Increase/(Decrease)	FY22 Impact (\$000's)	FY23 Impact (\$000's)
Foreign exchange (A\$:US\$; A\$:C\$)	+/- 5%	(82)/93	(410)/469
Deployment schedule	+/- 1 month	679/(580)	1,581/(1,449)
Employee benefits expense	+/- 5%	(444)/444	(781)/781

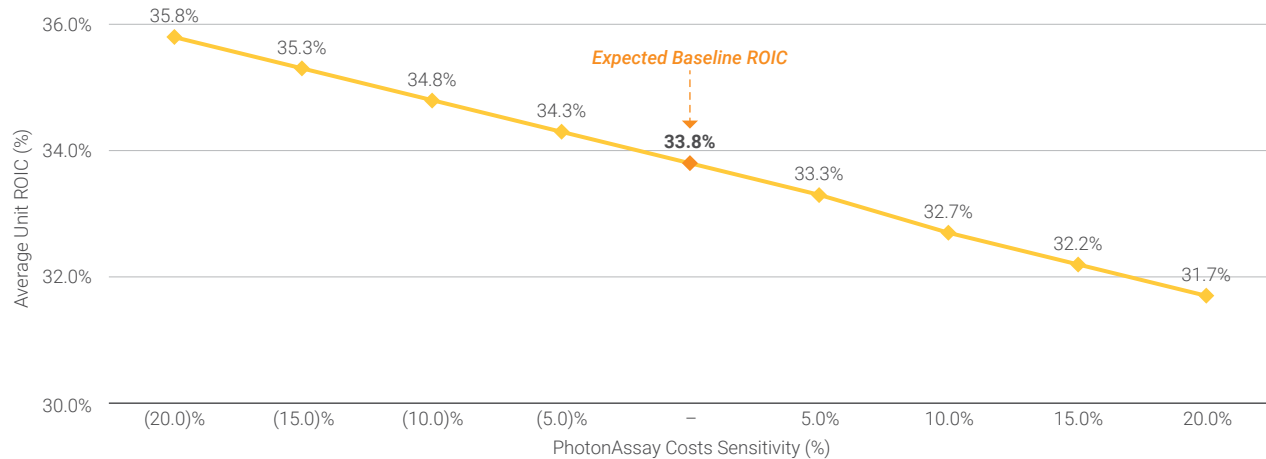
Given the MMAP, which acts as a "take or pay" mechanism under the lease contracts, individual unit ROIC is subject to minimal downside sensitivity outside of the PhotonAssay costs. However, these PhotonAssay costs are largely related to scheduled maintenance expenditure which tends to remain relatively consistent in the long-term. Table 25 below provides an illustrative example of steady-state unit ROIC across Chrysos' 33 existing contracts, including expected baseline ROIC based on the contracted MMAP and assumed long-term PhotonAssay costs of approximately \$375 per annum (refer to Section 3.6.5 for further details). The sensitivity of this baseline ROIC to changes in PhotonAssay costs are marginal, as illustrated by Figure 30 below.

## 4. FINANCIAL INFORMATION CONTINUED

**Table 25: Illustrative Unit ROIC**

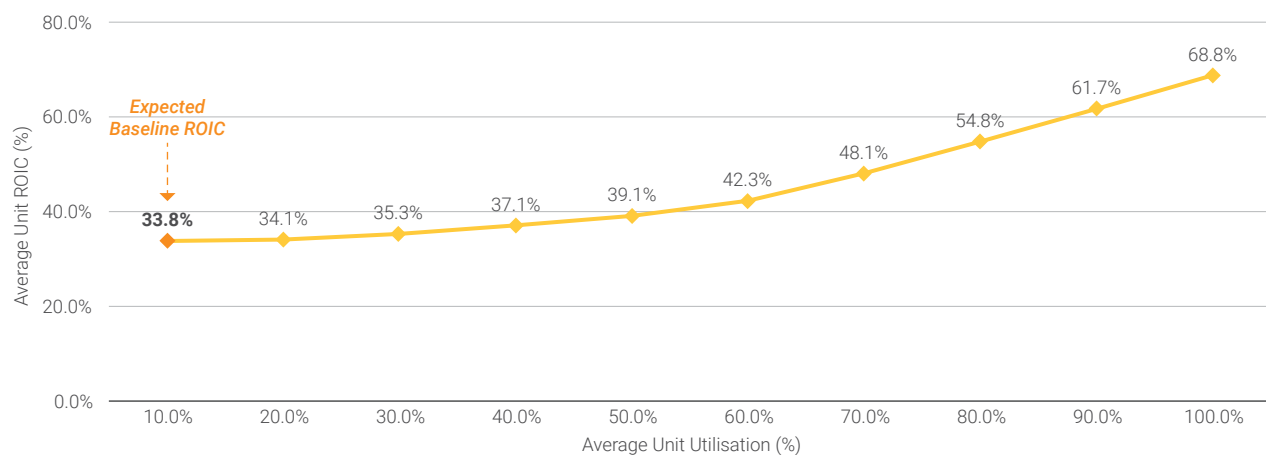
Assumed Utilisation	Baseline	Upside Scenario (70%)
Upfront capital cost (approx.)	\$3,650,000	\$3,650,000
Maximum samples per month	40,000	40,000
Weighted average rate per assay	\$6.28	\$6.18
Monthly revenue	\$133,975	\$177,419
Annual revenue	\$1,607,698	\$2,129,031
Annual unit PhotonAssay costs (approx.) <sup>52</sup>	\$(375,000)	\$(375,000)
<b>Annual gross profit</b>	<b>\$1,232,698</b>	<b>\$1,754,031</b>
<b>ROIC</b>	<b>33.8%</b>	<b>48.1%</b>

**Figure 30: Baseline Contracted ROIC Sensitivity to PhotonAssay Costs**



Further, in addition to the MMAP, Chrysos receives a variable utilisation fee where customers assay more samples than specified under the MMAP. As such, from a utilisation perspective, ROIC is only subject to further upside movements beyond the baseline ROIC or return generated under the MMAP. This is demonstrated in Figure 31 below which shows the sensitivity of ROIC across Chrysos' 33 existing contracts to changes in utilisation.

**Figure 31: ROIC Sensitivity to Utilisation**



52. Approximation based on the 5-year average annual PhotonAssay cost per unit. As discussed in Section 4.7.2, Chrysos forecast monthly PhotonAssay costs of \$1,000 per month for those units operating less than 12 months from deployment and, \$38,000 per month for those units operating more than 12 months from deployment. Based on this, the average annual 5-year PhotonAssay cost is approximately \$367,000 per unit.

The changes in the assumptions set out in the sensitivity analysis in this Section 4.7.5 are not intended to be indicative of the complete range of variations that may be experienced. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to demonstrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that the Company would respond to any adverse change in one variable by seeking to minimise its net effect.

## 4.8 INDEBTEDNESS

Chrysos' pro forma net cash (defined in Section 4.2.4) as at 31 December 2021 is shown in Table 26 below. The pro forma net debt takes into account the anticipated net proceeds of the Offer at Completion, as if this took place as at 31 December 2021.

The pro forma net cash as at 31 December 2021 of \$40,285 does not reflect the cash flows of the business between 31 December 2021 and Completion of the Offer.

**Table 26: Pro Forma Indebtedness at 31 December 2021**

\$000's	Notes	Statutory at 31-Dec-21	Impact of the Offer	Pro Forma at 31-Dec-21
<b>Cash and cash equivalents</b>	1	<b>33,394</b>	<b>61,315</b>	<b>94,709</b>
Term deposits		12,006		12,006
Lease liabilities		(215)	–	(215)
Borrowings	2	(4,900)	–	(4,900)
<b>Net cash/(debt)</b>		<b>40,285</b>	<b>61,315</b>	<b>101,599</b>

**Notes:**

1. Net cash raised from the Offer of \$61,315 thousand will be applied as outlined in Table 14 and Section 8.5. Upon Completion of the Offer, the Company will have an expected net cash position of \$101,599 thousand. Refer to the Pro Forma Historical Statement of Financial Information for further details (Table 14).
2. The Company has facilities of \$7,500 thousand, of which \$4,900 thousand was drawn down in September 2021. Due to the restatement and reissuance of the financial statements for the year ended 30 June 2021, in which the Group changed its accounting for leases of its PhotonAssay machines as lessor from finance lease accounting to operating lease accounting, the Group would not have satisfied the covenant test at 31 December 2021 under the new accounting treatment, therefore the bank confirmed subsequent to year end that it was accepting of the Company's compliance with the covenant for the quarter ended 31 December 2021 under the previous accounting treatment. The Company does not expect to satisfy the existing covenants in future testing periods. As such, the Group has received a waiver from lenders relating to the 31 March 2022 testing date and is working with its bankers to amend the facility to accommodate the change in accounting treatment. The term of the current facility expires in April 2023.

## 4.9 COMMITMENTS AND CONTINGENCIES AS AT 31 DECEMBER 2021

\$000's	31-Dec-21
PhotonAssay units	28,293
<b>Total contractual obligations and commitments</b>	<b>28,293</b>

Capital commitments relate to Chrysos PhotonAssay units on order and under construction. These capital commitments will be funded by the \$47,731 thousand of net proceeds from the pre-IPO capital raise which took place in September 2021.

Chrysos intends to apply the remaining net proceeds from the September 2021 capital raise and the net proceeds of the Offer to support its stated business objectives and operations, including the funding of the future construction and deployment of PhotonAssay units. Forecast capital expenditure relating to PhotonAssay units is outlined in Table 23.

Chrysos has no material contingent liabilities or other off-balance sheet arrangements other than those described above as at 31 December 2021.

## 4. FINANCIAL INFORMATION CONTINUED

### 4.10 DIVIDEND POLICY

It is Chrysos' intention to reinvest all cash flows into the business to facilitate and maximise its growth. As such, the Company does not presently intend to pay dividends, nor does it expect to do so in the near term, following listing on the ASX.

The Chrysos Board will continue to reflect on its capital management plan as the business matures and, subject to available profits, franking credits, capital requirements and the financial position of the Company, consider paying a dividend in the longer term.



**CHRYSOS  
CORPORATION**  
Assays at the speed of light



## 5. INVESTIGATING ACCOUNTANT'S REPORT

## 5. INVESTIGATING ACCOUNTANT'S REPORT



### KPMG Transaction Services

A division of KPMG Financial Advisory Services  
(Australia) Pty Ltd  
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The Board of Directors  
Chrysos Corporation Limited  
Gate 4 Waite Road  
Urrbrae South Australia  
Australia 5064

14 April 2022

Dear Directors

### Limited Assurance Investigating Accountant's Report and Financial Services Guide

#### Investigating Accountant's Report

##### Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Chrysos Corporation Limited ("Chrysos") to prepare this report for inclusion in the prospectus to be dated 14 April 2022 ("Prospectus"), and to be issued by Chrysos, in respect of the proposed initial public offering of shares in Chrysos and listing on the Australian Securities Exchange ("ASX") (the "Offer").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

##### Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

KPMG Financial Advisory Services (Australia) Pty Ltd is an affiliate of KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

### **Pro Forma Historical Financial Information**

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Chrysos included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Chrysos, after adjusting for the effects of pro forma adjustments described in Section 4.2 of the public document.

The pro forma historical financial information consists of Chrysos':

- pro forma historical statement of financial position as at 31 December 2021;
- pro forma historical income statements for the years ended 30 June 2020 and 30 June 2021, and the six-month periods ended 31 December 2020 and 31 December 2021; and
- pro forma historical cash flows for the years ended 30 June 2020 and 30 June 2021, and the six-month periods ended 31 December 2020 and 31 December 2021

as set out in Section 4 of the Prospectus issued by Chrysos (collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Chrysos to illustrate the impact of the event(s) or transaction(s) on Chrysos' financial position as at 31 December 2021 and Chrysos' financial performance and cash flows for the years ended 30 June 2020 and 30 June 2021 and the six-month periods ended 31 December 2020 and 31 December 2021. As part of this process, information about Chrysos' financial position, financial performance and cash flows has been extracted by Chrysos from Chrysos' financial statements for the years ended 30 June 2020 and 30 June 2021 and the six-month periods ended 31 December 2020 and 31 December 2021.

The financial statements of Chrysos for the year ended 30 June 2020 were audited by Chrysos' former external auditor in accordance with Australian Auditing Standards. The financial statements of Chrysos for the year ended 30 June 2021 (restated and reissued) were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Chrysos relating to those financial statements were unmodified.

The interim financial statements of Chrysos for the six-month periods ended 31 December 2020 and 31 December 2021 were reviewed by KPMG in accordance with

## 5. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

*Chrysos Corporation Limited  
Limited Assurance Investigating Accountant's Report and  
Financial Services Guide  
14 April 2022*

Australian Auditing Standards. The review opinions issued to the members of Chrysos relating to those financial statements were unmodified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in Section 4 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

### **Forecast Financial Information and directors' best-estimate assumptions**

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the:

- pro forma forecast income statement for the years ending 30 June 2022 and 30 June 2023, as set out in Table 10 of Section 4.3;
- statutory forecast income statement for the years ending 30 June 2022 and 30 June 2023, as set out in Tables 10 and 11 of Section 4.3;
- pro forma forecast cash flows for the years ending 30 June 2022 and 30 June 2023, as set out in Table 15 of Section 4.5; and
- statutory forecast cash flows for the years ending 30 June 2022 and 30 June 2023, as set out in Tables 15 and 16 of Section 4.5,

of Chrysos (the "Forecast Financial Information"). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.7 of the Prospectus. As stated in Section 4.2.3 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Chrysos' accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 4 of the Prospectus, and the directors' best-estimate



assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Chrysos' accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

#### **Directors' responsibilities**

The directors of Chrysos are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information;
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### **Conclusions**

##### ***Review statement on the Pro Forma Historical Financial Information***

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

## 5. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

*Chrysos Corporation Limited  
Limited Assurance Investigating Accountant's Report and  
Financial Services Guide  
14 April 2022*

- the pro forma historical income statements of Chrysos for the years ended 30 June 2020 and 30 June 2021, and for the six-month periods ended 31 December 2020 and 31 December 2021;
- the pro forma historical cash flows of Chrysos for the years ended 30 June 2020 and 30 June 2021, and for the six-month periods ended 31 December 2020 and 31 December 2021; and
- the pro forma historical statement of financial information of Chrysos as at 31 December 2021,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Chrysos' accounting policies.

### **Forecast Financial Information and the directors' best-estimate assumptions**

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the years ending 30 June 2022 and 30 June 2023 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4.7 of the Prospectus; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Chrysos' accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Chrysos management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Chrysos for the years ending 30 June 2022 and 30 June 2023.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Chrysos. Evidence may be available to support the directors' best-estimate

assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Chrysos, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 4.7.5 of the Prospectus. The sensitivity analysis described in Section 4.7.5 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Chrysos, that all material information concerning the prospects and proposed operations of Chrysos has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### **Independence**

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Chrysos and from time to time, KPMG also provides Chrysos with certain other professional services for which normal professional fees are received.

#### **General advice warning**

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

#### **Design and Distribution Obligations ("DDO")**

KPMG has made reasonable enquiries of Chrysos as to whether the shares offered pursuant to the Transaction is captured by Design and Distribution Obligations ("DDO") regulations. Where a Target Market Determination ("TMD") is required KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

## 5. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

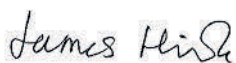
*Chrysos Corporation Limited  
Limited Assurance Investigating Accountant's Report and  
Financial Services Guide  
14 April 2022*

### **Restriction on use**

Without modifying our conclusions, we draw attention to Section 4.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



James Hindle  
Authorised Representative



Lisa Mullins  
Authorised Representative



# KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

## Financial Services Guide

Dated October 2021

### What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 ("KPMG FAS")**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**"KPMG Transaction Services"**), and James Hindle and Lisa Mullins as authorised representatives of KPMG Transaction Services, authorised representative numbers 404268 and 1276878 respectively (**Authorised Representatives**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

### Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and

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## 5. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED



- Eligible international emissions units, to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

### **KPMG FAS and the Authorised Representative's responsibility to you**

KPMG FAS has been engaged by Chrysos Corporation Limited (Chrysos) to provide general financial product advice in the form of a Report to be included in the Prospectus prepared by Chrysos in relation to the initial public offering of ordinary shares in Chrysos on the ASX (Offer).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG FAS nor the Authorised Representative are acting for any person other than Chrysos.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General advice**

As KPMG FAS has been engaged by Chrysos, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

### **Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives**

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, Chrysos. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Chrysos has agreed to pay KPMG FAS \$0.3 million for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

### **Referrals**

Neither KPMG FAS nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

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## Associations and relationships

Through a variety of corporate and trust structures KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

## Complaints resolution

### Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or [via email](mailto:AU-FM-AFSL-COMPLAINT@kpmg.com.au) (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

### External complaints resolution process

If KPMG FAS or the Authorised Representative cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001  
Telephone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

## Compensation arrangements

KPMG FAS holds professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001 (Cth)*.

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## 5. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED



### Contact details

You may contact KPMG FAS or the Authorised Representatives using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)  
Tower 2  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 2291U  
Melbourne VIC 3001  
Telephone: (03) 9288 5555  
Facsimile: (03) 9288 6666

James Hindle and Lisa Mullins  
C/O KPMG  
GPO Box 2291U  
Melbourne VIC 3001

Telephone: (03) 9288 5555  
Facsimile: (03) 9288 6666

C/O KPMG  
PO Box H67  
Australia Square  
NSW 1213

Telephone: (02) 9335 7621  
Facsimile: (02) 9335 7001

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## 6. RISKS

## 6. RISKS

This Section 6 identifies some of the potential risks associated with an investment in Chrysos and its Shares. It does not purport to list every risk which Chrysos and its investors may be exposed to now or in the future. Additional risks that the Company, the Directors and management are unaware of, or that are currently considered to be immaterial, also have the potential to have a material adverse effect on the Company's business, financial condition, operating and financial performance, growth and/or the value of the Shares.

The occurrence or consequences of some of the risks described in this Section 6 are partially or completely outside the control of Chrysos. The occurrence of any single risk, or a combination of these risks, may have a material adverse impact on the business, operations, financial position, performance and prospects of Chrysos. Accordingly, any investment in Chrysos is subject to significant risk and uncertainty with respect to return or preservation of capital.

The selection of risks has been based on an assessment of a combination of the likelihood of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. That assessment is based on the knowledge of Chrysos as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that Chrysos will deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised. The actual results could differ materially from those anticipated in any such forward-looking statements as a result of certain factors, including the risks described below and elsewhere in the Prospectus. You should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Chrysos' Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Chrysos, it is recommended that you seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional advisor before deciding whether to invest.

### 6.1 SPECIFIC RISK FACTORS

#### Intellectual property

Chrysos relies on its ability to develop and commercialise its intellectual property. A failure to develop and commercialise its intellectual property successfully would lead to a loss of opportunities and adversely impact the operating results and financial position of Chrysos. Furthermore, any third party developing superior technology or technology with greater commercial appeal in the field in which the Group operates, may harm the future prospects of the Group.

The Group's success depends, in part, on its ability to obtain, maintain and protect its intellectual property, including its patents. Actions taken by Chrysos to protect its intellectual property may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others. The Group may also suffer damage if former employees infringe its intellectual property rights or assert their moral rights.

The granting of a patent does not guarantee that Chrysos' intellectual property is protected and that others will not develop similar technologies that circumvent such patents. There can be no assurance that any patents Chrysos owns, controls or licences, whether now or in the future, will give Chrysos commercially significant protection of its intellectual property. You should read the Intellectual Property Report in Appendix C for further details on Chrysos' granted and pending patents.

Monitoring unauthorised use of the Group's intellectual property rights is difficult and can be costly. Chrysos may not be able to detect unauthorised use of its intellectual property rights. Changes in laws in Australia and other jurisdictions in which the Group operates may adversely affect the Group's intellectual property rights.

Other parties may develop and patent substantially similar or substitute products, processes, or technologies to those used by Chrysos, and other parties may allege that Chrysos' products incorporate intellectual property rights derived from third parties without their permission. Whilst no member of the Group is the subject of any claim that its products infringe the intellectual property rights of a third party, allegations of this kind may be received in the future and, if successful, injunctions may be granted against the Group which could materially affect the operation of the Group and the Group's ability earn revenue, cause disruption to the Group's services and negatively affect its reputation and branding. The defence and prosecution of intellectual property rights proceedings are costly and time-consuming, and their outcome is uncertain.

In addition to its patent and licencing activities, Chrysos also relies on protecting its trade secrets. Actions taken by Chrysos to protect its trade secrets may not be adequate and this could erode its competitive advantage in respect of such trade secrets. Further, others may independently develop similar technologies.

### **Supplier risk**

Chrysos is reliant on a number of third-party manufacturing suppliers, including Nuctech Company Limited, Costruzioni Apparecchiature Elettroniche Nucleari C.A.E.N. S.p.A., and Mirion Technologies, Inc. Components utilised by Chrysos originate from international jurisdictions, including China, the U.S. and Italy, and are subject to geopolitical risks, transportation risks and risks related to raw materials.

There is a risk that suppliers may become unable or unwilling to do business with Chrysos, or to renew contracts with Chrysos once they expire. There is no guarantee that Chrysos will maintain existing contracts or be able to renew contracts with suppliers on current terms, or at all. This may delay Chrysos' unit deployment schedule and negatively impact its growth and revenue. Given the advanced technical nature of some of the key components required for the PhotonAssay units, it is more difficult to procure alternative suppliers. If Chrysos is unable to source alternative suppliers within a reasonable period of time and on reasonable terms, this may cause disruptions to Chrysos' business while suitable replacements are sourced or cause Chrysos to incur substantial costs.

There is no guarantee that Chrysos' suppliers will be able to meet the cost, quality and volume requirements that are required to be met in order for Chrysos to remain competitive and fulfil its contractual obligations with its customers.

Any loss of suppliers may have a material adverse impact on the Group's operations, reputation, financial performance and prospects.

### **Operating risk**

The Group has established risk management practices to identify, manage, report and monitor risks at an operating level, including but not limited to the risk of failure to complete work on time, failure to achieve performance metrics, product failure, difficulties in commissioning and operating PhotonAssay units, mechanical failure or plant breakdown, adverse weather conditions (e.g. significant rainfall), industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, loss or damage to assets, human accidents, natural disasters, terrorism, industrial delays, and liability for defects, some of which are outside of the control of the Group. These operating risks may delay the completion of the work or require further rectification work. While the Group endeavours to take appropriate action to mitigate these operational risks and, where the Directors consider it practicable, insure against them, the Group cannot remove all possible risks of disruption to its business operations, and it cannot control the risks its customers are exposed to. A disruption in the Group's business or those of its customers may have an adverse impact on the Group's growth prospects, operating results and financial performance.

### **Competitor activity**

While the barriers to entry in the field in which the Group operates are high, it is still possible that competitors may develop products that offer an alternative to, or substitute for, Chrysos' technology solutions. The Group's performance could be adversely affected if competitors reduce Chrysos' market share, or its ability to expand into new segments. Chrysos' existing or new competitors may have substantially greater resources and access to more markets than Chrysos.

Competitors may succeed in developing alternative products which are more innovative, easier to use or more cost effective than those that have been or may be developed by Chrysos. This may place pricing pressure on the Group's product offering and may impact on the Group's ability to retain existing clients, as well as the Group's ability to attract new clients. If Chrysos cannot compete successfully, the Group's business operating results and financial position could be adversely impacted.

An increase in competition could have a material adverse impact on the Group's revenue, margins and profitability.

## 6. RISKS CONTINUED

### **Cybersecurity/technology**

The Group relies on and uses information technology in conducting its business, including its primary hosting provider Microsoft Azure, to maintain continuous operation of its technology platforms, servers and hosting services. There is risk that these systems may be adversely affected by various factors such as damaged, faulty or aging equipment, power surges or failures, computer viruses, disruptions, damage or shutdowns as a result of failures during the process of upgrading or replacing software, or misuse or errors by staff or contractors. Other factors such as hacking, denial of service attacks, or natural disasters may also adversely affect these systems and cause them to become unavailable.

Further, if Microsoft Azure ceased to offer its services to the Group and Chrysos was unable to obtain a replacement provider quickly, this could also lead to disruption of service to the business.

Chrysos provides its customers with certain warranties as to accuracy and availability of product support. Information technology outage or failure may adversely affect Chrysos' ability to monitor the PhotonAssay unit at the customer's site and cause Chrysos to breach its warranty, which will result in a penalty.

Hacking or cyber security breaches or network security breaches may result in unauthorised disclosure of user's data or lead to loss, theft or corruption of data. This could disrupt the Group's business operations and ultimately result in reputational damage, loss of revenue, increased costs, or have a material adverse effect on its financial position and performance.

While Chrysos will use all reasonable endeavours to prevent such security breaches, if Chrysos fails to do so, it may suffer financial and reputational damage.

### **COVID-19**

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of businesses, individuals and governments to operate. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the pandemic on the Group's business (or on the operations of other businesses on which it relies), and there is no guarantee that Group's efforts to address the adverse impacts of COVID-19 will be effective.

The COVID-19 pandemic is causing disruption across the mining industry globally and is restricting the movement of the Group's support staff in their performance of maintenance and installation tasks both within Australia and internationally. Further, Chrysos' reliance on suppliers located in China exposes it to various risks in relation to its supply chain that could adversely impact its business and financial position. These risks may impact suppliers' ability to procure sufficient supply of parts for the manufacture of PhotonAssay units, and include fluctuations in the availability of parts, inflation, labour shortages or disputes, safety or quality issues, disruptions in exports, trade restrictions and currency fluctuations, amongst others.

There continues to be considerable uncertainty as to the duration and further impact of COVID-19, including (but not limited to) government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant disruption to the Group's operations, financial performance and growth prospects.

### **Commercial contracting risk**

Where the Group enters into a contract with a fixed price (or fixed price components) there is a pricing risk in respect of the Group's current and future contracts, which may result in contracts being less profitable than anticipated or loss-making. If future fixed price contracts are priced incorrectly, or costs increase above those anticipated at the time of entering the contracts, then this may adversely affect the Group's financial performance and/or financial position.

The Group makes certain warranties in connection with its customer contracts. The Group may become subject to claims under these warranties which may expose the Group to obligations to re-perform or rectify work which may result in the Group incurring additional expense and the contracts being less profitable than anticipated.

Delays by the Group's suppliers may result in the Group's revenue being deferred or result in increases in costs which are not recoverable.

Contractual relationships with customers and suppliers are a fundamental part of the Group's operations. All contracts carry a risk that the respective parties will not fulfill their respective contractual obligations (either in part or in full), either deliberately, by reason of being unable to perform or via differing interpretations as to what constitutes performance. In certain cases, it may be costly and time-consuming for the Group to enforce or protect its contractual rights, defend its position and exercise remedies available to the Group, with no guarantee of success in the Group's favour or that works will not be delayed due to the dispute, impacting revenues and cash flow. Should the Group be unsuccessful in defending its position with respect to claims from customers, the Group's insurance may not be adequate to cover all liabilities that it may incur (in particular if the claim arose due to gross negligence) and the Group may not be able to continue to maintain such insurance or obtain comparable insurance at a reasonable cost, if at all. There is therefore a risk that disputes in respect of major contracts may have a material impact on the Group's reputation, growth prospects, operating results and financial position.

### **Counterparty risk**

The Group faces various risks associated with engaging its various counterparties. This includes non-performance by the counterparty (e.g. technical or financial performance), concentration risk around the particular counterparty (e.g. exposure to individual customers, services or risks), reputational risk, inability to manage a particular relationship that may lead to contractual or other disputes or losses, impact on the Group's relationship with other customers or third parties, or the counterparty may experience financial or other difficulties which may affect that party's ability to perform its obligations to Chrysos. In addition, the Group may expand into certain jurisdictions which may be at higher risk of geopolitical unrest, bribery and corruption, modern slavery and crime. Such counterparty risks could potentially impact the Group's growth prospects, financial performance and position.

### **Enforcement of contracts in foreign jurisdictions and against foreign counterparties**

The Group has entered into customer and supplier contracts which are material to its business and governed by the laws of Canada, England and Wales, China, and Hong Kong. Should a contractual dispute result in court action or should the Company be in a position to require the enforcement of the security interests it holds, the procedure in courts in the respective foreign jurisdictions may be different than in Australia. As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or disputes in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

The Group has a number of contracts that are governed by Australian law but have been entered into with foreign counterparties. While the Company may obtain a judgement in an Australian court (or through arbitration), enforcement of that judgement (or arbitral award) could be difficult if that foreign company does not have assets in Australia. In that case, the Company would need to seek to have that judgement or arbitral award recognised (or take other steps to achieve the same outcome) in the jurisdiction in which the foreign company and its assets are located. This may be costly and complex, and have an adverse impact on the Company's operations and performance generally.

### **Key personnel risk**

The Group's strategic development depends, in part, on the continued motivation and contributions of its senior management and Directors, who are experienced in the markets and business in which the Group operates.

The Group's future success will also depend on its ability to manage, attract and retain skilled and qualified personnel.

Competition for skilled employees in the industries in which the Group operates is significant, and the Group cannot be certain that it will be successful in managing, attracting and retaining the personnel required to successfully conduct its operations.

The Group seeks to retain its market position by offering competitive salaries to retain key capabilities/skills in order to service customers. Although this cost base is variable, it is typically less so than the market, leading to price competition in economic downturns and competition for key skills during economic up cycles.

The loss of the services of certain of its key personnel and Directors, as well as a reduced ability to manage, attract and retain skilled and qualified personnel, could negatively impact the Group's operations and its ability to develop the business and could have a material adverse effect on the Group's business, financial condition or results of operations.

## 6. RISKS CONTINUED

### Foreign market operations risk

The Group will derive a significant portion of its revenue from contracts located outside of Australia, notably within North America and Africa.

As a result, the Group is subject to the risks associated with conducting business in foreign jurisdictions, including those relating to taxation, royalties, tariffs, customs duties, trade barriers, difficulties in staffing and managing foreign operations, political instability, expropriation, nationalisation, war, divestment, imports, exports, currency, repatriation of capital, environmental protection, ownership and management of natural resources, labour standards, occupational health and safety and requirements for inclusion of the local population within the Group's business practices.

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations could cause additional expense, restrictions or suspensions of the Group's operations and materially and adversely affect the Group's business, financial condition and results of activities and operations. The Group performs work for a number of customers across a number of jurisdictions. Whilst the Group performs sanctions checks on jurisdictions, countries and key individuals, there can be no guarantee that such checks are able to fully identify the risks or that such position will not change in future, which may adversely impact the Group's reputation, financial performance or position.

### Bribery, fraud and corruption risks

In certain jurisdictions, fraud, bribery and corruption are more common than in others. In addition, the mining industry has, in some areas, been shown to be vulnerable to corrupt or unethical practices. The Company adopted an Anti-Bribery and Corruption Policy and a Code of Conduct in March 2022. The policy seeks to ensure that the Group operates in an ethical and transparent manner in all business dealings. The Company will continue to review its anti-corruption procedures to ensure that they are sufficiently robust to endeavour to prevent corruption and to mitigate the risk of any member of the Group committing an offence under applicable bribery legislation. Whilst no members of the Group or Directors have been subject to fraud, bribery or corruption proceedings, there can be no guarantee that the employees and contractors engaged by the Group or its other associates will abide by these procedures and as such the Group, its Directors and employees of the Group, could be exposed to criticism or prosecution under anti-bribery or similar legislation, which could have a material adverse effect on its results of operations and financial condition.

The Group's activities are carried out by numerous personnel, including employees or other agents acting on behalf of the Group. Whilst there are controls in place governing their conduct, there is no guarantee that they will comply with all laws and regulations (internal and external). The failure to comply with all laws and regulations could subject the Group to fines and penalties, including loss of contracts, which could adversely impact the Group's reputation, financial performance or position.

### Loss of revenue from key customers

The Group currently services a number of customers in different jurisdictions, many of which operate across jurisdictions. Certain customers represent a significant portion of the Group's revenue. These key customers may not enter into further contracts with the Group due to a downturn in the resources industry or because of reduced or delayed expansion plans. If these key customers reduce their operations and this results in fewer samples being processed by the PhotonAssay unit on its site, this may result in loss of revenue to the Group.

Key customers may also not continue to contract with Group if they are not satisfied with the Group's performance under its current contracts. If Chrysos is unable to deliver contracted units within the contracted timeframe, this may result in loss of key customers.

Some of the Group's customers may require equity or debt funding to fund their ongoing operation or capital expenditure on projects and related infrastructure. If any of the Group's customers are unable to secure such funding, which is dependent upon debt and equity market conditions that have in the past been, and may in the future be, volatile, it may adversely impact their ability to implement projects and related infrastructure which in turn, may detrimentally affect the Group's profitability and growth.

The loss of key customers could have a material adverse impact on the Group's reputation, growth, operations, operating results and financial position.

## **Workplace health and safety risk**

Whilst safety is one of the Group's core values, the services provided by the Group involve risk to both property and persons. The Group's personnel may work on mine sites and development sites and this exposes them to potential workplace accidents which could result in serious injury or death. The Group or its customers could be liable for accidents which occur to Group personnel under the occupational health and safety laws of the jurisdictions in which it operates. If the Group was held to be responsible under such legislation, the penalties could be significant and in addition the Group may be liable for compensation to injured personnel.

Similarly, the Group could be held liable for damage to third-party property under its contractual arrangements with its customers or under the relevant laws of the jurisdictions in which it operates. The Group may also suffer losses on its own property.

These liabilities or losses may not be covered by the Group's insurance policies or, if they are covered, may exceed the Group's policy limits or be subject to significant deductibles. Also, any claim under the Group's insurance policies could increase the Group's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Group's reputation, liquidity and financial results.

## **Growth and expansion in new markets**

The Group has expanded into Canada and more recently Tanzania and is planning to continue expanding into further jurisdictions, particularly in North America and Africa. There is no guarantee that Chrysos will be able to retain or continue to grow its revenues in those jurisdictions. There is a risk that expanding into these new jurisdictions may result in unforeseen costs, failure to achieve any revenue or to achieve the intended outcomes.

Although operating systems and controls are continuously assessed and upgraded to meet the growth of Chrysos, there is a risk that the Group may be unable to maintain its current orders or manage its future growth at the same rate of success.

Factors that may impact on Chrysos' operations are its ability to manage its costs, its ability to execute its development and growth strategies, economic and political conditions in the markets in which it operates, competitive factors and regulatory changes.

The Group's management structures, systems, procedures or controls may not be adequately or sufficiently adapted and updated to effectively support the continued expansion of its operations. Furthermore, management may not be able to allocate the time and resources necessary to effectively manage this expansion. The Group's growth may also be impacted by events beyond the Group's control, including a decline in industry growth. If, for any reason, the Group is unable to manage the expansion of its business efficiently and effectively, its competitiveness, business, financial condition or results of operations could be materially adversely impacted.

## **Insurance risk**

The Group maintains insurances across its businesses. These include its contractual covers (e.g. public and products liability), asset covers (assets, motor, stock throughput), employment covers (workers' compensation, travel, medical) and other best practice covers (Directors and officers' liability). Although the Group maintains insurance, no assurance can be given that adequate insurance will continue to be available to the Group in the future or on commercially acceptable terms. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial conditions and results of the Group.

## **Information technology failure or disruption**

The Group is dependent upon the use of computer, information and communications technology and systems. The Group's technology systems could be interrupted or damaged by a diverse array of events, including natural disasters, telecommunications failures or other similar occurrences, and are exposed to the potential risk of computer hackers, unauthorised users, computer viruses, malicious codes and cyber-attacks. Any disruption in the Group's computer and communications systems could adversely impact the Group's operating results. The Group's security precautions may be unable to prevent attacks, which could directly impact the Group's operations and necessitate increased expenditure on technology protections in the future.

## 6. RISKS CONTINUED

### Foreign exchange risk

The Group operates in Australia and internationally. Currently, most of the Group's revenues are in Australian dollars and U.S. dollars. However, most of the Group's costs are in Australian dollars. The mix of currencies in which the Group earns its revenues and incurs its costs are likely to continue to change over time.

Adverse movements in foreign currency markets could affect the Group's profitability and financial position.

The Group's financial statements are prepared and presented in Australian dollars and any appreciation in the Australian dollar against other currencies in which the Group transacts, may adversely impact its financial performance and position.

### Corporate structure and regulation

The Group's corporate structure is aligned to its operating model, with its regional businesses consolidating into the ultimate holding company located in Australia. Given that the Group is growing its business outside of Australia, this may expose the Group to withholding taxes on the repatriation of profits from its offshore operations as well as on the funding of its relevant businesses. The Group may be subject to transfer pricing compliance obligations in various overseas jurisdictions, including a number of jurisdictions within Africa. The views and approach of tax administrations may change from time to time and they may seek to impose new or different taxes on the Group based on alternative interpretations of exchange control, tax and transfer pricing regulations and/or as a result of the compliance activities of the relevant tax administrations.

### Economic conditions and impact on profitability

The Group's ability to increase sales, maintain or increase prices and/or to recover fixed costs may be adversely affected by volatile economic conditions. As the Company focuses on projects and operations, the growth of its business will largely be dependent on the demand for the construction of new mineral process plants, as well as the economic cycles and market conditions as they relate to demand for products generated by customers' current operations. The demand for constructing new mineral processing plants at any point in time is contingent on, amongst other things, general economic conditions, interest rate levels, current economic growth, regulatory and policy certainty in major mining jurisdictions (the Group's core market is Africa where this risk is enhanced) and access to and cost of funding that affects the entering of new capital projects. The entering of new capital-intensive projects in the mining and mineral resource industry is strongly correlated with commodity prices. Consequently, recessions or prolonged economic downturns in the markets in which the Group operates could have a material adverse effect on its business, financial condition or results of operations.

## 6.2 GENERAL RISK FACTORS

### Economic and geopolitical conditions

There are a number of general economic and geopolitical conditions which may have an adverse effect on the Group's operations, and its ability to pursue its growth strategies and pay dividends. Such changes include changes in government policy, taxation or other legislation, interest rates, unemployment, consumer sentiment, the strength of the Australian equity markets, natural disasters, acts of terrorism, financial failures of suppliers with which the Group contracts or the global economic outlook. As a result of COVID-19 and government or industry measures taken in response to COVID-19, a number of these factors have experienced volatility and may continue in the future.

### Equity market risks

There can be no assurance that the price of the Shares will increase or even remain at the Offer Price, even if the Group is profitable and performing well. The Shares may trade at a discount to the Offer Price. The Share price may be affected by a number of factors, many of which are outside the Group's control, including the economic and geopolitical conditions described above or investor attitudes. Further, there can be no certainty that an active market in the Shares will develop once the Shares are quoted on the ASX.

### Taxation

The acquisition and disposal of Shares will have tax consequences which will differ, depending on individual investors' affairs. Any change in the general treatment of companies for taxation purposes may impact on investors' returns, the treatment of dividends for income tax purposes or the taxation treatment of capital gains or losses for investors.



### **Dilution risk**

Chrysos may undertake capital raisings in the future to raise funds, facilitate employee share plans or fund growth and other strategic initiatives. While Chrysos will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period, Shareholders at the time may be diluted as a result of such capital raisings.

### **Distributions may vary**

The ability of Chrysos to pay dividends is dependent upon Chrysos having, at the time, the available cash, a sufficient level of retained profits and the probability of ongoing profitability and cash generation, which cannot be guaranteed. As such, there is a risk that Chrysos may not pay dividends to Shareholders from time to time, or at all. Chrysos does not presently intend to pay dividends.

### **Forecasts and forward-looking statements**

There can be no guarantee that the assumptions and contingencies on which any forecasts or other forward-looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. Various factors and risks, both known and unknown, many of which are outside the control of Chrysos, may impact upon the performance of the Group and cause actual performance to vary significantly from expected results. There can be no guarantee that Chrysos will achieve its stated objectives or that forward-looking statements or forecasts will prove to be accurate.

### **Accounting Standards**

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of Chrysos and its Directors. The AASB may, from time to time, introduce new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income and statement of financial position items, including revenue and receivables. There is also a risk that interpretation of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income and statement of financial position items, including revenue and receivables, may differ. Changes to the Australian Accounting Standards issued by the AASB, or changes to the previous interpretation of the Australian Accounting Standards, or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of Chrysos.

### **Force majeure events**

Events may occur within or outside the countries in which the Group operates that could impact upon these economies, the operations of the Group and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Group's products and services and its ability to conduct business. The Group has only a limited ability to insure against some of these risks. If any of these events occur, this may have a material adverse impact on the Group's operations, financial performance and viability.

### **Litigation**

Chrysos may in the ordinary course of business be involved in possible disputes. These disputes could give rise to litigation. While Chrysos is not currently a party to any dispute, the extent of any future disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of the Group.





# 7. KEY PEOPLE, INTERESTS AND BENEFITS

# 7. KEY PEOPLE, INTERESTS AND BENEFITS

## 7.1 BOARD OF DIRECTORS

Profiles of each of Chrysos' Directors are set out below.

Director	Experience and Responsibilities
 <p><b>Robert Adamson</b> Non-Executive Chairman <i>BE (Mech) (UWA), BE Hons (Ag) (Melb), MBA (AGSM), MAICD</i></p>	<p>Appointed as a Director in June 2016.</p> <p>Mr Adamson is an experienced chairman and director with a demonstrated history as a corporate adviser and investor in the resources and related industries sectors. He has over 35 years' professional experience, including 31 years in advisory and investment roles with RFC Group Companies. He has taken his deep industry knowledge and commercial nous and combined it with the outstanding technology developed by the CSIRO to co found Chrysos Corporation.</p> <p>Mr Adamson is Executive Chairman of both RFC Ambrian Group Limited and RFC Ambrian Limited. He is also Chairman of NextOre Limited, a company owned by RFC Ambrian Group Limited, CSIRO and Advisian, formed to advance magnetic resonance ore sorting. He previously worked with Anglo America Corporation in South Africa.</p> <p>Mr Adamson brings an owner's perspective to operating businesses as a principal of RFC Ambrian Group and having run a successful business for a long time.</p> <p>Special Chrysos Board responsibilities:</p> <ul style="list-style-type: none"><li>• Member of the Audit, Risk and Finance Committee; and</li><li>• Member of the Environment, Safety, Social and Governance Committee.</li></ul>
 <p><b>Dirk Treasure</b> Managing Director &amp; Chief Executive Officer <i>MComm (Sydney), BSc (Murdoch), MAusIMM, MAICD</i></p>	<p>Appointed as a Director in February 2022.</p> <p>Mr Treasure has been an active member of the mining industry since 2006. He is a metallurgist with both technical and corporate experience, with a background in mining related research and development.</p> <p>Mr Treasure spent seven years in novel metallurgical process design, employed by service providers and mining companies directly. He has designed, built, and managed pilot plants across various deployment scales for hydrometallurgical, pyrometallurgical and electrolytic technologies. During his time as Operations Manager of ABR Process Development, he oversaw development of technology from conceptual design to commercial application.</p> <p>His technical experience includes working as the high pressure acid leach Metallurgist for First Quantum's Ravensthorpe Nickel Operations, project technologist for Metals Finance Australia and Operations Manager for ABR Process Development.</p> <p>As Chrysos' Founding CEO, Mr Treasure has led the Company since operations began in 2017 and, while working within RFC Ambrian, he oversaw Chrysos' seed capital raising, Company formation and managed the acquisition of the underlying PhotonAssay technology from Australia's national science agency, CSIRO.</p>

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

### Director

### Experience and Responsibilities



**Brett Boynton**  
Non-Executive  
Director

*B.Com (Economics  
and Accounting),  
MBA (Duke), CFA*

Appointed as a Director in June 2016.

Mr Boynton has an international investment banking background with UBS in London and New York, and Credit Suisse in Australia. He has advised on transactions and raised capital for energy, resources and technology sector companies, both at initial public offer and on the secondary markets. In his executive capacity he has managed cross-border acquisitions, joint ventures and divestments of several projects. Mr Boynton is now an active angel and venture capital investor in Australian start-up companies.

Mr Boynton is Founder and Chief Executive Officer of London listed Tectonic Gold Plc and sits on the board of several private companies.

Special Chrysos Board responsibilities:

- Chair of the Audit, Risk and Finance Committee.



**Dr Leong Mar**  
Non-Executive  
Director<sup>53</sup>

*BSc Hons  
(UNSW), PhD  
(UNSW), GAICD*

Appointed as a Director in February 2017.

Dr Mar has over 20 years of technical, commercial and entrepreneurial experience from research organisations, technology companies and one of the world's iconic science corporations. He is currently Commercial Initiatives Director at CSIRO and Investment Committee Member at Uniseed Investments.

Prior to this, Dr Mar was with global science corporation DuPont for 10 years, serving in several roles including Manager of the Australia and New Zealand Technology Centre, Leader of the Corporate Business Growth and Innovation Teams and member of the Country Leadership team. During this time, he led the development and commercialisation of technology solutions including multi-industry award winning solutions for the mining sector.

Dr Mar has also held executive roles with several technology companies and has been appointed Visiting Fellow at University of New South Wales and Honorary Senior Fellow at University of Melbourne. He has a successful track record in identifying, developing and commercialising technology in different industry sectors and possesses broad knowledge across multiple scientific disciplines with a demonstrated ability to bridge research and industry.

Special Chrysos Board responsibilities:

- Member of the Environment, Safety, Social and Governance Committee.

53. Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.

**Director****Experience and Responsibilities**

**Kerry Gleeson**  
**Non-Executive**  
**Director**  
*LLB (Hons), FAICD*

Appointed as a Director in July 2021.

Ms Gleeson is an experienced non-executive director following a 25-year career as a senior executive and as a lawyer in both the UK and Australia. She has significant experience in international governance, strategic mergers and acquisitions and complex corporate finance transactions, as well as in risk and crisis management.

Ms Gleeson is currently Non-Executive Director for ASX-listed St Barbara Limited (ASX:SBM), New Century Resources Limited (ASX:NCR) and Australian Strategic Materials (ASX:ASM). She is also the current Chair of Trinity College at the University of Melbourne.

Ms Gleeson was a member of the Group Executive at Incitec Pivot Limited for 10 years until 2013, including as Company Secretary and General Counsel, with involvement across its international operations in explosives and chemicals, mining, transport and logistics. Ms Gleeson led Incitec Pivot's Corporate Affairs function across government, media and regulatory affairs, as well as leading international crises responses and major environmental remediation projects, and the Group's Culture & Values and Diversity programs.

Earlier in her career, Ms Gleeson practised as a corporate lawyer, with Blake Dawson Waldron (now Ashurst) in Melbourne after a 10-year legal career in the UK, including as a corporate finance and transactional partner in an English law firm, focusing on mergers and acquisitions and initial public offerings.

Special Chrysos Board responsibilities:

- Lead independent Director;
- Member of the Audit, Risk and Finance Committee; and
- Member of the Remuneration and Nominations Committee.



**Eric Ford**  
**Non-Executive**  
**Director**  
*GAICD, BSc (Mining*  
*Engineering), MSc*  
*(Management*  
*Science)*

Appointed as a Director in June 2019.

Mr Ford has extensive experience in the global mining industry in executive management and directorship roles. He is currently a Non-Executive Director with Compass Minerals International (NYSE:CMP), where he is Chairman of the Environmental, Health, Safety and Sustainability Committee and a member of the Nominating and Governance Committee. Previous roles have included Chairman and Chief Executive Officer of Peabody Energy's Australian business unit, Chief Executive Officer of Anglo Coal Australia and Executive Director (Operations) with Anglo Platinum and numerous roles across local and international industry associations, including the Minerals Council of Australia.

Mr Ford's prior experience includes numerous executive roles within globally recognised mining companies during a career that spans almost 50 years in the industry, including previous participation in the Coal Industry Advisory Board to the International Energy Agency.

Mr Ford has led, built, and turned around complex businesses encompassing large workforces in diverse geographies, cultures, currencies, and languages. This has included all lifecycle phases from feasibility through to closure and final rehabilitation in highly regulated and unionised environments across three continents.

With a deep passion for mentoring and coaching, Mr Ford's reputation is one of creating high performing businesses founded on a culture of achievement, accountability and trust that span a diversity of cultures, customs, generations, skills, practices and beliefs.

Special Chrysos Board responsibilities:


- Chair of the Environmental, Safety, Social and Governance Committee; and
- Member of the Remuneration and Nominations Committee.

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

Director	Experience and Responsibilities
 <p><b>Ivan Mellado</b> Non-Executive Director <i>GAICD, Master of Law (IP), B. Business (Marketing)</i></p>	<p>Appointed as a Director in December 2016.</p> <p>Ivan Mellado is a company director and corporate advisor with particular expertise in technology/IP commercialisation, technology-driven corporate transactions and new venture development. He leads Mellado &amp; Co, a specialist advisory practice delivering strategy and hands-on expertise to boards and management of innovative, high growth technology commercialisation companies and research institutions.</p> <p>Mr Mellado brings over 25 years of experience in business development, strategic marketing, financing and general management, the last 15 of which have been focused on the commercialisation and early-stage growth of IP-based ventures. He has served as a director on numerous early-stage company boards and has acted for corporate clients and major research institutions on a wide range of commercialisation-related transactions including new venture development, IP licensing, capital raising and M&amp;A.</p> <p>Special Chrysos Board responsibilities:</p> <ul style="list-style-type: none"><li>• Chair of the Remuneration and Nominations Committee; and</li><li>• Member of the Audit, Risk and Finance Committee.</li></ul>

### 7.2 SENIOR MANAGEMENT

Profiles of Chrysos' senior management team are set out below. Further information on their terms of employment is outlined in Sections 7.3.3 and 7.3.6.

Member	Experience
 <p><b>Dirk Treasure</b> Managing Director &amp; Chief Executive Officer <i>MComm (Sydney), BSc (Murdoch), MAusIMM, MAICD</i></p>	<p>See Section 7.1 above.</p>

## Member

## Experience



**Brett Coventry**  
**Chief Financial**  
**Officer & Joint**  
**Company Secretary**

*BAcc, GDip Co*  
*Sec Prac, MBA*  
*(Deakin), CPA,*  
*FGIA, FCIS, MAICD*

Mr Coventry is an accomplished CFO, company secretary and director, with over 25 years' experience in senior finance, banking and operational roles across private and publicly owned businesses. He has led cross-functional teams throughout Asia-Pacific, North America and Europe in listed, unlisted and private fast-moving SaaS, technology, fast-moving consumer goods and financial services companies. He is a Certified Practicing Accountant, a Fellow of the Governance Institute of Australia, and a member of the Australian Institute of Company Directors.

Prior to joining Chrysos in early 2020, Mr Coventry was involved in steering entrepreneurial technology companies through successful international expansion and market growth campaigns. This includes roles as chief financial officer at Catapult Group International Limited (ASX:CAT) and Money3 Limited (ASX:MNY), which also included the management of the Initial Public Offering of Catapult Group International Limited.

## 7.3 INTERESTS

### 7.3.1 General

Except as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequence of that person's association with any company or firm or in any material contract entered into by Chrysos) has now, or has had, in the two-year period ending on the date of this Prospectus, any interest in:

- The formation or promotion of the Company; or
- Any property acquired or proposed to be acquired by the Company in connection with the Company's formation or promotion, or the Offer; or
- The Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefits of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director, to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services provided by the Director, or his or her company or firm with which the Director is associated, in connection with the formation or the promotion of the Company, or the Offer.

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

### 7.3.2 Interests in Securities

The interests of the Non-Executive Directors, the Managing Director and CEO and, the CFO ("**Relevant Officers**") are set out below:

Relevant Officer	Interest in Shares						Interest in Options				Interest in Performance Rights							
	As at the Prospectus Date			On Completion <sup>1</sup>			As at the Prospectus Date		On Completion		As at the Prospectus Date		On Completion					
	Number	% (diluted) <sup>2</sup>	% subject to escrow	Number	% (diluted) <sup>2</sup>	% subject to escrow	Number	% subject to escrow	Number	% subject to escrow	Number	% subject to escrow	Number	% subject to escrow				
Robert Adamson <sup>3</sup>	7,890,500	9.0%	8.4%	7,814,771	7,890,500	8.0%	7.6%	7,814,771	175,000	2.3%	175,000	175,000	2.3%	175,000	-	-	-	-
Dirk Treasure	814,273	0.9%	1.1%	796,911	814,273	0.8%	1.2%	796,911	277,500	3.7%	277,500	277,500	3.7%	277,500	-	-	138,462	67.3%
Brett Boynton	-	-	0.4%	-	-	-	0.3%	-	362,500	4.9%	362,500	362,500	4.9%	362,500	-	-	-	-
Dr Leong Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kerry Gleeson	-	-	0.0%	-	-	-	0.0%	-	12,500	0.2%	12,500	12,500	0.2%	12,500	-	-	-	-
Eric Ford <sup>4</sup>	108,000	0.1%	0.3%	62,078	108,000	0.1%	0.3%	62,078	162,500	2.2%	162,500	162,500	2.2%	162,500	-	-	-	-
Ivan Mellado <sup>5</sup>	-	-	0.4%	-	-	-	0.3%	-	362,500	4.9%	362,500	362,500	4.9%	362,500	-	-	-	-
Brett Coventry <sup>6</sup>	11,112	0.0%	0.2%	3,420	11,112	0.0%	0.2%	3,420	162,500	2.2%	162,500	162,500	2.2%	162,500	-	-	67,385	32.7%

#### Notes:

- Shown on the basis that up to \$250,000 is raised at \$5.85 per Share as part of the Employee Offer, representing a discounted price of 90% of the Offer Price. The total aggregate proceeds raised from the issue of New Shares under the Offer is up to \$65.0 million.
- Assumes that all Options and Performance Rights are exercised.
- Includes the Shares held by Alchemy Securities Pty Limited, Quadratura Investments Pty Limited and DDD&M Pty Limited which are controlled entities of Robert Adamson.
- Includes the Shares held by EVC Holdings Pty Limited which is a controlled entity of Eric Ford.
- Includes the Options held by Clarity Holdings Pty Limited which is a controlled entity of Ivan Mellado.
- Includes the Shares held by Boulevard X Super Pty Limited and Options held by Boulevard X Pty Limited which are controlled entities of Brett Coventry.

The Performance Rights will be issued under the Employee Equity Plan and are discussed further in Section 9.4.

The Relevant Officers (and their associates) are entitled to apply for Shares in the Offer. The Relevant Officers reserve their rights as at the date of this Prospectus as to whether they will participate in the Offer. Nothing in this Prospectus will be taken to preclude Relevant Officers, officers, employees or advisers of Chrysos, from applying for Shares on the same terms and conditions as Offered pursuant to this Prospectus.

### 7.3.3 Remuneration

#### Non-Executive Director remuneration

Under the Constitution and the ASX Listing Rules, the total fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors' fees approved by Shareholders at the Company's general meeting. This amount has been fixed by the Company at \$650,000 per annum.

As at the Prospectus Date and from 1 July 2022, the annual base fee agreed to be paid by the Company to:

- The Chairman is \$170,000;
- Each of the other Non-Executive Directors is \$85,000;
- Each Chair of a committee is \$20,000; and
- Each member of a committee is \$10,000.

All base fees shown above are inclusive of statutory superannuation contributions.



### Senior management remuneration

As at the Prospectus Date and following Completion of the Offer, the annual base salary agreed to be paid by the Company to:

- The Managing Director and CEO is \$450,000; and
- The CFO is \$350,000.

All base salaries shown above are inclusive of statutory superannuation contributions.

In addition to the base salaries, each of the senior management are eligible to receive STIs and LTIs. The total eligible remuneration, comprising base salary and STIs and LTIs for the period beginning the date on which the Company is successfully listed on the ASX and ending on 30 June 2023, is set out below.

Senior management	Base Salary	STI Target <sup>1</sup>	STI Stretch <sup>1</sup>	LTI <sup>2</sup>
Managing Director and CEO	\$450,000	\$405,000	\$180,000	\$900,000
CFO	\$350,000	\$220,500	\$24,500	\$438,000

#### Notes:

1. The CEO and the CFO will be entitled to STIs calculated by reference to EBITDA and revenue and paid pro rata between stretch and target.
2. The CEO and the CFO will be entitled to LTIs calculated by total shareholder return and paid pro rata.

Refer to Section 9.4 for more information about the STIs and LTIs.

### 7.3.4 Non-Executive Directors' Appointment Letters

Each of the Non-Executive Directors has entered into an appointment letter with the Company. These letters include provisions recommended by the ASX Corporate Governance Council in the 4th edition of the ASX Corporate Governance Principles and Recommendations ("**ASX Principles**"), including provisions requiring Non-Executive Directors to disclose their interests and matters which could affect their independence, comply with key corporate governance policies and maintain confidentiality.

### 7.3.5 Indemnification and Insurance

The Company has entered into deeds of indemnity, insurance and access with each Director. Each deed contains a right of access to certain books and records of Chrysos for a period of seven years after the Director ceases to hold office. Pursuant to the Constitution, the Company may indemnify Directors and officers, past and present, against liabilities that arise from their position as a Director or officer permitted by law. Under each deed of indemnity, insurance and access, the Company indemnifies each Director to the maximum extent permitted by law against any liability incurred by the Director arising out of or in connection with the Director acting as an officer of Chrysos, as well as legal costs incurred by the Director as a consequence of having been an officer of Chrysos.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors and officers to the extent permitted by law. Under each deed of indemnity, insurance and access, the Company must maintain insurance for each Director against any claims during each Director's period of office and for a period of seven years after a Director ceases to act as an officer of Chrysos. The Company's obligation is to maintain coverage on terms not materially less favourable to the Director than the terms of insurance applying when the Director ceased being a Director of Chrysos provided that such insurance can be obtained on reasonable commercial terms.

### 7.3.6 Senior Management's Employment Contracts

Each of Dirk Treasure and Brett Coventry has entered into an employment contract with Chrysos. These employment contracts:

- Allow the senior manager's employment to be terminated on 6 months' notice by either party;
- Allow Chrysos to terminate a senior manager's employment without notice if that senior manager engages in serious misconduct;
- Restrain senior managers from competing with Chrysos' business or soliciting any of Chrysos' suppliers, customers or employees with whom they have had dealings in the last 12 months of their employment with Chrysos. The restraint applies for a maximum period of up to 12 months after their employment ends (on a cascading basis) and applies for a maximum area of worldwide (on a cascading basis);

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

- Impose confidentiality obligations on the senior managers, which survive termination of their employment with Chrysos; and
- Provide for the senior managers to assign to Chrysos all of their intellectual property rights arising out of their employment with Chrysos. It also provides for the senior managers to consent to any acts or omissions by Chrysos or persons associated with it, such as other employees, which infringe their moral rights over any works made by them in the course of their employment.

### 7.4 CORPORATE GOVERNANCE

The Company is seeking a Listing on the ASX. The ASX Corporate Governance Council has developed the ASX Principles, which set out recommended corporate governance practices for entities listed on ASX in order to assist listed entities to achieve good corporate governance outcomes and meet investor expectations.

The ASX Principles are not prescriptive, but guidelines against which entities have to report on an “if not, why not” basis. Under the ASX Listing Rules, the Company must prepare a corporate governance statement that discloses the extent to which it has followed the ASX Principles during each reporting period. Where the Company does not follow a recommendation in the ASX Principles for any part of the reporting period, it must identify that recommendation and the period during which it was not followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

As at the date of Listing, the Company will have complied with all of the ASX Principles except as set out below.

ASX Principles	Reason for non-compliance
<p><b>Recommendations 2.1 and 8.1:</b> The board of a listed entity should have a nomination and remuneration committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director.</p>	<p>The members of the Remuneration and Nominations Committee are:</p> <ol style="list-style-type: none"> <li>Ivan Mellado (Chair) – Non-independent Director</li> <li>Kerry Gleeson – Independent Director</li> <li>Eric Ford – Independent Director</li> </ol> <p>The composition of the Remuneration and Nominations Committee reflects the skills and knowledge necessary to discharge the duties under the Remuneration and Nominations Committee Charter, with the majority being independent Directors.</p>
<p><b>Recommendation 2.2:</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p>The Company has a board skills matrix that reflects its unlisted nature. This is currently being reviewed to reflect the transition of the Company to being a listed company. In the meantime, the Board has an appropriate range of skills, experience and expertise and an understanding of, and competence to deal with, current and emerging issues of the business. In addition, the Company’s succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.</p>
<p><b>Recommendation 2.4:</b> A majority of the board of a listed entity should be independent directors.</p>	<p>While the majority of the Board are not independent Directors, the Board has an appropriate range of skills, experience and expertise and an understanding of, and competence to deal with, current and emerging issues of the business.</p>
<p><b>Recommendation 2.5:</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Chair is not independent, however given Robert Adamson’s skills, experience, expertise and understanding of the Company and its operations, he remains uniquely placed to act in the role of Chair. In circumstances where Robert Adamson has a conflict, the Company has nominated Kerry Gleeson as lead independent Director.</p>

ASX Principles	Reason for non-compliance
<p><b>Recommendations 4.1 and 7.1:</b> The board of a listed entity should have an audit and risk committee which has at least three members, all of whom are non-executive directors (in the case of the audit committee), a majority of whom are independent directors and is chaired by an independent director, who is not the chair of the board.</p>	<p>The Company has established an Audit, Finance and Risk Committee, which has responsibility for audit and risk matters.</p> <p>The members of the Audit, Finance and Risk Committee are:</p> <ol style="list-style-type: none"> <li>Brett Boynton (Chair) – Independent Director</li> <li>Kerry Gleeson – Independent Director</li> <li>Ivan Mellado – Non-independent Director</li> <li>Robert Adamson – Non-independent Director</li> </ol> <p>The composition of the committee reflects the skills and knowledge necessary to discharge the duties under the Audit, Finance and Risk Committee Charter.</p>

## 7.5 BOARD CHARTER

The Board has adopted a Board Charter which sets out the responsibilities of the Board in greater detail, including the following responsibilities:

- Providing leadership and setting the strategic direction, objectives and goals of the Company;
- Appointing the chairperson;
- Appointing and when necessary replacing, the Chief Executive Officer;
- Approving the appointment and when necessary replacement of, other senior executives of the Company;
- Overseeing and evaluating management’s implementation of the Company’s strategic direction, objectives and goals, and its performance generally;
- Through the chairperson, overseeing the role of the company secretary;
- The prudential control of the Company’s finances and operations, including monitoring its financial performance and approving its budgets and major capital expenditure;
- Overseeing the integrity of the Company’s accounting and corporate reporting systems, including the external audit;
- Ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- Identifying and managing significant business risks in accordance with the Company’s risk management and internal compliance and control systems;
- Approving the Company’s remuneration framework; and
- Supervising compliance with the Company’s governance practices and monitoring their effectiveness.

The Board Charter provides for the Board to delegate specific matters to the Chief Executive Officer, who has the authority to sub-delegate to the senior management team, or to committees established by the Board.

Under the Board Charter, the Board will seek to appoint an independent, Non-Executive Director as Chair. However, if the Chair is not independent, a lead independent Director will be appointed by the independent, Non-Executive Directors (currently Kerry Gleeson). The lead independent Director will take over the role of the Chair when the Chair is unable to act as a result of their lack of independence or in circumstances where a conflict of interest arises.

Under the Board Charter, the Board is to undertake an annual performance of itself, its members and each committee.

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

### 7.6 BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. Membership of Board committees will be based on the needs of Chrysos, relevant legislative and other requirements, and the skills and experiences of individual Directors.

The Board has established an Audit, Finance and Risk Committee, a Remuneration and Nominations Committee and an Environment, Safety, Social and Corporate Governance Committee (“**ESSG**”).

#### 7.6.1 Audit, Finance and Risk Committee

The purpose of the Audit, Finance and Risk Committee is to assist the Board in fulfilling its accounting, auditing and financial reporting responsibilities by overseeing the integrity of financial reporting and financial statements, the independence and competence of external auditors, the effectiveness of the Company’s risk management system and internal controls and systems, and procedures for compliance with applicable legal and regulatory requirements.

The role and responsibilities, composition, structure and membership requirements of the Audit, Finance and Risk Committee are documented in an Audit, Finance and Risk Committee Charter approved by the Board and include:

- Overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- Reviewing and making recommendations in relation to the adequacy and accuracy of the Company’s corporate reporting processes;
- Making recommendations to the Board on the appointment and remuneration of the external auditor;
- Periodically assessing the performance of the external auditor and monitoring the external auditor’s effectiveness and independence;
- Preparing and regularly reviewing a risk profile which describes the material risks facing the Company, including financial and non-financial matters;
- Ensuring that the Company has an effective risk management system;
- Assessing and ensuring that there are internal controls for determining and managing key risk areas; and
- Ensuring that the Company has appropriate internal audit systems and controls in place.

The Audit, Finance and Risk Committee comprises four Non-Executive Directors (two of whom are independent), being Robert Adamson, Kerry Gleeson, Ivan Mellado and Brett Boynton, being an independent Director, as the chair.

The Audit, Finance and Risk Committee will meet at least three times per year. Members of the executive team, including the Chief Executive Officer and the Chief Financial Officer, and internal and external auditors, will be invited to participate in meetings at the discretion and request of the Audit, Finance and Risk Committee from time to time. The chairperson of the committee will report to the Board after each Committee meeting.

#### 7.6.2 Remuneration and Nominations Committee

The Remuneration and Nominations Committee has two key functions: the remuneration function and the nomination function. The purpose of the nomination function is to assist and advise the Board on succession planning for the Board and senior executives, the processes to evaluate performance of Directors, Board committees and the Board, and the recruitment, appointment and re-election of Directors to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole. The purpose of the remuneration function is to assist and advise the Board on remuneration policies and practices for the Board, the Chief Executive Officer, the Chief Financial Officer, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company.

The role and responsibilities, composition, structure and membership requirements of the Remuneration and Nominations Committee are documented in a Remuneration and Nominations Committee Charter approved by the Board and include:

- Identifying and making recommendations regarding the necessary and desirable competencies of Directors;
- Developing and reviewing the process for the selection, appointment and re-election of Directors;
- Identifying and making recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise;
- Co-ordinating with the Board to ensure that the Company meets its commitment to becoming a diverse and inclusive workplace;
- Developing and reviewing induction procedures for new appointees to the Board and continuing education measures for Directors;
- Overseeing the development and implementation of a process for the evaluation of the performance the Board, Board committees, and Directors individually;
- Reviewing Board and senior executive succession plans and processes, including for the Chief Executive Officer and other senior executive positions and being conscious of each Director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity;
- Reviewing the performance of the chairperson and reporting the results of the evaluation to the Board; and
- Reviewing and making recommendations to the Board on the Company's remuneration for senior executives, incentive compensation and superannuation arrangements.

The Remuneration and Nominations Committee comprises three Non-Executive Directors (the majority of whom are independent), being Kerry Gleeson, Eric Ford and Ivan Mellado as the chair. The Remuneration and Nominations Committee will meet at least three times per year.

### **7.6.3 Environmental, Safety, Social and Corporate Governance Committee**

The purpose of ESSG is to assist and advise the Board on matters relating to the oversight of environment, safety, social and governance matters. In relation to matters of risk and risk management, the ESSG will seek to coordinate its activities with the Audit, Finance and Risk Committee.

The ESSG will oversee, advise and make any necessary recommendations to the Board on the following matters:

- The effectiveness of the Company's environmental, health and safety, social and community management framework, policies and procedures, and the performance of the Company's strategies, including receiving reports on any environmental regulatory matters;
- The effectiveness of the Company's corporate governance framework, policies and procedures, including the periodical review of all charters for the Board and its committees, as provided by each charter;
- Review of transactions with related parties and report any such material transactions to the Audit, Finance and Risk Committee and to the Board as appropriate;
- Promotion of the benefits to the environment of the Company's technology, safe and healthy working conditions for employees and all stakeholders of the Company and good relations with local communities;
- The Company's initiatives to protect and conserve the environment through minimising and where practical, eliminating adverse impacts from carrying out the Company's business, through recycling and the use of energy efficient technology and resources, particularly in relation to the consumption of electricity, water and materials;
- The Company conducting its business to the highest ethical standards;
- Compliance with legislative and regulatory requirements, licensing and client site requirements;
- Identification and management of environmental, health and safety, social and community risks and incidents, and report of the same to the Board; and
- Review of any sustainability reports prior to publishing.

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

The ESSG comprises three Non-Executive Directors, being Robert Adamson, Dr Leong Mar<sup>54</sup> and Eric Ford, being an independent Director, as the chair. Upon his resignation from the Board at Completion, Dr Leong Mar will be replaced by Brett Boynton. The ESSG may appoint independent members to the ESSG who are not Directors. Members of the executive team may be invited to participate in meetings at the request of the ESSG from time to time. Meetings of the ESSG shall be held a minimum of four times per year.

### 7.7 CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

Chrysos' policies and corporate governance practices will continue to be reviewed regularly, developed and refined to meet Chrysos' needs. Chrysos' full corporate governance policies are available on Chrysos' website: <https://www.chrysos.com.au/>.

#### 7.7.1 Code of Conduct

The Board has approved a Code of Conduct to guide compliance with legal and other obligations to the Company's stakeholders. The Code of Conduct sets out the values, commitments, ethical standards and policies of the Company and outlines the standards of conduct expected of the Company's Directors, officers, employees, contractors, consultants, other persons that act on behalf of the Company, and associates of the Company.

The Code of Conduct deals with the following key areas:

- Conflicts of interest;
- Opportunities, benefits and ownership of work;
- Anti-bribery and gifts;
- Dealings with politicians and government officials;
- Confidentiality;
- Privacy;
- Company reputation;
- Social media;
- Fair dealing;
- Discrimination, bullying, harassment and vilification;
- Health and safety;
- Protection of and use of the Company's assets and property;
- Trade secrets and intellectual property;
- Compliance with laws and regulations;
- Responsibility to the environment, shareholders and the financial community;
- Insider trading; and
- Whistleblower protection.

54. Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.

### **7.7.2 Securities Trading Policy**

The Company has adopted a Securities Trading Policy for Directors, senior executives and employees of the Company.

The policy requires Directors, key management personnel and their associates to obtain approval prior to dealing in the Company's securities in certain prohibited periods, subject to exceptional circumstances. The policy sets out certain prohibited periods around the time of the release of the Company's financial results and AGM, during which staff members covered by the policy may not trade in the Company's securities. The policy also requires that Directors and employees of the Company in possession of price sensitive information must not at any time deal in securities of the Company, or advise or suggest another person do so, or communicate the price sensitive information to a person who may deal in securities of the Company. The policy prohibits Directors and key management personnel from engaging in short-term dealing in securities of the Company, and prohibits Directors and employees from taking out margin loans over their holdings in the Company's securities.

The Securities Trading Policy clearly identifies those individuals who are restricted from trading and the relevant laws relating to insider trading.

### **7.7.3 Disclosure and Communication Policy**

The Company has adopted a Disclosure and Communication Policy which sets out its commitment to promoting investor confidence and the rights of shareholders by complying with the continuous disclosure obligations imposed by law, ensuring that all shareholders have equal and timely access to material information concerning the Company and communicating effectively with shareholders. As a publicly listed company, the Company has obligations under the Corporations Act and the ASX Listing Rules to keep the market fully informed of all information which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Information will be communicated to Shareholders through announcements to ASX, half-yearly and yearly financial reports, an annual report, at the AGM and the Company's website: <https://www.chrysos.com.au/>.

The Board has appointed the CEO, CFO and Joint Company Secretaries as Disclosure Officers. The Disclosure Officers are the persons responsible for managing the Board's external communications with ASX.

### **7.7.4 Diversity Policy**

The Company has adopted a Diversity Policy which sets out its commitment to diversity and inclusion in the workplace. The Diversity Policy provides for the Board to adopt measurable objectives to assist the Company to achieve diversity and to review the Company's progress in meeting these objectives and the effectiveness of these objectives each year.

The Remuneration and Nominations Committee may recommend such measurable objectives to the Board in light of the Company's general selection policy for Directors, officers and employees. Under the policy, the Company states that it will take action against inappropriate workplace and business behaviour, including discrimination, harassment, bullying, victimisation or vilification. The Remuneration and Nominations Committee will report to the Board on the effectiveness of the Company's diversity objectives each year. This report will include a review of the relative proportions of men and women at all levels in the organisation.

### **7.7.5 Anti-Bribery and Corruption Policy**

The Company has adopted an Anti-Bribery and Corruption Policy for Directors, employees, contractors, consultants, business partners and other persons that act on behalf of the Company and its associates. The Anti-Bribery and Corruption Policy sets out the Company's 'zero tolerance' approach to bribery and corruption.

The Anti-Bribery and Corruption Policy covers bribery and corruption, gifts, entertainment, meals and travel expenses, secret commissions, facilitation payments, dealings with politicians and government officials, political contributions, charitable contributions, payments to business partners and compliance with local laws. The Anti-Bribery and Corruption Policy sets out mechanisms for persons to report conduct which breaches the Anti-Bribery and Corruption Policy and explains the consequences which persons may face if they breach the Anti-Bribery and Corruption Policy.

The Joint Company Secretaries are responsible for the overall administration of the Anti-Bribery and Corruption Policy. The Joint Company Secretaries must notify the Board of any material breach of the Anti-Bribery and Corruption Policy.

## 7. KEY PEOPLE, INTERESTS AND BENEFITS CONTINUED

### 7.7.6 Whistleblower Policy

The Company has adopted a Whistleblower Policy which sets out its commitment to creating and maintaining an environment where individuals can come forward and report known or suspected business misconduct or wrongdoing.

The Whistleblower Policy applies to eligible 'whistleblowers' who disclose information to an eligible recipient which is protected under relevant legislation.

The Whistleblower Policy sets out what matters can be disclosed, who they can be disclosed to, how a matter can be disclosed, the protections that are available for disclosers, how those the subject of a disclosure will be treated and how a disclosed matter will be handled and investigated.

The Company's Policies and charters can be reviewed on the Company's website <https://www.chrysos.com.au/>.

### 7.8 INDEPENDENCE

Of the Directors, Brett Boynton, Eric Ford and Kerry Gleeson are considered independent as they are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his/her judgement.

The other Directors are not considered independent for the following reasons:

- Robert Adamson – he is a substantial shareholder of the Company (primarily through his associated entities). Adamson is also the executive chair of RFC Ambrian, which has previously provided services to the Company, including in relation to its capital raisings, financial models and business plans;
- Ivan Mellado – he was involved with CSIRO prior to and during the incorporation of the Company and has subsequently had continuous service as a Director; and
- Dr Leong Mar – he is currently Commercial Director for the Missions Program at CSIRO, which is a substantial shareholder of the Company.<sup>55</sup>

### 7.9 LEGAL OR DISCIPLINARY ACTION

There are no legal or disciplinary actions against a Relevant Officer (or against companies that the person was a director of at the relevant time) that are less than 10 years old and are relevant to the role to be undertaken and to the decision to invest in the Company.

### 7.10 INSOLVENT COMPANIES

No Relevant Officer has been an officer of a company that entered into a form of external administration because of insolvency during the time the Relevant Officer was an officer or within a 12-month period afterwards other than as noted below.

Kerry Gleeson was a director of McAleese Transport Ltd when it entered into voluntary administration in August 2016 in order to put into effect a refinancing package. The refinancing was put in place under a deed of company arrangement and McAleese Transport Ltd was taken out of administration, delisted and continues to trade today as Rivet Group.

Brett Coventry was CFO of Unlockd Pty Ltd for three months, during which time the company entered into a form of external administration because of insolvency in August 2018, and he was CFO and director of Irexchange Ltd, and during his term the company entered into a form of external administration because of insolvency in October 2019. Both companies were wound up.

<sup>55</sup> Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.





## 8. DETAILS OF THE OFFER

## 8. DETAILS OF THE OFFER

### 8.1 IMPORTANT DATES

Lodgement of Prospectus with ASIC	Thu, 14 April 2022
Opening date of Retail Offer	Tue, 26 April 2022
Closing date of Retail Offer	Fri, 29 April 2022
Settlement of Offer	Wed, 4 May 2022
Allotment of New Shares and transfer of Sale Shares	Thu, 5 May 2022
Shares expected to commence trading on ASX on a normal settlement basis	Fri, 6 May 2022
Expected dispatch of holding statements	Fri, 6 May 2022

#### Dates May Change

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.

### 8.2 INITIAL PUBLIC OFFERING

The Company is undertaking an initial public offering of New Shares by the Company and the sale of the Sale Shares by SaleCo at an offer price of \$6.50 per Share (except for the Employee Offer – applicants under the Employee Offer will pay a discounted price of 90% of the Offer Price, being \$5.85 per Share). The Offer contained in this Prospectus is an invitation to apply for:

- Approximately 10.0 million New Shares raising proceeds of \$65.0 million (before costs); and
  - 18.2 million Sale Shares offered by SaleCo raising proceeds of \$118.5 million (before costs),
- (collectively the Offer).

### 8.3 OFFER STRUCTURE

The Offer comprises the Retail Offer and the Institutional Offer.

The Retail Offer consists of the:

- Broker Firm Offer – which is open to Australian and New Zealand resident retail clients of participating Brokers, who have received a firm allocation of Shares from their Broker; and
- Priority Offer – which is open to selected investors, who have received an invitation from the Company to apply for Shares under the Priority Offer under this Prospectus; and
- Employee Offer – which is open to Eligible Offer Employees in Australia who have received an invitation from the Company to apply for Shares at a discounted price of 90% of the Offer Price, being \$5.85 per Share, under the Employee Offer under this Prospectus.

The Institutional Offer consisted of an offer to Institutional Investors in Australia and certain other jurisdictions around the world (other than the United States), made under this Prospectus.

No general public offer of Shares will be made under the Offer.

The Offer of Sale Shares is a sell down of existing Shares by the Selling Shareholders (via SaleCo). SaleCo is a special purpose vehicle that has been established to facilitate the sale of the Sale Shares by the Selling Shareholders. Each of the Selling Shareholders has executed deeds in favour of, and for the benefit of, SaleCo under which they agree to sell their Shares to SaleCo free from encumbrances and third-party rights, conditional on Completion.

The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Company, SaleCo and the Lead Manager, having regard to the Shares available under the Offer and the allocation policies outlined in Section 8.9.

## 8.4 THE OFFER IS CONDITIONAL – APPLICATION FOR ADMISSION TO THE OFFICIAL LIST OF THE ASX

The Offer set out in this Prospectus is conditional on permission being granted for the quotation of the Shares offered under this Prospectus on the ASX.

The Company is proposing to apply for listing on the ASX. Within seven days after the date of this Prospectus, the Company will lodge an application with the ASX for admission of the Company to the official list of the ASX and quotation of all Shares on the ASX.

If the Company's application for listing is accepted by the ASX, it is anticipated that the Company will be listed on the ASX in or about a month. The Shares are expected to trade under the ASX code C79.

It is the responsibility of the Applicants to check their allocation of Shares prior to trading.

No issue of Shares will be made until permission is granted for quotation of those Shares on the ASX. If the Shares are not admitted for quotation within three months after the date of this Prospectus or if any of the other conditions precedent to the Offer are not met, no funds will be raised pursuant to this Prospectus. Therefore, the Offer will not proceed, no Shares will be issued or transferred pursuant to the Offer and Applications received for Shares may need to be dealt with in accordance with section 724 of the Corporations Act.

## 8.5 APPLICATION OF PROCEEDS

All of the funds raised under the Offer from the transfer of Sale Shares will be paid to the Selling Shareholders (before costs) and will not be available for the purpose of Chrysos' activities.

The funds raised will be applied first towards meeting the expenses of the Offer, which are expected to be approximately \$3.7 million (including GST) for the Company and \$3.0 million (including GST) for SaleCo, collectively \$6.7 million (including GST). The expected costs of the Offer are set out under Section 9.13.

The net proceeds of the issue of New Shares under the Offer are expected to be \$61.3 million after expenses.

In satisfaction of the specific requirements of ASX Listing Rule 1.3.2(b) regarding the indicative future application of cash expected to be available to Chrysos following Completion, the sources and uses of funds relating to the Offer are as follows:

Use of proceeds	Estimated spend (\$m)	% of funds raised
<b>Company</b>		
PhotonAssay capital expenditure	61.3	94.3%
Costs of the Offer <sup>1</sup>	3.7	5.7%
<b>Total uses – Company</b>	<b>65.0</b>	<b>100.0%</b>
<b>SaleCo</b>		
Pay Selling Shareholders the remaining Offer proceeds received by SaleCo	115.5	97.5%
Costs of the Offer <sup>1</sup>	3.0	2.6%
<b>Total uses – SaleCo</b>	<b>118.5</b>	<b>100.0%</b>

**Note:**

1. Costs of the Offer shown exclusive of the Lead Manager's 0.50% incentive fee which is payable at the absolute discretion of the Company.

## 8. DETAILS OF THE OFFER CONTINUED

Chrysos is seeking to achieve the following objectives from its admission and the Offer:

- To fund growth capital expenditure required to construct and install additional PhotonAssay units as part of contractual commitments extending into 2024;
- To obtain greater access to capital markets and provide the Company with additional financial flexibility to pursue future growth opportunities; and
- To establish a liquid market for its Shares and an opportunity for both new investors to acquire its Shares and, Existing Shareholders to realise part of their investment in the Company.

The Offer proceeds are sufficient to meet Chrysos' objectives. Taking into account the Company's cash reserves (refer to Section 4.4), Chrysos has enough working capital at the time of its admission to carry out these stated objectives.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate a specific project, transaction or expansion.

It is possible that future acquisitions that may be contemplated may exceed the current projected financial resources of Chrysos and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to required Shareholder approvals).

### 8.6 UNDERWRITTEN

The Offer is underwritten by the Lead Manager, Barrenjoey Markets Pty Limited. The terms of the underwriting agreement are set out in section 9.9.1.

### 8.7 HOW TO APPLY FOR SHARES

#### 8.7.1 Broker Firm Offer

##### Who May Apply

The Broker Firm Offer is open to persons who have received an invitation to participate from their Broker and who have a registered address in Australia or New Zealand and are not located in the U.S. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

##### How to Apply

If you are an Applicant applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received an invitation to participate. Broker Firm Offer Applications Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Broker Firm Offer Application Form, or download a copy at <https://www.chrysos.com.au/prospectus>. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Payment are received before 5.00pm (Sydney time) on Friday, 29 April 2022 or any earlier closing date as determined by your Broker.

By making an Application, you declare that you were given access to this Prospectus (including any supplementary or replacement prospectus), together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. The Company, SaleCo and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications in the Broker Firm Offer. They may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and Application Payment with their Broker in accordance with the Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Share Registry.

The Company, SaleCo, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens on Tuesday, 26 April 2022 and is expected to close on Friday, 29 April 2022. The Company, Sale Co and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

### **How to Pay**

Applicants under the Broker Firm Offer must make their Application Payments in accordance with the instructions received from their Broker.

### **Application Payments**

Application Payments will be held on trust for Applicants until the issue of Shares to successful Applicants. Application Payments will be refunded if the Offer is withdrawn or cancelled, or the ASX does not grant permission for Shares to be quoted within three months after the Prospectus Date. No interest will be payable on refunded amounts.

The Company and SaleCo preserve the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Payments, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Payment by the Offer Price. Where the Offer Price does not divide evenly into the Application Payment, the number of Shares to be allocated will be determined by the Applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of a financial institution, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from who you received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Payments (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Broker Firm Application Form, you may be taken to have applied for such lower dollar amount of Shares as your cleared Application Payments will pay for (and to have specified that amount on your Broker Firm Offer Application Form), or your Application may be rejected.

### **Acceptance of Applications**

An Application in the Broker Firm Offer is an Offer by an Application to the Company and SaleCo to acquire Shares in the dollar amount specified in the Broker Firm Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Broker Firm Offer Application Form. At the time of making an Application, an Applicant will not know the precise number of Shares they will be allocated. To the extent permitted by law, an Application is irrevocable.

## 8. DETAILS OF THE OFFER CONTINUED

### 8.7.2 Priority Offer

#### Who May Apply

The Priority Offer is open to investors who have received an invitation to participate in the Offer from the Company and SaleCo who have a registered address in Australia or New Zealand and are not located in the U.S. If you have been invited by the Company and SaleCo to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect of those Shares that are allocated to you.

#### How to Apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you should follow the instructions on your personalised invitation to complete and lodge your Application online at <https://www.chrysos.com.au/prospectus>. By making an Application under the Priority Offer, you declare that you were invited to participate in the Priority Offer and were given access to this Prospectus (and any supplementary or replacement prospectus), together with a Priority Offer Application Form.

The minimum Application size under the Priority Offer is \$2,000 worth of Shares at the Offer Price. The maximum value of Shares that may be applied for under the Priority Offer is \$500,000.

The Company and SaleCo reserve the right to scale back or reject Applications in whole or part, without giving any reason, subject to the terms of the guaranteed minimum allocation described above. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for (subject to the guaranteed minimum allocation), will receive a refund of all or part of their Application Payments, as applicable. Refunds will be paid in Australian dollars. Interest will not be paid on any monies refunded. No refunds pursuant solely to rounding will be paid. The Company and SaleCo may amend or waive the Priority Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

The Company, SaleCo and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their Applications as early as possible.

#### How to Pay

Applicants under the Priority Offer must pay by BPAY® or electronic funds transfer (New Zealand residents only) following the instructions outlined on the personalised invitation and Offer website.

It is the Applicant's responsibility to ensure payments are received by the Share Registry before 5.00pm (Sydney time) on Friday, 29 April 2022. Your bank, credit union or building society may impose a limit on the amount that you can transact and policies with respect to timing for processing BPAY® transactions and electronic funds transfers, which may vary between bank, credit union or building society. The Company, SaleCo and the Lead Manager take no responsibility for any failure to receive Application Payments before the close of the Offer arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your payment for Application Payments (or the amount for whose those payments clear in time for allocation) is insufficient to pay the dollar amount of Shares you have applied for in your Priority Offer Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Payments will pay for (and to also have specified that amount in your Priority Offer Application Form), or your Application may be rejected.

#### Acceptance of Applications

An Application in the Priority Offer is an Offer by an Applicant to the Company and SaleCo to subscribe for Shares in the dollar amount specified in the Priority Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Application Form. To the extent permitted by law, an Application is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Priority Offer Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants conditional on the quotation of Shares on the ASX and Settlement.

## 8.7.3 Employee Offer

### Who May Apply

All Eligible Offer Employees are entitled to participate in the Employee Offer. Eligible Offer Employees are all permanent employees and officers of Chrysos, as at 14 April 2022, who are resident in Australia and are not located in the U.S. (and any other persons, if any, invited by the Company to participate in the Employee Offer, provided that they are not located in the U.S.).

### How to Apply

If you are an Eligible Offer Employee, you will receive an email with instructions on how to participate in the Employee Offer online at <https://www.chrysos.com.au/prospectus>. Please follow the instructions provided in that email offer in order to apply. Applications under the Employee Offer are online only.

The minimum application under the Employee Offer is \$2,000 worth of Shares and in multiples of \$1,000 thereafter. Each Eligible Offer Employee may apply for a maximum of \$50,000 worth of Shares at a discounted price of 90% of the Offer Price, being \$5.85 per Share.

Applicants who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their Application Payments, as applicable. Interest will not be paid on any monies refunded. No refunds pursuant solely to rounding will be paid.

By making an application online, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

### How to Pay

Applicants under the Employee Offer must pay by BPAY® following the instructions outlined on the Offer website.

It is the Applicant's responsibility to ensure payments are received by the Share Registry before 5.00pm (Sydney time) on Friday, 29 April 2022. Your bank, credit union or building society may impose a limit on the amount that you can transact and policies with respect to timing for processing BPAY® transactions, which may vary between bank, credit union or building society. The Company, SaleCo and the Lead Manager take no responsibility for any failure to receive Application Payments before the close of the Offer arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your payment for Application Payments (or the amount for whose those payments clear in time for allocation) is insufficient to pay the dollar amount of Shares you have applied for in your Priority Offer Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Payments will pay for (and to also have specified that amount in your Priority Offer Application Form), or your Application may be rejected.

### Acceptance of Applications

An Application in the Employee Offer is an Offer by an Applicant to the Company to subscribe for Shares in the dollar amount specified in the Employee Offer Application Form at a discounted price of 90% of the Offer Price, being \$5.85 per Share, on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Employee Offer Application Form.

At the time of making an Application, an Applicant will not know the precise number of Shares they will be allocated. To the extent permitted by law, an Application is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Employee Offer Application Form, without further notice to the Applicant (subject to the guaranteed minimum allocation). Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants conditional on the quotation of Shares on the ASX (as applicable) and Settlement.

## 8. DETAILS OF THE OFFER CONTINUED

### Restrictions on disposing of Shares

Eligible Offer Employees may not sell, transfer or otherwise dispose of any Shares acquired under the Employee Offer for 12 months from the date of issue of those Shares, unless the Eligible Offer Employee ceases to be employed by the Company or the dealing is required by law (in which case the Shares will be released). Please refer to Section 9.6.2 for further details of the voluntary escrow arrangements.

The Company will implement necessary arrangements to give effect to this restriction. By applying for Shares under the Employee Offer, Eligible Offer Employees will be agreeing to the imposition of any restriction, including a holding lock, on a sale, transfer or disposal of those Shares, and will take all steps necessary to agree to the terms of those restrictions including the entry into of voluntary escrow agreements.

Once the restriction period ends or Shares are released, Eligible Offer Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares acquired under the Employee Offer. Employee Offer Shares are not subject to forfeiture.

### 8.7.4 Acknowledgements

Each Applicant in the Offer made under this Prospectus will be deemed to have:

- Agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- Acknowledged having personally received a complete and unaltered printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application form and having read them in full;
- Declared that all details and statements in their Application Form are complete and accurate;
- Declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- Acknowledged that, once the Company or a Broker received an Application Form, it may not be withdrawn;
- Applied for the numbers of Shares at the Australian dollar amount or New Zealand dollar amount (as applicable) shown on the Application Form;
- Agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no shares at all;
- Authorised by the Company, SaleCo, the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- Acknowledged that, in certain circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- Acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), and does not take into account the personal circumstances, investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- Declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer) and is/are not in the U.S.;
- Acknowledged and agreed that the Offer may be withdrawn by the Company and SaleCo or may otherwise not proceed in the circumstances described in this Prospectus; and
- Acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Retail Offer, will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the security laws of any state or other jurisdiction of the U.S. and may not be offered, sold or resold in the U.S. except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the U.S.;



- It is not in the U.S., and it is purchasing the Shares in an 'offshore transaction' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- It has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the U.S.; and
- If you decide to sell, transfer or otherwise dispose of any Shares, you will do so only in transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, including in a standard (regular way) brokered transaction on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the U.S.

## 8.8 ISSUE OF NEW SHARES AND TRANSFER OF SALE SHARES

Conditional on the matters referred to in Section 8.4 of this Prospectus, the Company expects the issue of the New Shares and transfer of the Sale Shares will occur in accordance with the indicative timetable set out in Section 8.1.

The New Shares, from the time they are issued, will be fully paid Shares and will rank equally with existing Shares. The Sale Shares are fully paid Shares ranking equally with other existing Shares. Full details of the rights attaching to the Shares are contained in the Corporations Act and the Company's Constitution. A summary of the Company's Constitution is set out in Section 9.2.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## 8.9 ALLOCATION POLICY

### 8.9.1 Broker Firm Offer

The allocation of Shares to Brokers will be determined by the Lead Manager in agreement with the Company and SaleCo.

Shares that are allocated to Brokers for allocation to the Australian and New Zealand resident clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each broker as to how it allocates Shares among its retail clients, and it (and not the Company, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from it receive the relevant Shares.

### 8.9.2 Priority Offer and Employee Offer

Allocations within the Priority Offer and Employee Offer will be at the discretion of the Company and SaleCo.

The Company, SaleCo and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications either generally or in particular cases, reject an application, or allocate to any applicant fewer Shares than applied for.

## 8.10 BROKERAGE AND HANDLING FEES

No brokerage or handling fees will be paid in respect of Applications made.

## 8.11 CHESS

The Company will apply to participate in the Securities Clearing House Electronic Sub-register System ("**CHESS**"), and will maintain an electronic CHESS sub-register and an electronic issuer sponsored sub-register.

Accordingly, the Company will not issue Share certificates to successful Applicants but as soon as practicable after allocation, successful Applicants will receive a holding statement that sets out the number of Shares that have been allocated to them pursuant to this Prospectus. The holding statement will also set out each successful Applicant's unique "Holder Identification Number" in the case of a holding on the CHESS sub-register, or "Securityholder Reference Number" in the case of a holding on the Company's issuer sponsored sub-register.

Shareholders will be provided with periodic Holding Statements showing any changes in their holdings of Shares. Shareholders may request a Holding Statement at any time (although an administration fee may be charged for these additional statements). It is the responsibility of Shareholders to determine their holding prior to trading in any Shares.

## 8. DETAILS OF THE OFFER CONTINUED

### 8.12 FOREIGN SELLING RESTRICTIONS

#### 8.12.1 General

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### 8.12.2 Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (“**Provinces**”), only to persons to whom Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are “accredited investors” within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of Shares or the offering of Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of Shares.

The Company, as well as its Directors and officers, may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its Directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser’s Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of Shares, as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

### 8.12.3 European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union ("**Prospectus Regulation**").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

### 8.12.4 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong ("**SFO**"). Accordingly, this document may not be distributed and Shares may not be offered or sold in Hong Kong, other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### 8.12.5 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* ("**FMC Act**").

Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- Is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- Meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- Is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- Is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- Is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### 8.12.6 Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the *Norwegian Securities Trading Act of 29 June 2007* no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## 8. DETAILS OF THE OFFER CONTINUED

### 8.12.7 Singapore

This document and any other materials relating to Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the *Securities and Futures Act 2001* of Singapore (“SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### 8.12.8 Switzerland

Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to Shares may be publicly distributed or otherwise made publicly available in Switzerland. Shares will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

### 8.12.9 United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (“FSMA”)) has been published or is intended to be published in respect of Shares.

Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

### **8.12.10 Beneficial Holders**

The foreign selling restrictions under the Offer apply to the underlying beneficial holder. Applicants applying on behalf of persons whose registered address is not in Australia are responsible for ensuring that applying for Shares does not breach securities laws in the relevant overseas jurisdictions. Applicants who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

The Company is not required to determine whether or not any Applicant is acting as a nominee or the identity or residence of any beneficial interest holder applying for Shares. If any nominee or custodian is acting on behalf of a foreign person, that nominee or custodian, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

### **8.12.11 United States of America Securities Law Requirements**

The Shares have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States of America, or to, or for the account or benefit of, "U.S. Persons" (as defined in Rule 902 under the U.S. Securities Act) except under an available exemption from registration under the U.S. Securities Act. The Shares may only be resold or transferred in the United States of America, or to, or for the account or benefit of, U.S. Persons if registered under the U.S. Securities Act or pursuant to an exemption from registration under the U.S. Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register any of the Shares in the United States of America.

## **8.13 PROFESSIONAL ADVICE**

If you are in any doubt as to whether to accept the Offer, please consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser.

A general summary of taxation implications of investing in Shares is set out in Section 9.12.

Chrysos, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or investors. As a result, Shareholders and investors should consult their professional tax adviser in connection with any aspect of the Offer and/or applying for Shares under this Prospectus.

## **8.14 DISPUTES**

The Board may settle, in any manner it thinks fit, any disputes or anomalies which may arise in connection with or by reason of the operation of the Offer, whether generally or in relation to any Shareholder, investor, Applicant or Application. The decision of the Board will be conclusive and binding on all persons to whom the determination relates.

## **8.15 CHANGE TO THE TERMS OF THE OFFER**

The Company reserves the right to waive strict compliance with or vary any provision of the Terms of the Offer, or to vary, suspend or terminate the Offer at any time without notice. If the Offer does not proceed, Application Payments will be refunded. No interest will be paid on any Application Payment refunded as a result of the withdrawal or termination of the Offer.

Failure to notify Shareholders or investors of changes to, suspension or termination of the Offer or the Terms of the Offer will not invalidate the change, suspension or termination.

The Company reserves the right to issue no New Shares or fewer New Shares than an Applicant applies for under the Offer if the Board believes the issue of those New Shares would contravene an ASIC Class Order, ASIC requirements or policies, any law or any ASX Listing Rule.

## 8. DETAILS OF THE OFFER CONTINUED

### 8.16 ELECTRONIC PROSPECTUS

This Prospectus is available online on Chrysos' website: <https://www.chrysos.com.au/prospectus>.

### 8.17 PRIVACY DISCLOSURE

The Company, SaleCo and the Share Registry may collect information in relation to each Applicant as provided on an Application Form ("**Information**") for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company ("**Purposes**").

The Company or SaleCo may use the Information for the Purposes and the Company or SaleCo may disclose the information for the Purposes to the Share Registry, the Company's or SaleCo's related bodies corporate, agents, contractors and third-party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the Company's share registry, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

### 8.18 GOVERNING LAW

This Offer is governed by the law in force in New South Wales, Australia. By accepting the Offer, you submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia.



## 9. ADDITIONAL INFORMATION

## 9. ADDITIONAL INFORMATION

### 9.1 CORPORATE STATUS

The Company was incorporated in Australia under the Corporations Act on 21 June 2016.

### 9.2 COMPANY'S CONSTITUTION AND RIGHTS ATTACHING TO SHARES

The Company's Constitution is of the kind usually adopted by a public company, with certain provisions taking effect once (and for so long as) the Company is listed on the ASX.

A summary of the rights attaching to Shares under the Constitution is set out below. This summary is qualified by the full terms of the Constitution (copies of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Joint Company Secretaries) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory, ASX Listing Rules and common law requirements. For an investor to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that investor should seek legal advice.

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<b>Voting</b>	<p>Subject to the Constitution, a Shareholder is entitled to be present at any Shareholder meeting and to vote in respect of Shares held by that Shareholder.</p> <p>Unless otherwise provided in the Constitution, every Shareholder present in person or by proxy or by attorney or (in the case of a body corporate) by corporate representative is entitled: (a) on a show of hands, to one vote; and (b) on a poll, to one vote for each Share of which the Shareholder is the holder (and for each party paid Share, a fraction of the vote equivalent to the proportion of the Share which is paid).</p> <p>Except where otherwise provided by the Corporations Act or the Constitution, every question decided by a Shareholder meeting is decided by a majority on a show of hands by persons present, unless a poll is effectively demanded or the chair decides that a poll will be held. There are certain circumstances in which a vote at a Shareholder meeting must be decided on a poll.</p> <p>A Shareholder holding Shares in respect of which all sums due and payable to the Company have not been paid is not entitled to attend and vote at Shareholder meetings in respect of such Shares.</p> <p>The chair at a Shareholder meeting does not have a second or casting vote.</p>
<b>Proxy</b>	<p>A proxy appointed to attend and vote at a Shareholder meeting on behalf of a Shareholder has the same right as the Shareholder to speak at the Shareholder meeting. A proxy must be in writing and shall not remain in force for more than three months from the date of the proxy, unless such proxy is incorporated in a power of attorney.</p>
<b>General meetings and notices</b>	<p>A Director of the Company may call a general meeting and the Directors must call an annual general meeting in accordance with the Corporations Act. Shareholders may request or call and arrange to hold a general meeting in accordance with the Corporations Act.</p> <p>Subject to the provisions of the Corporations Act relating to special resolutions, special notice and agreements for shorter notice, at least 28 days' notice must be given for a Shareholders meeting.</p> <p>The quorum for a meeting of Shareholders is three Shareholders.</p> <p>The Company may hold a Shareholders meeting using virtual meeting technology only, at two or more venues in Australia or any other place determined by the Directors using any form of technology which gives Shareholders a reasonable opportunity to participate.</p>

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<b>Dividends</b>	<p>Subject to the Constitution and the Corporations Act, the Board may declare, determine or pay any dividends as it sees fit.</p> <p>The Board may establish a dividend reinvestment plan, subject to the approval of the Company by ordinary resolution.</p>
<b>Issue of Shares</b>	<p>Subject to the Constitution and the Corporations Act, Shares may be issued or otherwise disposed of by the Board in such manner as it thinks fit.</p> <p>The Directors may issue new Shares with or without any special conditions, preferences or priority and with any other special rights or advantages.</p>
<b>Transfer of Shares</b>	<p>Generally, securities are freely transferrable subject to the procedural requirements of the Constitution and to the provisions of the relevant law. The Board must refuse to acknowledge or register a transfer or disposal of restricted securities during the escrow period (except as permitted by the ASX Listing Rules or ASX).</p>
<b>Proportional takeover provisions</b>	<p>The registration of a transfer of Shares which would give effect to a proportional takeover bid is prohibited unless and until a resolution approving the proportional takeover bid is passed at a Shareholders meeting. The proportional takeover provisions will cease to have effect on the third anniversary of the adoption of the Constitution, unless renewed.</p>
<b>Winding up</b>	<p>Subject to the rights of the holders of Shares in the Company issued on special terms, if the Company is wound up, the liquidator in a winding up may, with the sanction of a special resolution of the Company, divide the assets of the Company among the contributories and vest all or any of the Company's assets in trustees on such trusts determined by the liquidator for the benefit of the contributories.</p>
<b>Variation of rights</b>	<p>The rights attached to securities in a class of securities may, unless their terms of issue state otherwise, be varied with the written consent of holders of such securities with at least 75% of the votes in the class, or by a special resolution passed at a meeting of the class of holders holding securities in the class.</p>
<b>Directors – appointment, retirement and removal</b>	<p>The minimum number of Directors is three (3) and the maximum number of Directors is nine (9).</p> <p>Subject to the Corporations Act, the Company may appoint a person as a Director by resolution passed in general meeting.</p> <p>The Board may appoint a Director either in addition to existing Directors or to fill a casual vacancy and such Director will hold office until the next annual general meeting.</p> <p>A Director must retire from office at the end of the third annual general meeting following that Director's last appointment or three (3) years, whichever is longer.</p> <p>At each annual general meeting, one-third of Directors must retire from office, excluding any Director which is already required to submit to re-election in accordance with the Constitution and the Managing Director.</p> <p>The Company may, subject to the Corporations Act, by resolution passed in general meeting remove any Director before the end of the Director's term of office or elect another person as a Director.</p>

## 9. ADDITIONAL INFORMATION CONTINUED

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<b>Decisions of Directors</b>	<p>Unless the Board determines otherwise, the quorum for a meeting of Directors is three (3) Directors.</p> <p>A board resolution must be passed by a majority of the votes cast by Directors entitled to vote on the resolution.</p> <p>When more than two Directors (including the chairperson) are present and competent to vote on the question at issue, the chairperson of a board meeting has a casting vote if necessary, in addition to any vote he/she has in his/her capacity as a Director.</p>
<b>Alteration to the Constitution</b>	<p>The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting.</p>

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### 9.3 SALE OF SALE SHARES BY SALECO

The Offer of Sale Shares by SaleCo is a sell down of existing Shares by the Selling Shareholders via SaleCo. SaleCo is a special purpose vehicle that has been established to facilitate the sale of the Sale Shares by the Selling Shareholders. Each of the Selling Shareholders has entered into sale agreements with SaleCo under which they agree to sell a portion of their Shares to SaleCo free from encumbrances and third-party rights, at the Offer Price per Share, less any Lead Manager fees and conditional on Completion. The sale agreements will complete prior to Completion of the Offer.

Shares that SaleCo acquires from the Selling Shareholders under sale agreements between Selling Shareholders and SaleCo will be transferred to successful Applicants under the Offer at the Offer Price, free from encumbrances and third-party rights. The price payable by SaleCo to Selling Shareholders for those Shares is the Offer Price less any Lead Manager fees.

SaleCo has no assets, liabilities or operations other than its interests in and obligations under the sale agreements detailed above. The Company has agreed to provide certain administrative and information support as is necessary to enable SaleCo to discharge its functions in relation to the Offer. The directors of SaleCo are Robert Adamson Dirk Treasure and Brett Coventry and the secretary of SaleCo is Brett Coventry. The Company has indemnified SaleCo and its directors and secretary in respect of loss suffered by them as a consequence of the Offer.

Neither the Company nor SaleCo will be responsible for paying any tax incurred by any selling Shareholder as a result of transferring or selling Shares pursuant to the sale agreements.

### 9.4 EMPLOYEE INCENTIVE PLANS

The Company has adopted the following employee incentive plans, which are summarised below:

- The Employee Equity Plan, which is the Company's current employee incentive plan;
- The Short Term Incentive Plan, which is the Company's current employee short-term incentive plan; and
- The Employee Share and Option Plan, which is a legacy employee incentive plan.

### 9.4.1 Employee Equity Plan

<b>Type of securities issued under the plan</b>	<ul style="list-style-type: none"><li>• Rights to subscribe for a Share (“<b>Performance Options</b>”)</li><li>• Shares (“<b>Performance Shares</b>”)</li><li>• Rights to receive a Share or to receive a cash payment equal to the value of a Share (“<b>Performance Rights</b>”)</li></ul>
<b>Eligible participants</b>	Eligible persons include employees, officers, contractors and consultants.
<b>Price of securities issued under the plan</b>	The issue price, terms, conditions and restrictions on which the securities are offered are determined by the Board.
<b>Vesting conditions</b>	The Board may impose such vesting conditions and performance hurdles in respect of securities as it considers appropriate.
<b>Loans to participants</b>	n.a.
<b>Rights attaching to securities</b>	Performance Shares issued under the Employee Equity Plan, and Performance Shares issued upon exercise of Performance Options issued under the Employee Equity Plan, will have the same rights attaching to them as all other Shares on issue, including with respect to voting and dividends.
<b>Restrictions on securities</b>	Generally, the Performance Options and Performance Rights are not transferable or disposable. Performance Shares are only disposable where they have vested.
<b>Limit on number of securities issued under the plan</b>	The total number of securities which may be offered by the Company under this Employee Equity Plan shall not at any time exceed 5% of the Company’s total issued Shares when aggregated with the number of securities issued over a three-year period under any employee incentive plan.
<b>Maximum number of securities proposed to be issued under the plan</b>	<p>The maximum number of securities proposed to be issued under this plan is 4,900,000 securities.</p> <p>The maximum number of securities that may be issued under this plan to Directors (and their associates) within three years of the Company’s admission to the official list of the ASX without obtaining Shareholder approval is 2,500,000 securities.</p>
<b>Amendments</b>	The Board may amend this Employee Equity Plan or the terms of any securities issued under the Employee Equity Plan.
<b>Quotation on ASX</b>	The Company will apply for official quotation of Performance Shares issued under the Employee Equity Plan, including Performance Shares issued upon exercise of Performance Options issued under the Employee Equity Plan.

## 9. ADDITIONAL INFORMATION CONTINUED

### 9.4.2 Short Term Incentive Plan

<b>Delegation of management of the plan</b>	The Board has delegated the management and operation of the Short Term Incentive Plan to the Chief Executive Officer for all roles outside of the senior executive team as determined by the Board. Any reference to the Board in the plan rules is taken to be a reference to the Chief Executive Officer unless the context requires.
<b>Type of securities issued under the plan</b>	The Board may determine to grant STIs under the Short Term Incentive Plan in the form of cash, Shares or a combination of both cash and Shares.
<b>Eligible participants</b>	Eligible persons are employees.
<b>Price of securities issued under the plan</b>	Nil issue price. The value of the Shares will be calculated by reference to the five day volume weighted average price of Shares traded on the ASX up to but excluding the valuation date.
<b>Vesting conditions</b>	STIs (whether in the form of cash or Shares) will only be issued under the Plan if certain performance targets, including business performance measures and personal performance measures, during the relevant performance period are met as determined by the Board.
<b>Loans to participants</b>	n.a.
<b>Rights attaching to securities</b>	Shares issued under the Short Term Incentive Plan will have the same rights attaching to them as all other Shares on issue, including with respect to voting and dividends.
<b>Restrictions on securities</b>	n.a.
<b>Limit on number of securities issued under the plan</b>	The total number of securities which may be offered by the Company under this Short Term Incentive Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of securities issued over a three-year period under any employee incentive plan.
<b>Maximum number of securities proposed to be issued under the plan</b>	The maximum number of securities proposed to be issued under this plan is securities to the value of \$1,268,000 in aggregate. For example, at the Offer Price, the maximum number of securities capable of being issued under this plan is 195,077 Shares.
<b>Amendments</b>	The Board or its delegated executive may amend the Short Term Incentive Plan rules.
<b>Quotation on ASX</b>	The Company will apply for official quotation of Shares issued under the Short Term Incentive Plan.

### 9.4.3 Employee Share and Option Plan

A summary of the terms of the Employee Share and Option Plan is set out below.

<b>Type of securities issued under the plan</b>	<ul style="list-style-type: none"><li>• Shares</li><li>• Options</li></ul>
<b>Eligible participants</b>	Eligible persons include Directors, employees (including part-time employees), contractors and their associates (including controlled entities or self-managed superannuation funds).
<b>Price of securities issued under the plan</b>	The issue price, terms, conditions and restrictions on which the securities are offered are determined by the Board.
<b>Vesting conditions</b>	The Board may impose such vesting conditions and performance hurdles in respect of securities as it considers appropriate.
<b>Loans to participants</b>	Any loan to participants must comply with ASIC Class Order 14/1000.
<b>Rights attaching to securities</b>	Shares issued under the Employee Share and Option Plan, and Shares issued upon exercise of Options issued under the Employee Share and Option Plan, will have the same rights attaching to them as all other Shares on issue, including with respect to voting and dividends.
<b>Restrictions on securities</b>	Securities offered under the Employee Share and Option Plan may be subject to trading restrictions upon the terms and conditions determined by the Board, including the length of restrictions and any exceptions.
<b>Limit on number of securities issued under the plan</b>	<p>If the Board determines to make an offer in compliance with ASIC Class Order 14/1000, the total number of securities which may be offered by the Company under this Employee Share and Option Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of securities issued over a three-year period under the Employee Share and Option Plan.</p> <p>Eligible persons may not be offered securities under the Employee Share and Option Plan if the acceptance of such offer will result in the eligible person holding a beneficial interest of more than 10% in the Company.</p>
<b>Amendments</b>	The Board may by resolution amend this Employee Share and Option Plan or the terms of any securities issued under the Employee Share and Option Plan.
<b>Quotation on ASX</b>	The Company will apply for official quotation of Shares issued under the Employee Share and Option Plan, including Shares issued upon exercise of Options issued under the Employee Share and Option Plan.

## 9. ADDITIONAL INFORMATION CONTINUED

### 9.4.4 Shares and Options Issued Under the Plans

As at the Prospectus Date:

- The Company has issued 1,715,000 Options under the Employee Share and Option Plan; and
- No securities under the Employee Equity Plan.

By the date of Completion, the Company will issue 205,847 Performance Rights under the Employee Equity Plan.

The Company has no current plans to issue additional securities under the Employee Equity Plan following Completion, but may do so in the future as it considers appropriate. As noted above, the Company does not intend to issue any further securities under the Employee Share and Option Plan.

The Company has established a trust to hold Shares for the purpose of dispensing Shares to employees under the Employee Equity Plan.

### 9.4.5 Participation of Directors and Key Management in the Plans

Directors are entitled to participate in the employee incentive schemes to the extent that they are eligible.

Directors and key management currently participate in the employee incentive plans as set out in Section 9.5.

In addition to their current participation described in Section 9.5, Directors and key management are proposing to participate in the employee incentive plans as follows:

Name	Plan	Number of securities	Type of securities	Proposed grant date	Issue price per security	Exercise price per security	Vesting conditions	Exercise period
Dirk Treasure	Employee Equity Plan	138,462	Performance Rights	By Completion	–	–	LTI program <sup>1</sup>	5 years
Brett Coventry (Boulevard X Pty Limited)	Employee Equity Plan	67,385	Performance Rights	By Completion	–	–	LTI program <sup>1</sup>	5 years

**Note:**

1. The vesting conditions and performance hurdles for the securities set out above have been determined by the Board to be met at 30 June 2025 and include that: (i) the Share price at 30 June 2025 must exceed the Offer price; and; (ii) the Company must have achieved certain total shareholder return targets when compared to total shareholder return of the relevant ASX index in which the Company will be included post-admission to the ASX.

The Performance Rights:

- Are not transferrable;
- Do not confer any right to vote except as otherwise required by law;
- Do not confer any entitlement to a dividend;
- Do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
- Do not confer any right to participate in the surplus profit or assets of the Company upon a winding up; and
- Do not confer any right to participate in new issues of securities such as bonus issues or entitlement issues,

Unless and until the applicable performance milestone is achieved and the Performance Rights convert into Shares.

The Board considers the Performance Rights to be an appropriate method of remuneration for management, in recognition for achieving certain long-term incentive criteria.

Chrysos has valued the Performance Rights to be granted to Dirk Treasure and Brett Coventry at the Offer Price and considers the value of those Performance Rights to be \$900,000 for the Performance Rights to be issued to Dirk Treasure and \$438,000 for the Performance Rights to be issued to Brett Coventry.

Details of any securities issued under the employee incentive plans will be published in Chrysos' annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14 (or not required under ASX Listing Rule 10.14). Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under any of the employee incentive plans after the date of this Prospectus and who were not named in this Prospectus will not participate until approval is obtained under that rule.

## 9.5 CAPITAL STRUCTURE

At the date of this Prospectus, the Company's capital structure comprises Shares and Options.

The current and proposed capital structure of the Company is set out below:

Security holder	Interest in Shares						Interest in Options						Interest in Performance Rights			
	As at the Prospectus Date			On Completion <sup>1</sup>			As at the Prospectus Date			On Completion			As at the Prospectus Date		On Completion	
	Number	%	% subject to escrow (diluted) <sup>2</sup>	Number	%	% subject to escrow (diluted) <sup>2</sup>	Number	%	Number subject to escrow	Number	%	Number subject to escrow	Number	%	Number	%
<b>Substantial Shareholders</b>																
CSIRO	21,560,997	24.5%	22.6%	20,993,977	21,560,997	22.0%	20.4%	20,993,977	-	-	-	-	-	-	-	-
Ausdrill International Pty Ltd	7,125,000	8.1%	7.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Adrian Knowles <sup>3</sup>	7,035,000	8.0%	7.4%	-	7,035,000	7.2%	6.7%	-	-	-	-	-	-	-	-	-
Allan Mclellan	4,425,000	5.0%	4.8%	4,425,000	4,425,000	4.5%	4.4%	4,425,000	200,000	2.7%	200,000	200,000	2.7%	200,000	-	-
<b>Non-Executive Directors</b>																
Robert Adamson <sup>4</sup>	7,890,500	9.0%	8.4%	7,814,771	7,890,500	8.0%	7.6%	7,814,771	175,000	2.3%	175,000	175,000	2.3%	175,000	-	-
Brett Boynton	-	-	0.4%	-	-	-	0.3%	-	362,500	4.9%	362,500	362,500	4.9%	362,500	-	-
Dr Leong Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kerry Gleeson	-	-	0.0%	-	-	-	0.0%	-	12,500	0.2%	12,500	12,500	0.2%	12,500	-	-
Eric Ford <sup>5</sup>	108,000	0.1%	0.3%	62,078	108,000	0.1%	0.3%	62,078	162,500	2.2%	162,500	162,500	2.2%	162,500	-	-
Ivan Mellado <sup>6</sup>	-	-	0.4%	-	-	-	0.3%	-	362,500	4.9%	362,500	362,500	4.9%	362,500	-	-
<b>Senior management</b>																
Dirk Treasure	814,273	0.9%	1.1%	796,911	814,273	0.8%	1.2%	796,911	277,500	3.7%	277,500	277,500	3.7%	277,500	-	-
Brett Coventry <sup>7</sup>	11,112	0.0%	0.2%	3,420	11,112	0.0%	0.2%	3,420	162,500	2.2%	162,500	162,500	2.2%	162,500	-	-
<b>Other</b>																
Existing	39,055,796	44.4%	46.9%	3,802,397	35,342,335	36.1%	38.9%	3,802,397	5,752,934	77.0%	200,000	5,752,934	77.0%	200,000	-	-
New	-	-	-	-	20,842,735	21.3%	19.7%	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>88,025,678</b>	<b>100.0%</b>	<b>100.0%</b>	<b>37,898,554</b>	<b>98,029,952</b>	<b>100.0%</b>	<b>100.0%</b>	<b>37,898,554</b>	<b>7,467,934</b>	<b>100.0%</b>	<b>1,915,000</b>	<b>7,467,934</b>	<b>100.0%</b>	<b>1,915,000</b>	<b>-</b>	<b>-</b>

### Notes:

- Shown on the basis that up to \$250,000 is raised at \$5.85 per Share as part of the Employee Offer, representing a discounted price of 90% of the Offer Price. The total aggregate proceeds raised from the issue of New Shares under the Offer is up to \$65.0 million. In the absence of firm commitments under the Employee Offer as at the Prospectus Date, new Shareholders have been shown inclusive of all Employee Offer Shares.
- Assumes that all Options and Performance Rights are exercised.
- Includes the Shares held by Gannet Holdings Pty Limited which is a controlled entity of Adrian Knowles.
- Includes the Shares held by Alchemy Securities Pty Limited, Quadratura Investments Pty Limited and DDD&M Pty Limited which are controlled entities of Robert Adamson.
- Includes the Shares held by EVC Holdings Pty Limited which is a controlled entity of Eric Ford.
- Includes the Options held by Clarity Holdings Pty Limited which is a controlled entity of Ivan Mellado.
- Includes the Shares held by Boulevard X Super Pty Limited and Options held by Boulevard X Pty Limited which are controlled entities of Brett Coventry.

The Performance Rights will be issued under the Employee Equity Plan and are discussed further in Section 9.4.

The terms of the Options as at the Prospectus Date are set out below.

The Options entitle the holder to one Share per Option.

The Options were issued over different tranches. The first tranche was issued in 2016.

The Options are subject to either time-based or performance-based conditions, and the majority are otherwise subject to the terms of the Employee Share and Option Plan, under which they were issued, as described in Section 9.4.3.

## 9. ADDITIONAL INFORMATION CONTINUED

The Options have a range of exercise prices and expiry dates, as set out below. The Options were issued with a nil issue price.

Option holders	Number of options	Grant date	Exercise date	Exercise price
<b>Substantial Shareholders</b>				
Allan Mclellan	100,000	24-Feb-18	23-Feb-23	0.20
	100,000	15-Apr-19	14-Feb-24	1.00
<b>Non-Executive Directors</b>				
Robert Adamson	90,000	01-May-20	30-Mar-25	2.00
	60,000	01-Jul-20	01-Jul-25	2.00
	25,000	22-Nov-21	21-Nov-26	4.50
Brett Boynton	100,000	24-Feb-18	23-Feb-23	0.20
	100,000	15-Apr-19	14-Feb-24	1.00
	90,000	01-May-20	30-Mar-25	2.00
	60,000	01-Jul-20	01-Jul-25	2.00
	12,500	22-Nov-21	21-Nov-26	4.50
Kerry Gleeson	12,500	22-Nov-21	21-Nov-26	4.50
Eric Ford	90,000	01-May-20	30-Mar-25	2.00
	60,000	01-Jul-20	01-Jul-25	2.00
	12,500	22-Nov-21	21-Nov-26	4.50
Ivan Mellado	100,000	24-Feb-18	23-Feb-23	0.20
	100,000	15-Apr-19	14-Feb-24	1.00
	90,000	01-May-20	30-Mar-25	2.00
	60,000	01-Jul-20	01-Jul-25	2.00
	12,500	22-Nov-21	21-Nov-26	4.50
<b>Senior management</b>				
Dirk Treasure	100,000	15-Apr-19	14-Feb-24	1.00
	90,000	01-May-20	30-Mar-25	2.00
	60,000	01-Jul-20	01-Jul-25	2.00
	27,500	22-Nov-21	21-Nov-26	4.50
Brett Coventry	60,000	01-Jul-20	01-Jul-25	2.00
	75,000	21-Nov-21	29-Dec-26	4.50
	27,500	22-Nov-21	21-Nov-26	4.50
<b>Other</b>				
Tranche 1	4,054,878	09-Jan-17	20-Jan-24	0.20
Tranche 2	165,556	24-Feb-18	23-Feb-23	0.20
Tranche 3	380,000	15-Apr-19	14-Feb-24	1.00
Tranche 4	447,500	01-May-20	30-Mar-25	2.00
Tranche 5	300,000	01-Jul-20	01-Jul-25	2.00
Tranche 6	60,000	17-Dec-20	16-Dec-25	2.00
Tranche 7	305,000	22-Nov-21	21-Nov-26	4.50
Tranche 8	40,000	14-Dec-21	13-Dec-26	4.50

The Company's free float at the time of listing will be not less than 20%.



## 9.6 ESCROW

### 9.6.1 ASX-Imposed Escrow

As a condition of admitting the Company to the official list of the ASX, the ASX may classify certain existing Shares as restricted securities in accordance with the ASX Listing Rules. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine.

Prior to listing, existing Shareholders holding restricted securities must enter into restriction agreements with the Company on the terms set out in the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of official quotation of the Shares.

As at the date of this Prospectus, the Company believes that up to 37.9 million Shares representing approximately 38.7% of Shares on issue on Completion of the Offer may be subject to some form of ASX-imposed restriction arrangement for up to 24 months under the ASX Listing Rules.

Other than Shares issued under the Employee Offer (refer to Section 9.6.2), no New Shares issued under the Offer will be subject to escrow.

### 9.6.2 Voluntary Escrow

All Shares issued under the Employee Offer will be subject to voluntary escrow for 12 months from the date of issue of those Shares, unless the Eligible Offer Employee ceases to be employed by the Company or the dealing is required by law (in which case the Shares will be released). Under each voluntary escrow agreement, the relevant escrowed party agrees, subject to certain limited exceptions, not to deal in those securities until the expiry of the escrow period.

An escrowed Shareholder may be released early from escrow in the following circumstances:

- If the Eligible Offer Employee ceases to be employed by the Company;
- To accept a full or proportional takeover offer, provided that the offer has been accepted by the holders of at least 50% of the securities in the class of securities to which offers under the bid relate and which are not subject to escrow. If the offer is a conditional off-market bid, the escrow restrictions will apply to each escrowed Share not purchased by the bidder under the takeover offer or post-takeover compulsory acquisition under the Corporations Act. If the takeover bid is unsuccessful, the Shares will return to escrow;
- To be disposed of or cancelled as part of a merger by way of compromise or arrangement under Part 5.1 of the Corporations Act. If the merger by way of compromise or arrangement does not take effect, the Shares will return to escrow;
- To dispose of the escrowed Shares to an associate controlled by the holder provided the associate assumes the escrow obligations; or
- If the escrowed Shareholder is a trustee, to dispose of the escrowed Shares to a new trustee provided the new trustee assumes the escrow obligations, there is no extension to the escrow period and there is no change in the beneficial ownership of the escrowed Shares as a result of the disposal.

## 9.7 DIVIDENDS

The payment of dividends by the Company is at the discretion of the Board. In the near term, the Company does not expect to pay dividends as it intends to reinvest cash earnings to drive its growth strategy.

For further information in respect of the Company's proposed dividend policy, see Section 4.10.

## 9. ADDITIONAL INFORMATION CONTINUED

### 9.8 LITIGATION

To the knowledge of Directors, there is no litigation threatened against Chrysos and no litigation threatened by Chrysos. The Directors are not presently aware of any circumstances likely to give rise to any of the above.

### 9.9 MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts which have been entered into by Chrysos. These are important contracts for Chrysos and have accordingly been identified as relevant information of which an investor in Chrysos should be aware.

#### 9.9.1 Underwriting Agreement

The Offer is being underwritten by the Lead Manager, pursuant to an underwriting agreement between the Lead Manager, the Company and SaleCo ("**Underwriting Agreement**"). Pursuant to the terms of the Underwriting Agreement, the Lead Manager has agreed to arrange, manage and underwrite the Offer.

#### Underwriter commissions, fees and expenses

The Company and SaleCo have agreed to pay the Lead Manager a management fee equal to 0.5% of the Offer proceeds and an underwriting fee equal to 2.0% of the Offer proceeds. The Company may also pay the Lead Manager an incentive fee of up to 0.5% of the Offer proceeds, payable at the discretion of the Company. These fees are payable to the Lead Manager on Completion of the Offer.

The Company has also agreed to pay or reimburse the Lead Manager for certain other costs and expenses reasonably incurred by the Lead Manager relating to the Offer including legal fees (regardless of termination of the Underwriting Agreement).

The Lead Manager is responsible for any fees payable to co-lead managers, co-managers and brokers appointed in relation to the Offer.

#### Termination rights not subject to materiality

The Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo if any of the following events has occurred or occurs at any time prior to 4:00pm on the date of Settlement (**Settlement Date**):

- (**disclosures in Prospectus**) a statement in this Prospectus or certain documents relating to the Offer (including this Prospectus) (**Offer Document**) is or becomes misleading or deceptive or is likely to mislead or deceive, or there is an omission from the Prospectus of a matter required to be included in it (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- (**supplementary prospectus**) Company or SaleCo:
  - in the reasonable opinion of the Lead Manager, are required to issue a supplementary prospectus because of the operation of section 719 or section 728 of the Corporations Act; or
  - lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances where the Company or SaleCo is notified or otherwise forms the view or becomes aware of any matter that would require them to lodge a supplementary prospectus with ASIC;
- (**market fall**) the S&P/ASX 200 Index published by ASX falls to a level that is 90% or less of the level as at the close of trading on the last trading day before the date of close of the institutional bookbuild relating to the Offer;

- **(escrow agreements)** any of the voluntary or mandatory escrow agreements (as required by the ASX Listing Rules) entered into by existing shareholders are withdrawn, varied, terminated, rescinded, altered, amended, breached or likely to be breached, found to be void or voidable or are unable to or likely to be unable to be performed;
- **(Sale Shares)** if any of the agreements with Selling Shareholders relating to the Sale Shares are withdrawn, terminated, rescinded, breached or likely to be breached or found to be void or voidable or are unable to, or likely to be unable to, be performed;
- **(fraud)** the Company or SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged, in any fraudulent conduct or activity whether or not in connection with the Offer;
- **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX; or
  - the quotation of all of the Company's ordinary shares (including the Shares to be offered under the Offer) on ASX or their trading through CHESS,

in each case, in accordance with the timetable agreed between the parties, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or ASX indicates to the Company that approval is not likely to be granted or is likely to be withdrawn, qualified (other than by customary conditions) or withheld;

- **(notifications)** any of the following notifications are made in respect of the Offer or an Offer Document:
  - ASIC gives notice of an intention to hold a hearing under section 739(2) of the Corporations Act or ASIC issues an order (including an interim order) under sections 739 or 1324B of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document; or
  - ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or those documents, and that intention, application, investigation or hearing becomes public or is not withdrawn within 2 Business Days of when it was made, or if it is made within 2 Business Days of the Settlement Date, it has not been withdrawn by the Settlement Date;
- **(consents)** any person (other than the Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent or any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- **(certificate not provided)** the Company or the SaleCo do not provide a certificate to the Lead Manager certifying matters such as compliance with their obligations under the Underwriting Agreement and the representations and warranties given by them being true and correct **(Closing Certificate)** as and when required by the Underwriting Agreement;
- **(Material Contracts)** if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group (including those contracts described in section 9.9 (Material Contracts) of this Prospectus) are not capable of being performed in accordance with their terms in the reasonable opinion of the Lead Manager or if all or any part of any of such contracts is withdrawn, rescinded, terminated, avoided or repudiated, ceases to have effect otherwise than in accordance with its terms or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- **(ASX Waivers)** any of the ASX in-principle waivers of ASX Listing Rule 10.14 (as described in section 9.11 (ASIC Relief or Waivers from ASX Listing Rules) of this Prospectus) **(ASX Waivers)** are withdrawn, revoked or amended without the prior written approval of the Lead Manager;
- **(withdrawal)** either of the Company or SaleCo withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;

## 9. ADDITIONAL INFORMATION CONTINUED

- **(insolvency events)** SaleCo or any Group member is or becomes insolvent, insolvent under administration, is liquidated or wound up, becomes subject to any assignment, arrangement, moratorium or composition, protected from creditors or dissolved (other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Lead Manager), has a resolution passed or proposal put forward or application made to become insolvent or subject to any of the aforementioned events, is taken to have failed to comply with a statutory demand, is subject to an event described in sections 459C(2)(b) or 585 of the Corporations Act, is unable to pay its debts when they fall due or otherwise becomes subject to an event having a substantially similar effect to the aforementioned events;
- **(timetable)** an event specified in the timetable for the Offer up to and including the Settlement Date is delayed by more than 1 Business Day, other than any delay agreed with the Lead Manager;
- **(unable to issue or transfer Offer Shares)** the Company is prevented from issuing and delivering the Shares offered under this Prospectus or SaleCo is prevented from transferring and delivering the Sale Shares within the time required by the timetable agreed with the Lead Manager under the Underwriting Agreement, the Offer Documents, the ASX Listing Rules, the ASX Waivers, by applicable laws, an order of a court of competent jurisdiction or a governmental agency;
- **(change to the Company)** if the Company alters the issued capital of the Company or a Group member without the prior written consent of the Lead Manager (subject to certain agreed exceptions) or disposes or attempts to dispose of a substantial part of the business or property of the Group without the prior written approval of the Lead Manager;
- **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform its obligations under the Underwriting Agreement or carry out the transactions contemplated by the Offer Documents;
- **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency which makes it illegal for the Lead Manager to satisfy a material obligation of the Underwriting Agreement, or to market, promote or settle the Offer;
- **(change in management or directors)** the chief executive officer, chief financial officer or a director of the Company vacates their office;
- **(prosecution)** any of the following occurs:
  - a person named in the Prospectus or any other Offer Document as a director or proposed director of the Company, SaleCo or a Group member is charged with an indictable offence;
  - any government agency commences or announces that it intends to take any public action against the Company or a Group member or any of their respective directors in their capacity as a director of that entity; or
  - any person named in the Prospectus or any other Offer Document as a director or proposed director of the Company, SaleCo or a Group member is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- **(constitution)** the Company varies any term of its constitution without the prior written consent of the Lead Manager; or
- **(legal proceedings)** any regulatory body commences any actual or threatened claim or proceedings or any investigation, enquiry, order, action suit, charge, investigation or other proceeding by ASIC, ASX or any governmental agency relating to the Offer, the Offer Documents, the Company, SaleCo (or their respective officers or directors), or public action against the Company, SaleCo or any other Group member.

### Termination rights subject to materiality

The Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo if any of the following events has occurred or occurs at any time prior to 4:00pm on the Settlement Date, and the Lead Manager has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on the success, settlement, outcome or marketing of the Offer or on the ability of the Lead Manager to market or promote or settle the Offer or on the likely price at which the Shares offered under the Offer will trade on the ASX, or the willingness of investors to subscribe for the Shares offered under the Offer; or
- will or is likely to give rise to a liability of the Lead Manager or its affiliates under, or give rise to or result in a contravention or involvement in a contravention by the Lead Manager of its affiliates of any applicable law.

These termination events are:

- **(disclosures)** any public or other media statements made by or on behalf of the Company relating to the Company or the Offer is or becomes misleading or deceptive or is likely to mislead or deceive, or there is an omission from the Prospectus of a matter required to be included in it (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- **(new circumstances)** if any new circumstance occurs after the lodgement of the Prospectus with ASIC that would have been required to be included in the Prospectus if it has arisen before the lodgement of the Prospectus;
- **(Sale Shares)** if any of the agreements with Selling Shareholders relating to the Sale Shares are varied, altered or amended;
- **(forecasts)** in the reasonable opinion of the Lead Manager, there are not or there ceases to be, reasonable grounds for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents becomes incapable of being met or is unlikely to be met in the projected timeframe (including in each case financial forecasts);
- **(Material Contracts)** if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group (including those contracts described in section 9.9 (Material Contracts) of this Prospectus) is amended or breached;
- **(disclosures in the Due Diligence Report)** the report of the due diligence committee formed by the Company in connection with the Offer (**Due Diligence Report**) or verification material or any other information supplied by or on behalf of the Company or a Group member to the Lead Manager in relation to SaleCo, the Group or the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- **(adverse change)** an event occurs which is, or is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group (including any change disclosed in this Prospectus, the Offer Documents or other public or media statements made by or on behalf of the Company relating to the Company or the Offer);
- **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce a new law or regulation, government policy or governmental agency policy in Australia (including the Parliament of Australia or any State or Territory of Australia, Reserve Bank of Australia and ASIC) other than a law or policy which has been announced prior to the date of the Underwriting Agreement;
- **(breach of laws)** there is a contravention by the Company, SaleCo or any other Group member of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act (including any regulations under those acts), the ASX Listing Rules or any other applicable law;
- **(compliance with law)** any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (including all regulations under that legislation), the ASX Listing Rules, or any other applicable law or regulation;
- **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of Company or SaleCo is breached, becomes not true or correct or is not performed;
- **(breach)** the Company or SaleCo defaults on one or more of its obligations or undertakings under the Underwriting Agreement;
- **(legal proceedings)** the commencement or escalation of legal proceedings against the Company, SaleCo or any Group member or against any director or officer of any of them in that capacity;
- **(certificate)** a statement in the Closing Certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission), inaccurate or untrue or incorrect;

## 9. ADDITIONAL INFORMATION CONTINUED

- **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, Hong Kong, Singapore, the People's Republic of China, the United States of America, the United Kingdom or any member state of the European Union or a major escalation in existing hostilities occurs (whether war has been declared or not) involving one or more of Russia and Ukraine, or the declaration by any of these countries of a new national emergency, or a material escalation of a national emergency by any of these countries, or a major terrorist act is perpetrated in any of those countries, or any diplomatic, military, commercial or political establishment of any of these countries or anywhere else in the world;
- **(disruption in financial markets)** any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, Hong Kong, Singapore, the United States of America or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Hong Kong, Singapore, the United States of America or the United Kingdom, or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; and
  - trading in all securities quoted or listed on ASX, NASDAQ, New York Stock Exchange, Hong Kong Stock Exchange or London Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading; or
- **(change to pathfinder prospectus)** there is a material difference between the information contained in the pathfinder prospectus relating to the Offer and the information required to be contained in the Prospectus.

### Indemnity

Subject to certain exclusions relating to, amongst other things, the fraud, recklessness or gross negligence of the Lead Manager or certain representatives (as finally judicially determined), the Company agrees to keep the Lead Manager and certain representatives of the Lead Manager indemnified from and against all losses suffered or incurred in connection with the Offer and the appointment of the Lead Manager pursuant to the Underwriting Agreement.

### Conditions Precedent

The Underwriting Agreement includes common conditions precedents (including conducting due diligence, lodgement of this Prospectus, the entry into escrow deeds by the existing Shareholders, the entry into the agreements for the Sale Shares by the Selling Shareholders, the ASX granting the ASX Waivers necessary to enable the Offer to proceed in accordance with the timetable, and a condition precedent requiring each material contract (described in section 9.9 (Material Contracts) of this Prospectus being executed in a form and substance acceptable to the Lead Manager by 8.00am on date of lodgement of this Prospectus).

### Warranties, undertakings and other provisions

The Underwriting Agreement contains other standard representations, warranties and undertakings by the Company and SaleCo to the Lead Manager.

Certain representations and warranties are given by both the Company and SaleCo in relation to certain matters, including without limitation, its corporate power and capacity, the validity of its obligations under the Underwriting Agreement, its status, its solvency and the compliance of the Offer and Offer Documents with the Corporations Act, ASX Listing Rules and all other applicable laws, that it has obtained all approvals and authorisations required to enter into the Underwriting Agreement and enable it and the Group members to carry on their respective business and in relation to the Sale Shares.

Additional representations and warranties are given solely by the Company, including (without limitation) in relation to matters of the Group's business, financial information, anti-bribery, anti-money laundering, eligibility for listing, intellectual property, data privacy and litigation.

The Company and SaleCo have also given certain undertakings in the Underwriting Agreement, including without limitation, not withdrawing the Offer, notification of any breach to the Lead Manager, not create any encumbrances over the Shares to be offered under the Offer and in respect of ASIC or ASX correspondence.

The Company has also given further undertakings, including:

- that it will not, without the prior written consent of the Lead Manager, at any time after the date of the Underwriting Agreement and up to 180 days after Completion, issue, agree to issue or indicate in any way that it may or will issue or agree to issue any shares or securities convertible into equity or receive equity in the Company or any Group member, or enter into any swap or other arrangement that transfers to another (in whole or in part) the economic consequences of ownership of securities of that type other than pursuant to the Offer, the Underwriting Agreement, an employee share plan or option plan, non-underwritten dividend reinvestment, bonus share plan or proposed transaction fairly disclosed in the Prospectus;
- that the Company must, from the date of the Underwriting Agreement until 180 days after Completion, carry on its business in the ordinary course and procure that each Group member carries on its business in the ordinary course, and must not without the prior written consent of the Lead Manager dispose of all or any material part of their business, assets or property and not acquire any business, assets or property;
- that the Company must not reduce, reorganise or otherwise alter the capital structure of the Company, amend the Company's constitution or dispose of the Company's business, assets or property in whole or substantial part except as disclosed in the Offer Documents or with the prior written consent of the Lead Manager;
- that the Company must not vary the terms of any material contract described in section 9.9 (Material Contracts) of this Prospectus or any other contract that is material to its business or the business of a Group member if such variation would have a material adverse effect without the prior written consent of the Lead Manager to the terms of the variation; and
- that the Company must not waive or amend any requirements of a mandatory escrow requirement except in accordance with the ASX Listing Rules or waiver granted by ASX.

SaleCo has also given further undertakings, including that it must not amend or impose conditions on the execution or delivery of any Sale Share sale agreements other than as agreed in advance with the Lead Manager.

### Potential control effects

As at the Prospectus Date, the Lead Manager is not a shareholder of the Company. The Lead Manager is also not a related party of the Company for the purposes of the Corporations Act.

If the Lead Manager (and/or any one or more sub-underwriters appointed by it) are required to subscribe for shortfall Shares pursuant to the Underwriting Agreement, then the Lead Manager will become a Shareholder of the Company.

The Shares available under the Offer will represent approximately 28.8% of the total Shares on issue at Completion. Accordingly, the maximum voting power that the Lead Manager (and/or a sub-writer) may acquire pursuant to the underwriting arrangements (assuming that no investors subscribe for any Shares under the Offer, and all shortfall Shares are allocated to one person) is 28.8%.

As noted in Section 9.5, following Completion, the Directors do not expect any Shareholder to control (as defined by section 50AA of the Corporations Act) the Company.

## 9. ADDITIONAL INFORMATION CONTINUED

### 9.9.2 Supplier and Customer Agreements

Chrysos has entered into various supply and maintenance contracts, and technical support and maintenance service contracts with Nuctech between 2017 and 2022, with respect to each PhotonAssay Max unit which is supplied by Nuctech. The key terms of these agreements are contained in section 3.6.3.

Chrysos has entered into assay purchase agreements with respect to the supply of the PhotonAssay Max units to customers on a leased basis. The key terms of these agreements are contained in section 3.6.5.

### 9.10 RELATED PARTY TRANSACTIONS

The Company is party to a licence agreement with CSIRO pursuant to which the Company occupies its head office premises at Urrabrae, South Australia. Dr Leong Mar is a nominee Director of CSIRO.<sup>56</sup> Under the terms of that licence, the Company pays fees of \$79,960 plus GST per annum. The licence agreement may be terminated by either party on three months' notice, or by CSIRO if the Company fails to pay any amounts due, and does not remedy this within 30 days, or if the Company does not remedy a breach of the licence agreement within 14 days.

Other than the licence agreement with CSIRO, the Non-Executive Director appointment letters, the executive services agreement with Dirk Treasure and the deeds of indemnity, insurance and access, there are no other related party transactions.

### 9.11 ASIC RELIEF OR WAIVERS FROM ASX LISTING RULES

ASX has given in-principle advice that ASX would be likely to grant the Company a waiver from ASX Listing Rule 10.14 to the extent necessary to permit the Company to issue a maximum of 2,500,000 securities under the Employee Equity Plan to Directors (and their associates), consisting of 50% as Options and 50% as performance rights, without Shareholder approval on the following conditions:

- This Prospectus contains the information required by ASX Listing Rule 10.15 in respect of the proposed issue of securities. This information is set out in Sections 9.4 and 7.3.3;
- The date by which the Company will issue the securities under the Employee Equity Plan must be no later than three years from the date of the Company's admission to the official list of ASX. The proposed issue dates are set out in Section 9.4.5;
- Details of any securities issued to the Directors (and their associates) under the Employee Equity Plan must be published in the Company's annual report relating to the period in which they were issued; and
- Provision of the full terms and conditions, satisfactory to ASX, of the Employee Equity Plan pursuant to which the securities are proposed to be issued as a condition of admission and pre-quotations disclosure.

### 9.12 TAXATION IMPLICATIONS

The comments in this Section 9.12 provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus. The categories of Shareholders considered in this summary are limited to individuals, companies (other than insurance companies), trusts, partnerships and complying superannuation entities which hold their Shares on capital account for Australian income tax purposes.

The summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading shares, Shareholders who are exempt from Australian tax or shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) ("**ITAA 1997**") ("**TOFA Regime**"), which have made elections to apply the fair value or reliance on financial reports methodologies. Applicants falling into these categories should obtain their own advice.

<sup>56</sup> Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.



On 25 November 2016 the Company obtained an ATO private ruling confirming it qualified as an “early stage innovation company” under subsection 360-40(1) of the ITAA 1997. This summary does not consider the consequences for Shareholders who are entitled to taxation concessions under the ESIC rules in the ITAA 1997. Shareholders falling into this category should seek their own advice.

This summary is based on the law in Australia in force at the time of issuance of this Prospectus. Australian tax laws are complex. It also does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each shareholder’s specific circumstances.

Applicants should seek professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

### **9.12.1 Shares Acquired**

The acquisition of Shares will constitute an equity interest for Australian tax purposes. There are no immediate income tax consequences to the acquirer on the acquisition of equity interests.

### **9.12.2 Dividends Paid to Australian Tax Resident Shareholders**

#### **Australian tax resident individuals and complying superannuation entities**

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit(s) attached to that dividend.

In some cases, superannuation funds may be exempt to the extent the Shares are held to support current pension liabilities. In most cases shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend, subject to being a ‘qualified person’ (as discussed below). The tax offset can be applied to reduce the tax payable on the Shareholder’s taxable income. Where the tax offset exceeds the tax payable on the Shareholder’s taxable income, such Shareholders should be entitled to a tax refund.

To the extent that the dividend is unfranked, the Shareholder will generally be taxed at their prevailing marginal rate on the dividend received with no tax offset.

#### **Australian tax resident corporate Shareholders**

Australian tax resident corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend. An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This should allow the corporate Shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company but may in certain circumstances be converted into carry forward tax losses and offset against future taxable profits (subject to the loss testing rules for companies).

## 9. ADDITIONAL INFORMATION CONTINUED

### Australian tax resident trusts and partnerships

Shareholders who are Australian tax resident trusts and trustees (other than trustees of complying superannuation entities) or partnerships should include both the dividend and the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership, subject to certain requirements being satisfied.

The application of the Australian taxation laws to trusts with regards to the taxation of dividends is complex. Applicants should seek advice to confirm the appropriate taxation considerations and treatment.

### Shares held 'at risk'

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person' in which case the Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', a Shareholder must satisfy the holding period rule and, to the extent necessary, the related payment rule.

Subject to the related payment rule (refer below), under the holding period rule, an investor is required to hold shares 'at risk' for more than 45 days continuously (which is measured as a period of at least 45 days commencing the day after the shares were acquired and at the latest ending on the 45th day after the day on which the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over shares or entering into a contract to sell the shares) may not be counted as a day on which the investor held the shares 'at risk'. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Special rules apply to trusts and beneficiaries. Specifically, there are particular difficulties in satisfying the holding period rule where an investor holds shares through a discretionary trust where no family trust election has been made. It may be the case that the holding period rule cannot be satisfied (except in the case of individual beneficiaries who have franking credit entitlements that do not exceed \$5,000 in a year). If you are the trustee of a discretionary trust, it is strongly recommended that you seek professional advice.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45-day period as above and, more specifically, within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Applicants should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

### Dividend washing

The Australian Government has introduced specific integrity rules that may apply to deny franking tax offsets to certain "dividend washing" arrangements. Broadly, dividend washing (or 'distribution washing') is a type of scheme by which a taxpayer can obtain multiple franking credits in respect of a single economic interest by selling an interest after an entitlement to a franked distribution has accrued and then immediately purchasing an equivalent interest with a further entitlement to a corresponding franked distribution. Applicants should have regard to these changes in considering the tax implications of their personal circumstances.

### 9.12.3 Disposal of Shares by Australian Tax Resident Shareholders

Australian tax resident Shareholders that hold their Shares on capital account will be subject to Australian capital gains tax (“CGT”) on the disposal of the Shares. Some Shareholders may hold Shares on revenue account, as trading stock or under the TOFA regime. Applicants should seek their own advice.

The disposal of Shares held on capital account would result in a CGT event occurring at the earlier of the time when a contract to dispose of the shares was entered into or the time at which disposal occurs. A Shareholder will:

- Derive a capital gain on the disposal of a particular Share where the capital proceeds received on disposal exceeds the CGT cost base of the Share; and/or
- Incur a capital loss where the capital proceeds received on the disposal of the Shares are less than the reduced cost base of the Share.

The CGT cost base of the Share(s) is broadly the amount paid to acquire the Share(s) plus any transaction/incidental costs. The CGT cost base of the Share(s) may be reduced as a result of receiving non-assessable distributions, such as returns of capital. In an arm’s length transaction, the capital proceeds should generally be the cash proceeds received from the sale of Share(s).

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities, broadly where the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) is 50%, and for complying superannuation entities is one-third. The CGT discount is not available to corporate Shareholders (including those deemed to be corporate shareholders).

In relation to trusts, the rules are complex, but the benefit of the CGT discount may be flowed up to beneficiaries of the trust, subject to certain requirements being satisfied.

If an investor derives a net capital gain in a year, this amount is included in the investor’s assessable income. If an investor incurs a net capital loss in a year, this amount can be carried forward and will only be deductible against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses. Trusts are not subject to tax loss recoupment rules in relation to net capital losses.

### 9.12.4 Quotation of Australian Business Number (ABN) and Tax File Number (TFN)

A Shareholder is not required to quote their TFN, or where a shareholder holds Shares as part of an enterprise, their ABN, to the Company. However, if TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company at the maximum marginal tax rate (currently 45% plus 2% Medicare levy) from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

### 9.12.5 Stamp Duty

No Australian stamp duty should be payable by shareholders in respect of the Offer or their acquisition or disposal of their Shares in the Company whilst it is a listed company. Investors should seek their own advice on the impact of stamp duty, depending on their own particular circumstances.

## 9. ADDITIONAL INFORMATION CONTINUED

### 9.12.6 Australian Goods and Services Tax (GST)

The acquisition of the Shares by an Australian resident (that is registered for GST) should be an input taxed financial supply and therefore, should not be subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Applicants should seek their own advice on the impact of GST in their own particular circumstances.

### 9.13 INTERESTS OF NAMED PERSONS

Set out below are the benefits that have been or have been agreed to be given to Directors, proposed directors, persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, promoters of the Company and underwriters (but not sub-underwriters) to the Offer or a financial services licensee named in the Prospectus as a financial services licensee involved in the Offer (together, "**Prescribed Persons**").

Except as set out below or elsewhere in this Prospectus, no Prescribed Person holds, or during the last two years has held, any interests in:

- The formation or promotion of the Company;
- Any property acquired or proposed to be acquired by the Company in connection with the Company's formation or the promotion, or the Offer; or
- The Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefits of any kind, (whether in cash, Shares or otherwise) have been paid or agreed to be paid to:

- A Director or proposed director to induce them to become, or to qualify as, a Director of the Company; or
- A Prescribed Person for services provided by them in connection with the formation or promotion of the Company, or the Offer.

Over the past four years, the Company has paid RFC Ambrian Limited a total of \$1.1 million in fees for services to the Company, including reviews of financial models and business plans, and assistance with capital raisings. Robert Adamson, Non-Executive Chairman of the Company, is the executive chair of RFC Ambrian Limited.

Under the terms of its employment arrangements with Dr James Tickner, the Company agreed to pay a bonus of \$100,000 to Dr James Tickner on Completion.

Chrysos has engaged the following professional advisors and consultants in relation to the Offer:

- Barrenjoey Markets Pty Limited has acted as the Lead Manager and underwriter to the Offer. The Company has agreed to pay the fees described in Section 9.9.1 for these services;
- KPMG Financial Advisory Services (Australia) Pty Limited has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Financial Information included in Section 4 and its Investigating Accountant's Report included in Section 5. The Company has agreed to pay \$310,000 (excluding GST) for these services up until the Prospectus Date;
- KPMG has acted as tax adviser and provider of tax due diligence to the Company in relation to the Offer. The Company has agreed to pay \$70,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to KPMG for other work in accordance with its normal time-based charges;

- Thomson Geer has acted as the Australian Legal Adviser to Chrysos for the purposes of the Offer. The Company has agreed to pay \$400,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Thomson Geer for other work in accordance with its normal time-based charges;
- Canaccord Genuity (Australia) Limited and other brokers appointed by the Lead Manager have acted as Broker to the Offer and will each be paid a broker firm fee of 1.5% (including GST) of the value of Shares allocated to clients of that Broker. Any fees payable to Brokers are payable by the Lead Manager on behalf of the Company and SaleCo out of the fees payable to the Lead Manager in relation to the Offer;
- Allens Patent & Trade Mark Attorneys has prepared the Intellectual Property Report included in Appendix C. The Company has agreed to pay \$98,153 (excluding GST) for this work; and
- Frost & Sullivan Pty Limited has prepared the Market Report included in Appendix B. The Company has agreed to pay \$22,000 (excluding GST) for this work.

## 9.14 CONSENTS

Each of the parties listed below in this Section 9.14 (each a “**Consenting Party**”), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of its Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Barrenjoey Markets Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Lead Manager and underwriter to the Offer;
- KPMG Financial Advisory Services (Australia) Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Investigating Accountant to the Offer and the provider of the Investigating Accountant’s Report referred to in Section 5;
- KPMG has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Tax Adviser to the Offer;
- Thomson Geer has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Australian Legal Adviser to the Offer;
- Canaccord Genuity (Australia) Limited has given, and has not withdrawn prior to the Prospectus Date, their written consent to be named in this Prospectus as a Broker to the Offer;
- Allens Patent & Trade Mark Attorneys has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the provider of the Intellectual Property Report referred to in Appendix C;
- Frost & Sullivan Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as provider of the Market Report referred to in Appendix B, and to the inclusion of all statements by it, or said to be based on statements by it, in the Prospectus;
- KPMG has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of Chrysos in respect of the FY21 financial statements and the review of H1 FY21 and H1 FY22 financial statements;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of Chrysos in respect of the FY20 financial statements;

## 9. ADDITIONAL INFORMATION CONTINUED

- Link Market Services Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to the Offer;
- Wess Edgar has given, and has not withdrawn prior to the Prospectus Date, his written consent to the inclusion of statements made by him as set out in the Chairman's Letter and Section 3.7.2;
- Barrick Gold Corporation Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to the inclusion of statements made by it as set out in Section 3.5;
- ALS Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to the inclusion of statements made by it as set out in Section 3.5;
- Stuart Thomson has given, and has not withdrawn prior to the Prospectus Date, his written consent to the inclusion of statements made by him as set out in Section 3.6.4; and
- Dr. Quinton Hennigh has given, and has not withdrawn prior to the Prospectus Date, his written consent to the inclusion of statements made by him as set out in Section 3.7.2.

No Consenting Party referred to in this Section 9.14 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above or in a report included in this Prospectus with its consent. Each Consenting Party referred to in this Section 9.14 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 9.14 or in a report included in this Prospectus with its consent.

### 9.15 SUPPLEMENTARY INFORMATION

A supplementary prospectus will be issued if the Company or SaleCo becomes aware of any of the following between the issue of this Prospectus and the date the Shares are quoted:

- A material statement in this Prospectus is misleading or deceptive;
- There is a material omission from this Prospectus;
- There has been a significant change affecting a matter included in this Prospectus; or
- A significant new circumstance has arisen and it would have been required to be included in this Prospectus.

### 9.16 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of the Company for a period of not less than 12 months from the date of this Prospectus:

- Each Director's consent for the lodgement of this Prospectus;
- Each director of SaleCo's consent for the lodgement of this Prospectus;
- The Constitution; and
- The consents referred to in Section 9.14 of this Prospectus.



# 10. AUTHORISATION BY DIRECTORS

## 10. AUTHORISATION BY DIRECTORS

The Directors and directors of SaleCo respectively state that they have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors and directors of SaleCo (as applicable) in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than Directors and directors of SaleCo (as applicable), the Directors and directors of SaleCo (as applicable) have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in the Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the knowledge of the Directors or directors of SaleCo (as applicable), before any issue of New Shares or transfer of Sale Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director and director of SaleCo has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

This Prospectus is authorised by each of the Directors and directors of SaleCo, pursuant to resolutions of the Board and board of SaleCo (as applicable).

Signed for and on behalf of:

Chrysos Corporation Limited and Chrysos Sale Co Limited

By Robert Adamson



Chairman





# 11. GLOSSARY

## 11. GLOSSARY

Term	Definition
\$	Australian Dollar unless otherwise stated
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACN	Australian Company Number
<b>Agnico Eagle</b>	Agnico Eagle Mines Limited and its group entities
ALS	ALS Limited and its group entities
<b>Applicant</b>	A person who returns an Application
<b>Application</b>	An application for New Shares or Sale Shares under the Offer
<b>Application Form</b>	The entitlement and acceptance form attached to this Prospectus
<b>Application Payment</b>	The amount accompanying an Application Form submitted by an Applicant
ARR	Annual recurring revenue
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
<b>ASX Listing Rules</b>	The official rules of the ASX that govern the admission, quotation, and removal of securities from the official list
<b>ASX Principles</b>	Provisions recommended by the ASX Corporate Governance Council in the 4th edition of the ASX Corporate Governance Principles and Recommendations
<b>Australian Legal Adviser</b>	Thomson Geer
<b>Barrick Gold</b>	Barrick Gold Corporation Limited and its group entities
bn	Billion
<b>Board</b>	The board of Directors of the Company
<b>Broker</b>	Canaccord Genuity (Australia) Limited and any other broker or brokers appointed by the Lead Manager in accordance with the Underwriting Agreement to act as a participating broker to the Offer
<b>Broker Firm Offer</b>	The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of participating Brokers who have received a firm allocation from their Broker, as described in Section 8.3

Term	Definition
<b>Bureau Veritas</b>	Bureau Veritas S.A. and its group entities
<b>CEO</b>	Chief Executive Officer of the Company
<b>CFO</b>	Chief Financial Officer of the Company
<b>CGT</b>	Australian capital gains tax
<b>CHESS</b>	ASX Clearing House Electronic Subregister System
<b>Chrysos, Company or Group</b>	Chrysos Corporation Limited (ACN 613 131 141) and its group entities
<b>Closing Date of Retail Offer</b>	5.00pm (Sydney time) on Friday, 29 April 2022 (unless varied)
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent
<b>Commonwealth Bank</b>	Commonwealth Bank of Australia Limited
<b>Completion</b>	Completion of the issue of New Shares and transfer of Sale Shares under the Offer
<b>Consenting Party</b>	Relates to those parties described in Section 9.14
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>COVID-19</b>	2019 novel coronavirus disease
<b>CPI</b>	Consumer Price Index
<b>CSIRO</b>	Commonwealth Scientific and Industrial Research Organisation
<b>CTO</b>	Chief technology officer
<b>Deloitte</b>	Deloitte Touche Tohmatsu and its group entities
<b>Directors</b>	The directors of the Company
<b>EBIT</b>	Earnings before interest and tax
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>Eligible Offer Employees</b>	Employees of the Company and Directors who receive an invitation to apply for Shares under the Employee Offer as set out in Section 8.7.3

## 11. GLOSSARY CONTINUED

Term	Definition
<b>Employee Equity Plan</b>	Relates to the Company's employee plan described in Section 9.4.1
<b>Employee Offer</b>	The offer of Shares under this Prospectus to Eligible Offer Employees in Australia, as set out in Section 8.3
<b>Employee Offer Price</b>	The subscription price per Share under the Employee Offer (i.e. \$5.85 per Share)
<b>Employee Share and Option Plan</b>	Relates to the Company's employee plan described in Section 9.4.3
<b>ESG</b>	Environment, social and governance
<b>ESSG</b>	The Environmental, Safety, Social and Corporate Governance Committee
<b>Existing Shareholders</b>	The Shareholders as at the Prospectus Date
<b>Exposure Period</b>	The period during which the Company cannot accept Applications as described in section 727(3) of the Corporations Act
<b>Financial Information</b>	Historical Financial Information and Forecast Financial Information
<b>FMC Act</b>	The <i>Financial Markets Conduct Act 2013</i> of New Zealand
<b>Forecast Financial Information</b>	Represents the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information
<b>FPO</b>	The FSMA (Financial Promotions) Order 2005
<b>Frost &amp; Sullivan</b>	Frost & Sullivan Pty Limited
<b>FSMA</b>	The Financial Services and Markets Act 2000 of the United Kingdom
<b>FY20</b>	The financial year for the 12 months ended 30 June 2020
<b>FY21</b>	The financial year for the 12 months ended 30 June 2021
<b>FY22</b>	The financial year for the 12 months ended 30 June 2022
<b>FY23</b>	The financial year for the 12 months ended 30 June 2023
<b>g</b>	Grams
<b>g/t</b>	Grams per tonne (or metric ton)
<b>GEN-2 Model</b>	Second generation model of the PhotonAssay Max

Term	Definition
<b>GST</b>	Has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and includes goods and services tax
<b>H1 FY21</b>	The half year for the 6 months ended 31 December 2021
<b>H1 FY22</b>	The half year for the 6 months ended 31 December 2022
<b>Historical Financial Information</b>	Represents the Statutory Historical Financial Information and the Pro Forma Historical Financial Information
<b>IFRS</b>	International Financial Reporting Standards
<b>Information</b>	Relates to the description of information collected on each Applicant in Section 8.17
<b>Institutional Investors</b>	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and are either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act, respectively; or (b) institutional investors in certain other jurisdictions, as agreed between Chrysos and the Lead Manager, to whom offers or invitations in respect of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which Chrysos is willing, in its absolute discretion, to comply)
<b>Institutional Offer</b>	The offer of Shares under this Prospectus to Institutional Investors in Australia (and certain other jurisdictions in the word), as set out in Section 8.3
<b>Intellectual Property Report</b>	The report contained in Appendix C
<b>Intertek</b>	Intertek Group Limited and its group entities
<b>Investigating Accountant</b>	KPMG Financial Advisory Services (Australia) Pty Limited
<b>IP</b>	Intellectual Property
<b>IPO</b>	Initial public offering
<b>ISO/IEC</b>	International Organisation for Standardization and International Electrotechnical Commission
<b>ITAA 1997</b>	The <i>Income Tax Assessment Act 1997</i> (Cth)
<b>JORC</b>	Australasian Joint Ore Reserve Committee or, where the context requires it, the code known as the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
<b>keV</b>	Thousand electron volts
<b>kg</b>	Kilogram
<b>Kirkland Lake Gold</b>	Kirkland Lake Gold Limited and Kirkland Lake Gold Pty Limited

## 11. GLOSSARY CONTINUED

Term	Definition
<b>koz</b>	Thousand troy ounces
<b>KPI</b>	Key performance indicator
<b>kWh</b>	Kilowatt hour
<b>Lead Manager</b>	Barrenjoey Markets Pty Limited
<b>Lead Manager Limited Party</b>	The Lead Manager's related bodies corporate, shareholders or affiliates, officers, directors, employees, agents, advisors, partners and associates
<b>LINAC</b>	Linear Accelerator
<b>Listing</b>	Admission of Chrysos and quotation of the Shares on the ASX
<b>LTI</b>	Long-term incentive
<b>m</b>	Million
<b>M&amp;A</b>	Mergers and acquisitions
<b>Managing Director</b>	Managing director of the Company
<b>Market Report</b>	The report contained in Appendix B
<b>MeV</b>	Million electron volts
<b>MinAnalytical</b>	MinAnalytical Laboratory Services Australia Pty Limited
<b>Mineral Resource or Resource</b>	A concentration or occurrence of solid material of economic interest in such form, grade (or quality) and quantity that there are reasonable prospects for economic extraction. Resources are classified as Measured, Indicated and Inferred
<b>mm</b>	Millimetre
<b>MMAP</b>	Minimum monthly assay payment
<b>MSALABS</b>	MSALABS Limited and its group entities
<b>Mt</b>	Million metric tonnes
<b>NATA</b>	National Association of Testing Authorities
<b>New Shares</b>	The new Shares offered for subscription under the Offer as set out in this Prospectus
<b>NI</b>	National Instrument
<b>Non-Executive Director</b>	Non-executive director of the Company
<b>Novo Resources</b>	Novo Resources Corp. and its group entities

Term	Definition
<b>NPAT</b>	Net profit after tax
<b>Nuctech</b>	Nuctech Company Limited and its group entities
<b>Offer</b>	The offer by the Company and SaleCo to apply for Shares under this Prospectus
<b>Offer Price</b>	The subscription price per Share under the Institutional Offer, Broker Firm Offer and Priority Offer (i.e. \$6.50 per New Share)
<b>Options</b>	Options to acquire Shares
<b>Ore Reserves or Reserves</b>	The economically mineable part of a Measured or Indicated Mineral Resource. Ore Reserves are classified as Proven and Probable
<b>oz</b>	Troy ounce
<b>PaaS</b>	Product-as-a-service
<b>Perenti</b>	Perenti Group Limited and its group entities
<b>Performance Options</b>	Rights to subscribe for a Share under the Employee Equity Plan described in Section 9.4
<b>Performance Rights</b>	Rights to receive a Share or to receive a cash payment equal to the value of a Share described in Section 9.4
<b>Performance Shares</b>	Shares described in Section 9.4
<b>PGM</b>	Platinum group metals
<b>PhotonAssay</b>	The Company's flagship product, Chrysol PhotonAssay™. PhotonAssay is used to analyse gold (and other mineral elements) in ore and other materials, consistent with the process discussed in Section 3.4.3
<b>PhotonAssay Atom</b>	A model of PhotonAssay which is a more compact and portable alternative to the PhotonAssay Max. As at the Prospectus Date, the PhotonAssay Atom is not commercially available
<b>PhotonAssay Max</b>	A model of PhotonAssay which is commercially available and consistent with the specifications described in Section 3.6.4
<b>ppm</b>	Parts per million
<b>Prescribed Persons</b>	Relates to those persons described in Section 9.13
<b>Priority Offer</b>	The Offer of Shares under this Prospectus to selected investors, as set out in Section 8.3
<b>Pro Forma Forecast Cash Flows</b>	Pro forma forecast consolidated statement of cash flows for FY22 and FY23

## 11. GLOSSARY CONTINUED

Term	Definition
<b>Pro Forma Forecast Financial Information</b>	Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows
<b>Pro Forma Forecast Income Statement</b>	Pro forma forecast consolidated statement of profit and loss and other comprehensive income for FY22 and FY23
<b>Pro Forma Historical Cash Flows</b>	Pro forma historical consolidated statement of cash flows for FY20, FY21, H1 FY21 and H1 FY22
<b>Pro Forma Historical Financial Information</b>	Pro Forma Historical Income Statement, Pro Forma Historical Statement of Financial Position and Pro Forma Historical Cash Flows
<b>Pro Forma Historical Income Statement</b>	Pro forma forecast consolidated statement of profit and loss and other comprehensive income for FY20, FY21, H1 FY21 and H1 FY22
<b>Pro Forma Historical Statement of Financial Position</b>	Pro forma historical consolidated statement of financial position as at 31 December 2021
<b>Prospectus</b>	This prospectus
<b>Prospectus Date</b>	The date of the Prospectus
<b>Prospectus Regulation</b>	Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union
<b>Provinces</b>	The provinces of British Columbia, Ontario and Quebec described in Section 8.12.2
<b>Purposes</b>	Relates to the description of purposes for collecting Information in Section 8.17
<b>QA</b>	Quality assurance
<b>QC</b>	Quality control
<b>R&amp;D</b>	Research and development
<b>Relevant Officers</b>	The Non-Executive Directors, the Managing Director and CEO, and the CFO of the Company
<b>ROIC</b>	Return on invested capital
<b>S&amp;P/ASX 200 Index</b>	The Standard & Poor's ASX 200 Index
<b>S.A.</b>	Société anonyme (a French term for a public limited company)
<b>Sale Shares</b>	The existing Shares offered for sale by the Selling Shareholders (through SaleCo) under the Offer as set out in this Prospectus
<b>SaleCo</b>	Chrysos Sale Co Limited (ACN 657 974 377)
<b>Selling Shareholders</b>	The holders of Shares at the Prospectus Date who are intending to sell all or part of their existing shareholdings



<b>Term</b>	<b>Definition</b>
<b>Settlement</b>	Settlement in respect of the Shares subject to the Offer
<b>SFA</b>	<i>The Securities and Futures Act 2001</i> of Singapore
<b>SFO</b>	The Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong
<b>SGS</b>	SGS S.A. and its related entities
<b>Share Registry</b>	Link Market Services Limited
<b>Shareholder</b>	A registered holder of one or more Shares
<b>Shares</b>	Ordinary shares in the capital of Chrysos
<b>Short Term Incentive Plan</b>	Relates to the Company's employee incentive plan described in Section 9.4.2
<b>Significant Accounting Policies</b>	Relates to the accounting policies described in Appendix A
<b>Statutory Forecast Cash Flows</b>	Statutory forecast consolidated statement of cash flows for FY22 and FY23
<b>Statutory Forecast Financial Information</b>	Statutory Forecast Income Statement and Statutory Forecast Cash Flows
<b>Statutory Forecast Income Statement</b>	Statutory forecast consolidated statement of profit and loss and other comprehensive income for FY22 and FY23
<b>Statutory Historical Cash Flows</b>	Statutory historical consolidated statement of cash flows for FY20, FY21, H1 FY21 and H1 FY22
<b>Statutory Historical Financial Information</b>	Statutory Historical Income Statement, Statutory Historical Statement of Financial Position and Statutory Historical Cash Flows
<b>Statutory Historical Income Statement</b>	Statutory forecast consolidated statement of profit and loss and other comprehensive income for FY20, FY21, H1 FY21 and H1 FY22
<b>Statutory Historical Statement of Financial Position</b>	Statutory historical consolidated statement of financial position as at 31 December 2021
<b>STI</b>	Short-term incentive
<b>t</b>	Tonnes (or metric ton)
<b>TAM</b>	Total addressable market
<b>TCV</b>	Total contract value

## 11. GLOSSARY CONTINUED

Term	Definition
<b>Terms of the Offer</b>	The terms and conditions set out in this Prospectus, including any modifications made by the Company
<b>TFN</b>	Tax File Number
<b>Third-Party Report</b>	Any statements, data or other contents referenced or attributed to reports by a third party in this Prospectus
<b>TIC</b>	Testing, inspection and certification
<b>TOFA Regime</b>	The Taxation of Financial Arrangements regime in Division 230 of the ITAA 1997
<b>U.S.</b>	United States
<b>U.S. Securities Act</b>	<i>The U.S. Securities Act 1933</i>
<b>Underwriting Agreement</b>	The agreement between the Company, SaleCo and Lead Manager summarised in Section 9.9.1
<b>US\$</b>	United States Dollar
<b>XRF</b>	X-ray fluorescence spectroscopy



# 12. CORPORATION DIRECTORY

## 12. CORPORATION DIRECTORY

### BOARD OF DIRECTORS

Robert Adamson  
Dirk Treasure  
Brett Boynton  
Dr Leong Mar<sup>57</sup>  
Kerry Gleeson  
Eric Ford  
Ivan Mellado

### JOINT COMPANY SECRETARIES

Brett Coventry  
Anand Sundaraj

### LEAD MANAGER

#### **Barrenjoey Markets Pty Limited**

Liberty Place, Level 41  
161 Castlereagh Street  
Sydney NSW 2000

### SHARE REGISTRY

#### **Link Market Services Limited**

Level 12, 680 George Street  
Sydney NSW 2000

### REGISTERED OFFICE

#### **Chrysos Corporation Limited (ACN 613 131 141)**

Gate 4, Waite Road  
Urrbrae SA 5064

### AUDITOR

#### **KPMG**

Tower 2, Collins Square  
727 Collins Street  
Melbourne VIC 3008

### AUSTRALIAN LEGAL ADVISER

#### **Thomson Geer**

Level 14, 60 Martin Place  
Sydney NSW 2000

### INVESTIGATING ACCOUNTANT

#### **KPMG Financial Advisory Services (Australia) Pty Limited**

Tower 2, Collins Square  
727 Collins Street  
Melbourne VIC 3008

### BROKER

#### **Canaccord Genuity (Australia) Limited**

Level 62, MLC Centre  
19 Martin Place  
Sydney NSW 2000

### COMPANY WEBSITE

<https://www.chrysos.com.au/>

57. Dr. Leong Mar is CSIRO's nominee Director on the Board and will resign on Completion.



# APPENDIX A. SIGNIFICANT ACCOUNTING POLICIES

# APPENDIX A. SIGNIFICANT ACCOUNTING POLICIES

## BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards Tier 1 Requirements and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*, as appropriate for for profit oriented entities that have public accountability.

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

## SIGNIFICANT ACCOUNTING POLICIES

### Foreign Currency Transactions

Foreign currency transactions are translated into the Company's functional currency which is Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as other income.

### Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Company recognises revenue as follows:

#### Revenue from Proof-of-Concept Activities

Revenue from proof-of-concept activities is recognised at a point in time when the results of the proof of concept are passed to the customer.

#### Operating Lease Income

Minimum operating lease income from PhotonAssay units comprises the MMAP which is recognised as income over the lease term on a straight-line basis for the commitment of the Company to provide the PhotonAssay machine for use by the lessee. Any claims for warranty, where the machines are not available for the minimum availability as agreed under the lease are deducted from the MMAP monthly if and when they are claimed by the lessee and agreed to by the Company in accordance with the lease agreement.

Variable operating lease income arises from assay volumes that occur in-excess of the minimum monthly volume agreed in the lease and are recognised on a monthly basis in the month that those excess volumes occur.

#### Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

#### Government Grant Income

Government grants have been recognised as other income once there is reasonable assurance the Company will comply with any conditions attached.

## Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## Research and Development Grant

The Company accounts for the concession as government grants and nets the amount against the relevant expense and or asset in accordance with by AASB 120 Government Grants.

## Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

## Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 45 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The Company is satisfied that no allowance for credit losses is required having undertaken this exercise.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

## Financial Assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

# APPENDIX A. SIGNIFICANT ACCOUNTING POLICIES

## CONTINUED

### Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

### Plant and Equipment

Prototype costs have been expensed in the profit and loss account as incurred.

For plant and equipment which is under construction (photon assay machinery) and not yet in use, this is held at historical cost less impairment. Plant and equipment is subsequently stated at historical cost less accumulated depreciation and impairment once the asset comes into use. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Other items of plant and equipment and motor vehicles are measured at cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

#### Plant and equipment under construction

Motor vehicles	5 years
Plant and equipment	10 years

#### Deployed Photon Assay Units on a component basis

Linear Accelerators	10 years
Automation Equipment	5 years
Shielding and Housing	20 years
Non-significant components	10 years

### Right of Use Assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right of use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Intangible Assets

Acquired intangible assets are initially recognised at cost and relate to Intellectual Property (finite life intangible asset).

The expected finite life of acquired intellectual property is 5 years.



Internally developed software and hardware IP, where expenditure is incurred on the research phase of projects to develop new technologies and solutions is recognised as an expense as incurred.

Costs that are directly attributable to analytics, and tools or hardware IP during its development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the IP created; and
- the software/hardware will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs and costs incurred on analytics and tools or hardware IP development.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The expected finite life of internally developed analytics and tools or hardware is 10 years.

### **Impairment of Non Financial Assets**

Other non financial 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use is the present value of the estimated future cash flows relating to the asset using a pre tax discount rate specific to the asset or cash generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.

### **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid.

Due to their short term and long term nature they are either measured at amortised cost and are not discounted (short term), or recognised at the present value of the trade payments to be made over the credit term period, discounted using a market rate of interest (long term).

### **Other Financial Liabilities**

Other financial liabilities are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### **Lease Liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

# APPENDIX A. SIGNIFICANT ACCOUNTING POLICIES

## CONTINUED

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

### Finance Costs

Finance costs are expensed in the period in which they are incurred.

### Employee Benefits

#### Short Term Employee Benefits

Liabilities for wages and salaries, including non monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### Other Long Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### Share Based Payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date, less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Fair Value Measurement**

When an asset or liability, financial or non financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

### **Issued Capital**

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, net of tax, from the proceeds.

### **Goods and Services Tax ('GST') and Other Similar Taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Leases**

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

# APPENDIX A. SIGNIFICANT ACCOUNTING POLICIES

## CONTINUED

### CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the goods and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### Share Based Payment Transactions

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted, and key judgements exist when determining the vesting period and fair value at grant date.

#### Useful Life of Intellectual Property

The Company regularly considers the finite life of Intellectual Property, which is currently estimated to be five years. In determining the appropriate useful life for these assets, a range of factors are taken into account including the specific nature of the asset created, risk of technological obsolescence, business performance and market conditions.

#### Useful life of PhotonAssay Units

The Company regularly considers the useful life of the PhotonAssay units, which is now primarily aligned to the useful life of the LINAC. The Company has changed its estimate of the useful life of the LINAC during FY21 from 5 to 10 years, based on maintenance and service experience of deployed units to date. Other significant components have been assessed as having different useful lives to this, with shielding having a longer useful life of 20 years and components of automation considered to have a shorter useful life of 5 years. In determining the appropriate useful life for these assets, a range of factors are taken into account including the specific nature of the asset deployed, risk of technological obsolescence, operational and business performance and market conditions.

#### Research and Development Expenses

Expenditure during the research phase of a project is recognised as an expense as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

### **Provision for Payroll Taxes**

The provision for payroll tax is the Company's best estimate of its future liability for payroll tax on share-based payments that have been granted prior to reporting period end and remain unexercised. The liability estimate is based on the current fair value of shares in the Company at balance date, using recent share transaction prices and other information that is relevant to the valuation of the Company, including the progress in executing new leasing arrangements as lessor and status of negotiations with new lessees, amongst other information. As the date at which the liability crystallises is uncertain, and contingent upon the holder when and if a holder exercises, the fair value of the instruments at the time of exercise is currently unknown, and consequently the amount payable for associated payroll tax could be greater or less than the estimate provided for.

### **Leases of PhotonAssay Units as Lessor**

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease term is for the major part of the economic life of the asset.

Significant judgement is required as to whether the significant risks and rewards of ownership have transferred to the lessee. Consideration has been given to the non-cancellable periods and early cancellation penalties contained within the leasing arrangements and it has been determined that the maximum lease term that can be enforced is not a significant part of the estimated useful life of the units leased. On this basis, all current leases have determined to be operating leases.



# APPENDIX B. MARKET REPORT

# APPENDIX B. MARKET REPORT

## Market Report

### Gold Mining and Geochemistry Services

March 2022

This report has been commissioned from Frost & Sullivan by Chrysos Corporation Limited (hereafter referred to as Chrysos) to support its initial public offering (IPO) process.

#### 1. Background, Definitions and Methodology

##### 1.1 Background

Chrysos is an Australian-based company that is commercialising its proprietary PhotonAssay technology in the mining industry. The initial focus is on the gold mining industry (which is the focus of this report), although PhotonAssay also has potential applications in mining of other minerals, including silver, nickel and copper.

PhotonAssay offers a number of significant advantages over the predominant assay technique currently used in gold mining (fire assay). These advantages are described further in section 2. As a result of these advantages, PhotonAssay technology has been commercially installed at a growing number of gold mines and off-site commercial laboratories which undertake geochemistry services on behalf of gold mining companies.

##### 1.2 Definitions

###### 1.2.1 Assays

Assays are analyses of material such as ore to determine the presence, absence or quantity of one or more components. Assays are a critical aspect of the mining process, across both the exploration and production phases of mining, and are undertaken either by the mining company at on-site laboratories, or by independent commercial laboratories at off-site facilities (some on-site laboratories are operated by commercial laboratory companies on an outsourced basis). The most common assay technique in gold mining is fire assay, which is described further in section 2.1.

###### 1.2.2 Geochemistry Services

Geochemistry is the scientific study of the chemical composition of rocks and minerals. Geochemistry is widely used in the mining industry, with a range of services such as fire assay used at various stages in the mining process. Geochemistry services are offered by a number of commercial laboratory companies, often as part of a broader range of Testing, Inspection and Certification (TIC) services, or may be undertaken in-house at on-site laboratories by mining companies. Fire assay is an example of geochemistry.

## 1.3 Methodology

Data provided in this report is based on publicly-available data sources, including governmental and trade statistics and reports, company reports and presentations, articles and press reports, and analyst reports.

All financial data in the report is in US dollars (\$) unless otherwise stated.

## 2. Use of Assays in Gold Mining

This section describes the assays currently undertaken in gold mining, including fire assay and PhotonAssay, and the benefits and market drivers for the use of PhotonAssay. Whilst other assay techniques have been utilised in gold mining (e.g. wet assays), fire assay is currently the predominant assay used and the share of other assays (apart from PhotonAssay) in gold mining is considered negligible.

### 2.1 Fire Assay

Fire assay is a long-established technique for assessing the precious metal content in ores and other materials. Its origins are believed to lie in Asia in pre-Biblical times.

In the fire assay process, ores or materials are pulverised and a sample (typically 30g or 50g) is mixed with a fluxing agent containing lead or nickel as a collector as well as other reagents. The sample is then placed in a ceramic crucible and is heated in a furnace where it fuses and separates (fusion) from the collector material 'button', which contains the precious minerals. The precious minerals are then separated from the collector by a process known as cupellation where they are placed in an ash-made cupel and heated, leading to the production of a precious mineral amalgam. These precious minerals are then analysed by techniques such as flame atomic absorption or instrumental neutron activation analysis to determine the concentration of gold in the sample.

Whilst it is the current industry standard for gold assaying, fire assay has a number of disadvantages;

- It is a complex procedure requiring the services of a skilled geochemist, with these skills not necessarily easily-available at remote mine sites. Fire assay results are dependent on the skills and experience of the geochemist conducting the analysis, resulting in inherent unpredictability;
- Fire assay can be time-consuming, with several process steps required;
- The fire assay process is energy-intensive, particularly due to the high temperatures required for the furnace;
- The fire assay process uses consumables that are hazardous to staff and the environment, including lead. Fire assay can cause elevated blood level lead levels amongst workers,<sup>1</sup> and it requires use of personal protective equipment and regular testing of workers; and

<sup>1</sup> Porter et al., Elevated Blood Lead Levels Among Fire Assay Workers and Their Children in Alaska, 2010–2011, Public Health Rep. 2015 Sep-Oct; 130(5): 440–446



- The specialism required, length of the process, energy required and the consumables utilised make fire assay an expensive process, typically costing \$10-20 per sample when performed by a commercial lab, and with analysis of hundreds or thousands of samples often required by the gold mining company on an ongoing basis.

## 2.2 PhotonAssay

PhotonAssay provides an alternative for analysis of the gold concentration in ores. High-energy and intensity x-rays are used to activate gold atoms in ore samples typically of around 500g, with a larger sample size contributing to reduced sampling error in comparison to fire assay. The gamma-rays of characteristic energy emitted by the activated gold are measured and counted to estimate the gold content of the sample.

Testing of PhotonAssay on certified reference materials (CRMs) (homogenous manufactured materials whose gold concentration is accurately known) has confirmed that PhotonAssay is highly accurate in measuring gold concentration, and the results are consistent with those achieved through fire assay.<sup>2</sup>

## 2.3 Comparison of PhotonAssay and Fire Assay

A comparison of PhotonAssay with fire assay is summarised in Table 1 and described in more detail below.

**Table 1: Comparison of Fire Assay and PhotonAssay, Gold Mining, 2022 (excludes sample transport and preparation)**

Parameter	Fire Assay	Photon Assay
<b>Energy usage</b>	~1.3 kWh/sample	~0.65 kWh/sample
<b>CO2 emissions*</b>	0.91 kg CO2/sample	0.455 kg/CO2/sample
<b>Hazardous waste emissions</b>	~90gm contaminated cupel waste/sample ~215gm crucible waste/sample	No hazardous emissions
<b>Processing time</b>	3-4 hours	~3 minutes
<b>Process cost</b>	~A\$6.00 (estimate)	N/A

Sources: supplier brochures; Chrysos; Department of Energy and the Environment; Cerceau et al., Recovering lead from cupel waste generated in gold analysis by Pb-Fire assay, *Journal of Environmental Management* 183 (2016) 771e776

\*Assumes same electricity source is used

### 2.3.1 Energy Usage and CO2 Emissions

Fire assay uses significant electricity in the fusion and cupellation processes, estimated to be 1.3 kWh/sample.<sup>3</sup> PhotonAssay utilises 0.65 kWh/sample,<sup>4</sup> a difference of 0.65 kWh/sample between the two methods.

The amount of CO2 per kWh of electricity generated is dependent on the generation type and location of generation. To compare fire assay and PhotonAssay, an assumption has been made that both source power from the public electricity grid and are served by the South West

<sup>2</sup> Chrysos Corporation, Evaluation of PhotonAssay for gold analysis in mineral ores: Sample preparation and fire-assay comparisons, November 2018

<sup>3</sup> Estimated based on <https://www.yosion-lab.com/lab-fire-assay-equipment/muffle-furnace/electric-fusion-furnace.html>

<sup>4</sup> Chrysos Corporation, accessed from PhotonAssay MAX technical information Model Number PA1408X

Interconnected System (SWIS) in Western Australia. The emissions factor is estimated at 0.70 kg CO<sub>2</sub>-e/kWh,<sup>5</sup> indicating emissions of 0.91 kg CO<sub>2</sub>/sample for fire assay and 0.455 kg/CO<sub>2</sub> for PhotonAssay.

### 2.3.2 Hazardous Waste Emissions

Fire assay results in the emission of hazardous waste, especially lead, particularly through the cupellation process where the cupel is contaminated through absorption of lead used in the procedure. Each fire assay procedure is estimated to generate about 90gm of cupel waste which is heavily contaminated with lead, accounting for approximately 37% of cupel waste, or 33gm/procedure.<sup>6</sup> The concentration of lead in cupel waste defines it as Class 1 hazardous waste and disposal of this waste represents a significant environmental challenge.

Additionally, the ceramic crucible used in the fusion process is also likely to absorb some hazardous material from the fluxing agent. Crucibles are generally re-used a number of times (typically about three times) but are disposed of once no longer able to be used due to anomalies caused by previous fusions. Crucibles typically come in a variety of standard sizes of between 360gm and 700gm, with 630-700gm used for the largest charges.<sup>7</sup> Assuming that the crucible is reused three times, then the fire assay process also requires the disposal of ~215gm of used, contaminated crucible material (assuming a 650gm crucible is used three times).

### 2.3.3 Processing Time

Excluding time involved in sample transportation and preparation, fire assay takes approximately 3-4 hours (including fluxing and fusion, separation, cupellation, parting and finishing), assuming the process is continuous.<sup>8</sup> Conversely, PhotonAssay requires approximately 3 minutes to process a sample.<sup>9</sup>

### 2.3.4 Processing Cost

Comparison of processing cost between the two assay approaches is not directly relevant, as Chrysos largely matches the existing costs for fire assay incurred by its clients. The processing cost will also vary between locations depending on factors such as staff costs and energy costs. Based on the commercial prices charged by a leading TIC laboratory for fire assay, the prices charged in Australia are between A\$15 and A\$32/sample (\$10.80-\$23.00/sample) for ore grade samples, depending on the range.<sup>10</sup> The process cost (as opposed to the price) is estimated to be approximately A\$6.00/sample (\$4.32/sample).<sup>11</sup> It should be noted that given the complexity of the process, there is limited ability to reduce the costs of fire assay.

The cost per sample for PhotonAssay is estimated to be less than half that of fire assay.<sup>12</sup>

<sup>5</sup> Department of the Environment and Energy, National Greenhouse Accounts Factors

<sup>6</sup> Cerceau et al., Recovering lead from cupel waste generated in gold analysis by Pb-Fire assay, *Journal of Environmental Management* 183 (2016) 771e776

<sup>7</sup> CS Ceramics, accessed from [https://www.csceramic.com/fire-assay-crucibles-30g-40g-45g-50g-65g\\_p347.html](https://www.csceramic.com/fire-assay-crucibles-30g-40g-45g-50g-65g_p347.html)

<sup>8</sup> 911Metallurgist, accessed from <https://www.911metallurgist.com/blog/fire-assay>

<sup>9</sup> Chrysos Corporation

<sup>10</sup> ALS, Schedule of Services and Fees, Geochemistry, 2021

<sup>11</sup> Chrysos Corporation

<sup>12</sup> Chrysos Corporation

## 2.4 Market Drivers for PhotonAssay

As described above, PhotonAssay offers a number of distinct benefits for gold sample analysis which are likely to drive its adoption;

- PhotonAssay is a simple, one-stage process that is significantly less complex and time-consuming than fire assay. It can therefore support miners with higher volume and more timely analysis of samples;
- PhotonAssay does not require operation by highly-skilled staff;
- PhotonAssay is considerably faster than fire assay;
- Energy consumption and CO<sub>2</sub> emissions are significantly lower than fire assay;
- Operating costs are significantly lower than fire assay; and
- PhotonAssay does not involve the production of contaminated waste.

Additionally, PhotonAssay is likely to lead to higher levels of gold recovery at operating mines by enabling improved sampling of the mine stockpile, process samples and tailings.

Collectively, these benefits are likely to drive significant improvements in financial performance in gold exploration and production, via reduced operating costs, higher gold recovery and enhanced production efficiency. Driving efficiencies in the exploration and production processes are key objectives for gold mining companies as costs are increasing, driven by factors such as falling grades, increased capital expenditure and higher royalties due to the increased gold price. In 2020, the average global all-in sustaining cost (AISC)<sup>13</sup> of gold mining increased by 4% on 2019 to reach \$986/oz<sup>14</sup>, the highest level since 2013, with the increase being most marked in Oceania (7%) and Central and South America (6%).<sup>15</sup>

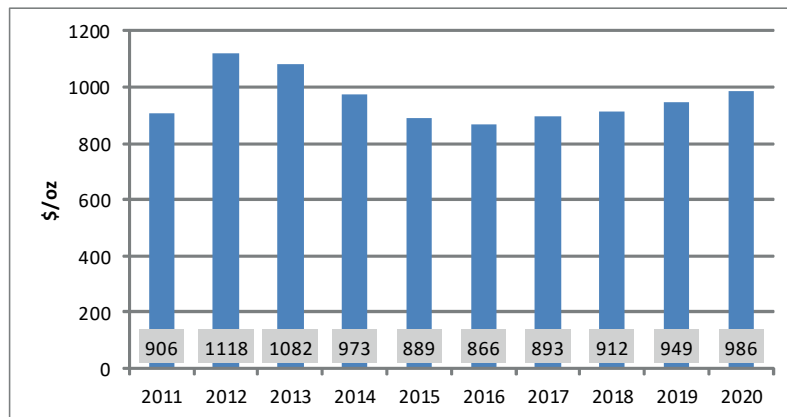
Whilst the current relatively high gold price has allowed most mines to make high margins in 2020 and 2021, any pullback in the gold price would place pressure on margins leading to mining companies seeking further efficiencies in the cost of operations.

<sup>13</sup> AISC is a metric used by mining companies to measure the cost of mining and includes all the varying costs incurred in gold production over the mine's life-cycle

<sup>14</sup> References to ounces (oz) in this report are to troy ounces

<sup>15</sup> World Gold Council, Gold Focus 2021

Figure 1: Average All-in Sustaining Cost of Gold Mining, Global, 2011 to 2020



Source: World Gold Council, Gold Focus 2021

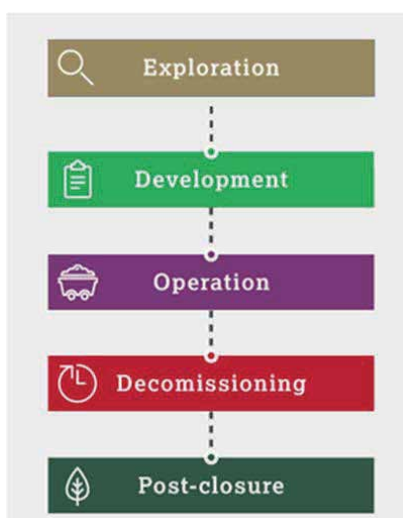
### 3. The Gold Mining Industry

This section describes the global gold mining industry, including an overview of the gold mining process, trends in gold exploration and production, market drivers and the structure of the gold mining industry.

#### 3.1 Gold Mining Process

Gold mining involves a number of key stages as summarised below.

Figure 2: Gold Mining Stages, Global, 2021



Source: World Gold Council, accessed from <https://www.gold.org/about-gold/gold-supply/how-gold-is-mined>

### 3.1.1 Exploration

Exploration is an expensive and time-consuming task that involves the exploration of a wide area to identify whether economic resources exist. The process begins with ground examination and proceeds through drilling and sample evaluation. However, less than 0.1% of prospected sites lead to a productive mine, and only 10% of global gold deposits contain sufficient gold to justify further development. Exploration of a specific site can take up to 10 years before a decision to proceed with mine development is made.<sup>16</sup> Fire assays are extensively used once the drilling stage is reached to evaluate ore samples, with samples usually sent to commercial labs for evaluation. Given the remote location of many exploration sites and the distance to commercial labs, analysis of samples can be time-consuming which reduces the efficiency of the exploration process.

### 3.1.2 Development

Gold mine development involves the planning and construction of the mine and associated infrastructure once a decision to proceed has been made. This generally requires obtaining the relevant permits and licenses, and can take several years before operation commences. During the development stage, further sample analysis can be undertaken to fine-tune the development plan.

### 3.1.3 Operation

During the operation phase, ore is extracted and processed into gold, involving the production of a metallic alloy of substantial purity – known as doré – typically containing between 60-90% gold.

The extraction of gold from ore involves crushing ore to a fine slurry or powder, followed by leaching in which gold is dissolved out of the ore using a chemical solvent, most commonly cyanide. Carbon is then added to the solution, to which gold particles adhere. The gold is separated from carbon using a hot caustic solution, and is then recovered from the leaching chemicals using electrowinning wherein an electric current is delivered to the solution and gold recovered on the negative terminals. The negative terminals are then melted in a furnace and flux added to separate the gold from the metals used to make the terminals. Liquid gold is poured into moulds to create doré bars.

During the operation stage of a mine, further definition of ore bodies occurs to define ore and waste components for mining. Within the processing plant, regular analysis of samples is undertaken for control and optimisation of gold recovery. Also, as gold is extracted from the mine, miners will undertake further exploration at the mine to ensure continuity of operations to balance mine depletion. Analysis for an operating mine is typically undertaken in on-site labs, which may be operated by the mining company, or with operation outsourced to a commercial laboratory operator.

### 3.1.4 Decommissioning and Post-closure

Once the remaining body has been exhausted or uneconomical to mine, decommissioning, dismantling and rehabilitation of the mine occurs. Post-closure, the mining company generally takes responsibility for the rehabilitation of the mine site.

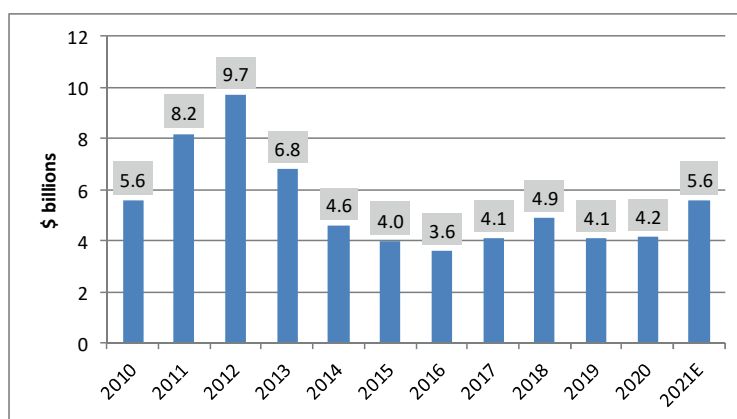
<sup>16</sup> World Gold Council, accessed from <https://www.gold.org/about-gold/gold-supply/how-gold-is-mined>

## 3.2 Trends in Gold Exploration and Production

### 3.2.1 Gold Exploration

Gold exploration expenditure has remained relatively consistent in recent years after declining from a peak in 2012. Despite the Covid-19 pandemic, exploration expenditure for gold increased slightly in 2020, underpinned by stronger gold prices. Over the past decade, there has been a consistent shift to focusing exploration expenditure at the mine site rather than at earlier stage sites, reaching 46% of total expenditure in 2020, an all-time high.<sup>17</sup> In 2021, the exploration budget is estimated to have increased by 35% on 2020, reflecting a higher gold price.<sup>18</sup>

Figure 3: Gold Exploration Budget, Global, 2010 to 2021



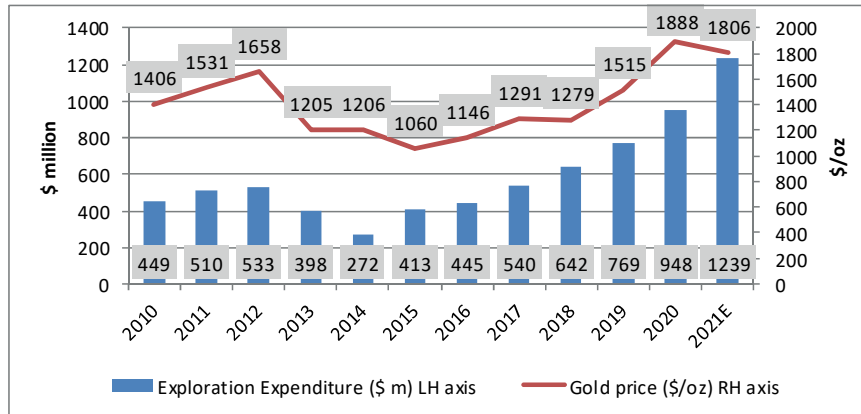
Source: S&P Global Market Intelligence, Gold Exploration Trends 2020

Exploration expenditure broadly tracks the gold price. This is indicated below for gold exploration expenditure in Australia where quarterly data is available. From 2014 to 2020, exploration expenditure has increased by 248%, driven by a significant rise in the gold price over this period. Based on data available for the first three quarters of 2021, exploration expenditure is estimated to have increased by 31% in 2021.

<sup>17</sup> S&P Global Market Intelligence, Gold Exploration Trends 2020

<sup>18</sup> S&P Global Market Intelligence, accessed from <https://www.spglobal.com/marketintelligence/en/media-center/press-release/global-exploration-budget-for-metals-jumps-35-year-on-year-to-11-2-billion>

Figure 4: Gold Exploration Expenditure, Australia, and Global Gold Price, 2010 to 2021E



Sources: ABS, 8412.0 Mineral and Petroleum Exploration, Australia, September 2021. Exploration expenditure is by calendar year and has been converted from AUD to \$ at constant exchange rates. Data for 2021 is estimated based on actuals for first three quarters; World Gold Council. Gold prices are annual end-of-period.

The volume of gold samples passing through commercial labs for analysis is also strongly correlated with the gold price and exploration expenditure.<sup>19</sup>

### 3.2.2 Gold Production

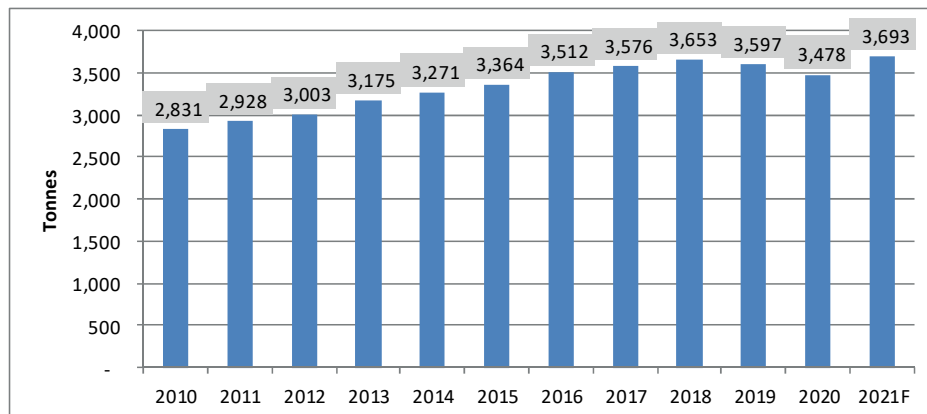
In 2019, world gold mine production reached 3,597 tonnes, representing a compound annual growth rate of 2.7% since 2010. Production declined by approximately 120 tonnes in 2020 when compared to 2019, reflecting disruption to mine operations caused by the Covid-19 pandemic. However, mine production is expected to recover in 2021 to reach 3,693 tonnes, growth of 6% over 2020.<sup>20</sup>

<sup>19</sup> ALS investor presentation, FY21 results, page 29

<sup>20</sup> Metals Focus, Gold Focus, 2021

# APPENDIX B. MARKET REPORT CONTINUED

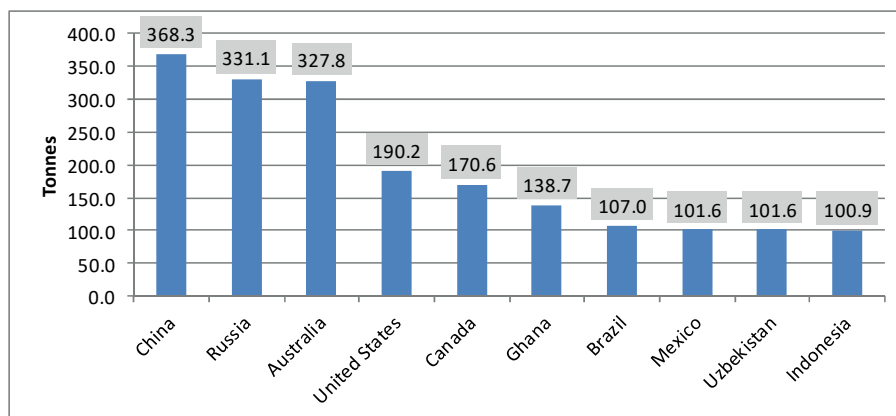
Figure 5: Gold Mine Production, Global, 2010 to 2021F



Source: World Gold Council, Gold Mining Production Volumes

Gold mining occurs on every continent except Antarctica, and gold is commercially mined in over 50 countries. In 2020, the top 10 countries measured by gold mine production accounted for 56% of global production. The top three producers, China, Russia and Australia, accounted for 30%.<sup>21</sup>

Figure 6: Major Countries for Gold Mine Production, Global, 2020



Source: World Gold Council, Gold Mining Production Volumes. Countries with gold mine production of 100+ tonnes are included

Globally, proven and probable mineral reserves are estimated by the World Gold Council at 57,500 tonnes as of end-2020 which, at the 2020 production rate of 3,478 tonnes, would sustain production for 16.5 years. A further 130,500 tonnes of measured, indicated and inferred resources

<sup>21</sup> World Gold Council, Gold Mining Production Volumes



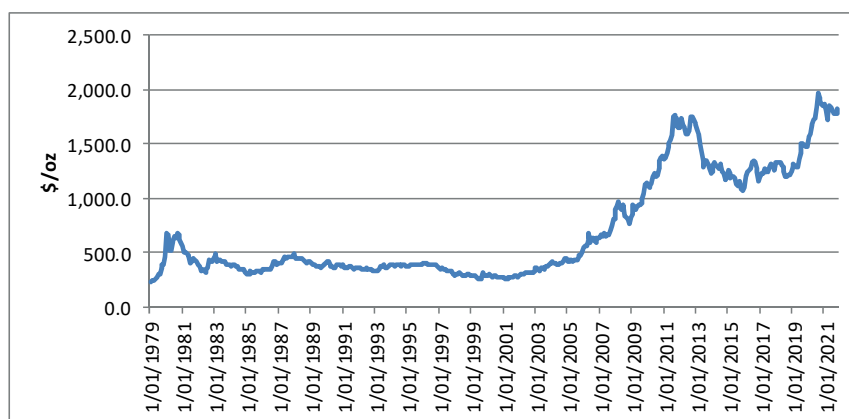
have also been identified, potentially extending production for a further 37.5 years. The largest proven reserves are in Australia (~10,000 tonnes) and Russia (~7,500 tonnes).<sup>22</sup>

### 3.3 Market Drivers for Gold Mining

In the long-term, gold mining activity is based on demand for gold and the price of gold. As mentioned in Section 3.2.1, gold exploration expenditure is positively correlated with the gold price, and over the long-term exploration expenditure is linked to gold mine production as reserves are identified and developed. Production at operating mines is less impacted by short-term fluctuations in the gold price, although this does have some impact at mine sites, with economically marginal resources more likely to be mined when gold prices are high.

The global gold price reached its highest ever point of \$2,075/oz in August 2020, caused particularly by the Covid-19 pandemic which drove demand for gold as a perceived safe-haven investment. Although the gold price has declined slightly from the August 2020 peak, by late-2021 it remains at historically elevated levels, with its price supported by factors such as growing concerns over inflation and increased purchases from central banks.<sup>23</sup>

Figure 7: Gold Price, Monthly Average End-of-Period, Global, January 1979 to November 2021



Source: World Gold Council, Gold prices

### 3.4 Gold Mining Industry Structure

Gold mining companies are commonly categorised into junior and senior (or major) mining companies. Junior mining companies focus on the discovery of new gold resources through exploration, and are typically funded through issuance of equity. Senior mining companies generate cashflow from existing mining operations which they use to fund exploration activity.

<sup>22</sup> World Gold Council, Gold Focus 2021

<sup>23</sup> World Gold Council, Gold mid-year outlook 2021

## APPENDIX B. MARKET REPORT CONTINUED

Globally, the gold mining industry is fragmented with several hundred companies involved in gold mining. Over 300 of these are listed on public stock exchanges.<sup>24</sup>

The largest global mining companies are listed below. Cumulatively, these 10 companies accounted for approximately 900 tonnes of gold mine production in 2020 (or 26% of the global total).

Table 2: Top-10 Gold Mining Companies by Production, Global, 2020

Company	Gold Mine Production (2020) (tonnes)	Main Production Locations
Newmont	184	Australia, Ghana, US, Mexico, Canada, Peru, Surinam, Argentina
Barrick Gold	148	US, Canada, Africa, PNG, Argentina
Anglogold Ashanti	95	Australia, Africa, Argentina, Brazil
Polyus Gold International	86	Russia
Navoi MMC	81	Uzbekistan
Kinross Gold	72	US, Brazil, Africa, Russia
Gold Fields	69	Australia, Peru, Africa
Newcrest Mining	67	Australia, Canada, PNG
Agnico Eagle Mines	54	Canada, Finland, Mexico
Shandong Gold Group	45	China

Sources: World Gold Council, Gold Focus, 2021; company websites

### 3.5 Reporting Requirements

Depending on the jurisdiction in which they are registered and their commercial status, gold mining companies may be subject to regulatory requirements to regularly report on their exploration and production activity. In Australia and New Zealand, for example, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) is a professional code of practice that sets minimum standards for public reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The compliance rules of the Australian and New Zealand stock exchanges make compliance mandatory for listing public companies in Australia and New Zealand. The JORC Code has also been used as a reporting standard for several international mining companies, and has served as a template for several other jurisdictions in developing their reporting requirements.<sup>25</sup>

Whilst the JORC Code does not specify the assay technology to be utilised in gold mining, an increasing number of gold miners are reporting their exploration and production activities using PhotonAssay.

<sup>24</sup> World Gold Council, accessed from <https://www.gold.org/what-we-do/investing-gold/how-buy-gold/gold-mining-stocks>

<sup>25</sup> JORC, accessed from <https://www.jorc.org/development/>

## 4. Geochemistry Services for Gold Mining

This section describes the supply of geochemistry services, including fire assay, to the gold mining industry. A significant proportion of geochemistry services are provided by TIC companies, which either specialise in geochemistry or which offer geochemistry services as part of a broader portfolio of TIC services. As well as mine sites, TIC companies offer a market opportunity for PhotonAssay.

### 4.1 Services Offered

The typical location of delivery of geochemistry services is summarised below. In the exploration/development stages of gold mining, ore samples are usually sent to off-site (centralised)<sup>26</sup> TIC laboratories by gold miners. This can add significant time to obtaining sample results. During the operation stage, samples are generally analysed at on-site laboratories (which may be operated by the mining company, or where operation has been outsourced to a TIC company).

**Table 3: Typical Delivery of Geochemistry Services, Global, 2021**

Mining Stage	Location	
	Off-site (centralised) Laboratory	On-site Laboratory
Exploration/Development	√	
Operation		√

Source: Frost & Sullivan

### 4.2 Main Service Providers

Globally, there are four main providers of TIC services: ALS, Bureau Veritas, Intertek and SGS. These companies operate global networks of laboratories and other facilities offering a broad range of TIC services to multiple industry sectors. Additionally, there is a number of other service providers focused on the mining industry.

Summary data on the main providers of geochemistry services is given below. These companies operate off-site laboratories, and in several cases also provide operation of on-site laboratory facilities at mine sites.

**Table 4: Main Providers of Geochemistry Services, Global, 2021**

Company	Headquarters	Global Network (all Services)	Total Revenue (all Services)	Geochemistry Network
ALS	Australia	350+ locations	A\$1.76 billion (\$1.25 billion) (FY21)	80 geochemistry labs worldwide (excl. on-site labs)
Bureau Veritas	France	1,600 locations	€4.6 billion (\$5.18 billion) (FY20)	>200 mining labs (not all offer geochemistry)
Intertek	UK	~1,000 locations	£2.74 billion (\$3.63 billion) (FY20)	~15 geochemistry labs
SGS	Switzerland	2,600 locations	CHF 5.6 billion (\$6.06 billion) (FY20)	~30 geochemistry labs

<sup>26</sup> Off-site laboratories generally undertake sample analysis for multiple customers

## APPENDIX B. MARKET REPORT CONTINUED

Company	Headquarters	Global Network (all Services)	Total Revenue (all Services)	Geochemistry Network
<b>MSALABS (Capital Drilling)</b>	Canada	12 locations	\$8.9 million (FY20)	12 geochemistry labs + 2 on-site labs
<b>AGAT Laboratories</b>	Canada	43 locations	N/A	13 geochemistry labs
<b>Actlabs</b>	Canada	15 locations	N/A	11 geochemistry labs

Sources: company websites and reports

Other geochemistry service providers include Alex Stewart Laboratories (UK), MinAnalytical (Australia) and Shiva Analyticals (India). In December 2021, the acquisition of MinAnalytical by ALS from parent company Perenti was announced.<sup>27</sup> The ability of ALS to broaden its capability through the PhotonAssay technology currently deployed at MinAnalytical was quoted as a reason for the acquisition by ALS.<sup>28</sup>

### 5. Total Addressable Market

The addressable market for PhotonAssay includes installation of machines at on-site laboratories (whether mining company-operated or where operation is outsourced) as well as at off-site laboratories provided by TIC companies.

Based on estimations by Chrysos, installation of PhotonAssay is likely to be commercially viable at a mine site with annual gold production of 40,000+ oz (1.25 tonnes) which have on-site laboratories, as well as at centralised off-site laboratories that currently undertake fire assay. The number of individual locations in each of these categories therefore defines the total addressable market (TAM) for PhotonAssay. (Note, this assumes one machine installation per location).

#### 5.1 On-site Laboratories

Based on data provided by S&P Global, in 2020 there were estimated to be 410 mines globally with gold production of >40,000 oz (including mines primarily focused on other minerals that also produce gold). The number of mines per country is summarised below. Each mine is assumed to have an on-site laboratory.

Table 5: Number of Gold Mines with Production >40,000 oz by Country, Global, 2020

Australia	Canada	China	Ghana	Mexico	Peru	Russia	South Africa	USA	Others
52	31	47	11	18	15	37	22	17	160

Source: S&P Global, Global Gold Mines

#### 5.2 Off-site Laboratories

There is no centralised data source on off-site laboratories that undertake fire assay, reflecting the fragmented nature of the industry and the range of services provided by individual

<sup>27</sup> Perenti, accessed from [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02468178-6A1069179?access\\_token=83ff96335c2d445a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02468178-6A1069179?access_token=83ff96335c2d445a094df02a206a39ff4)

<sup>28</sup> ALS, accessed from [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02468179-2A1346760?access\\_token=83ff96335c2d445a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02468179-2A1346760?access_token=83ff96335c2d445a094df02a206a39ff4)

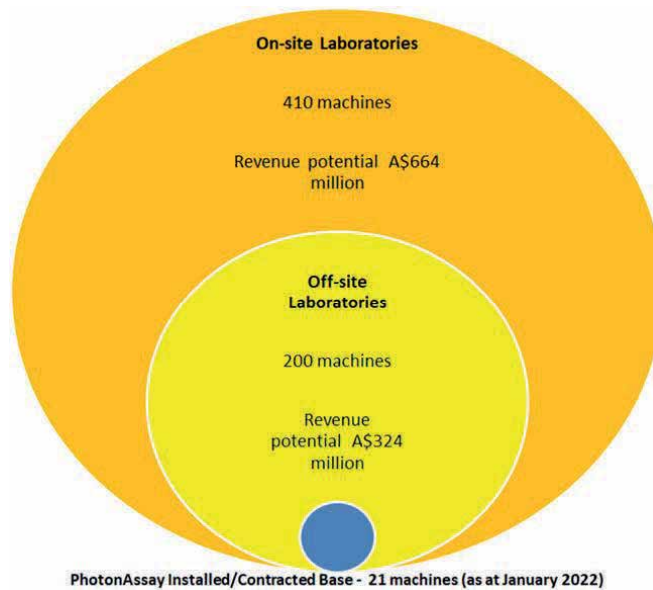
laboratories. Based on estimation of the number of off-site laboratories that provide geochemistry services to the mining industry, derived from individual locations reported on company websites, Frost & Sullivan estimates that the addressable market is approximately 200 off-site laboratories globally.

### 5.3 Revenue Opportunity

The TAM measured on the basis of annual revenue has been calculated based on the estimated annual revenue of Chrysos machines (including at sites where PhotonAssay is operational and those where contracts are signed but PhotonAssay machines have yet to be installed). The average estimated annual revenue per machine is A\$1.62 million (\$1.18 million).<sup>29,30</sup> This has been applied to the estimated number of potential machine installations to derive a TAM in revenue terms, assuming one machine per location.

The TAM for PhotonAssay is therefore approximately 610 machines globally with annual revenue potential of A\$988 million (\$719 million). This is illustrated diagrammatically below.

Figure 8: Total Addressable Market for PhotonAssay, Global, 2021



Source: Frost & Sullivan

## 6. Conclusion

Fire assay is currently the industry standard for evaluation of samples in the gold mining industry. However, the fire assay process has a significant number of disadvantages, including its

<sup>29</sup> Chrysos, based on average ARR at operating sites and non-operating contracted sites

<sup>30</sup> Based on exchange rate as at 14 January 2022 (source: Xe.com)

complexity, cost and environmental impact. PhotonAssay offers equivalent levels of analytical accuracy to fire assay, and provides a number of benefits including reduced complexity, faster speed, lower cost and reduced environmental impact. Additionally, PhotonAssay may provide further financial benefits for gold mining companies by increasing gold recovery at mine sites. Consequently, PhotonAssay has the potential to replace fire assay at locations where sample analysis is undertaken in the gold mining industry.

The global gold mining industry is currently in a growth phase, stimulated by the historically high gold price, which is driving exploration activity and gold mine production.

PhotonAssay technology has the potential to be deployed at on-site laboratories at mine sites, as well as at off-site laboratories which primarily serve exploration activity. The potential number of locations where PhotonAssay could be deployed is estimated at 610 globally, with revenue potential of approximately A\$1 billion (\$728 million) annually.<sup>31</sup>

## 7. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Chrysol Corporation Limited and no interest in the outcome of the IPO or transaction. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO or transaction. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO or transaction.

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<sup>31</sup> Frost & Sullivan estimate



CHRYSOS  
PhotonAssay



# APPENDIX C. INTELLECTUAL PROPERTY REPORT

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

## Allens

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16 March 2022

Jasmin Chua  
Commercial Director  
Chrysos Corporation Limited  
Waite Road  
Urrbrae SA 5064

Dear Ms Chua

## Intellectual Property Report

### 1 Background and Scope

Allens Patent & Trade Mark Attorneys (**Allens**) has been instructed by Chrysos Corporation Limited (**Chrysos**) to prepare this Report on the following basis for inclusion in a Prospectus to be issued by Chrysos.

Allens has been informed that Chrysos is the supplier of the PhotonAssay technology, which uses high-energy X-rays to allow enhanced analysis of gold, silver and complementary elements.

Allens has been instructed to provide the details and status of Chrysos' portfolio of patents, trade marks and domain names as referred to in this Report.

Chrysos has confirmed that it is not aware of any threatened, pending or current intellectual property disputes, oppositions or proceedings involving either it or its intellectual property. This includes third party challenges or oppositions to applications or registrations for intellectual property in the name of Chrysos, or any known or suspected infringements of intellectual property rights by third parties or Chrysos.

This Report is current as at 16 March 2022. Allens is not aware of any material changes expected to occur to the status of the matters outlined below, except where indicated.

### 2 Overview of Intellectual Property (IP) Protection

Intellectual Property (**IP**) includes patents, registered designs, trade marks, copyright, plant breeder's rights, and know how or trade secrets.

#### 2.1 Patents

##### (a) What is a patent?

A patent is a monopoly granted by a government for a standard period of up to 20 years. A patent provides an enforceable legal right to prevent others from exploiting an invention, which may be a product, device, system, substance, process or method, in the country of grant.

For an invention to be patentable, it must be novel, involve an inventive step (not obvious) and be useful at the time of filing the initial patent application for that invention. At 18 months from the filing date of the initial patent application, the detailed description of the invention is published.

In order to secure patent protection, a patent application is filed with the Patent Office in each country of interest, the application is considered under the patent laws of that country, and a patent will issue if the application meets the patentability criteria of that country.

Our associated law firm Allens operates in alliance with Linklaters LLP.



After a patent expires or lapses, anyone can then use the invention.

(b) **Patent validity**

The grant of a patent does not guarantee validity and a patent may be challenged by third parties at a Patent Office, by re-examination in some countries, or through the courts by revocation proceedings.

The grant of a valid patent does not mean that the invention may be exploited in a given country without infringing third party IP rights in that country.

(c) **Patent infringement**

The owner of a patent has the exclusive right to prevent others from making, selling, importing or otherwise using the patented invention for the life of the patent.

Patent infringement occurs when someone makes, hires, uses, imports or sells the patented invention, or a product made by a patented method, or offers to do any of these things, within the country covered by the patent without the permission of the owner of the patent.

(d) **Renewal fees**

Patent applications and patents are subject to payment of renewal fees over the life of the patent in order to maintain patent rights. If the renewal fees are not paid then the application or patent may lapse.

Allens has determined that at the time of this Report there are no renewal fees payable in respect of the patent portfolio.

## 2.2 International Conventions

Australia is a signatory to a number of international conventions which relate to intellectual property. Many of these conventions are administered by the World Intellectual Property Organisation (WIPO), which is an agency of the United Nations. Some of the more important conventions are listed below.

(a) **Paris Convention**

The substantive provisions of the Paris Convention fall into three main categories: national treatment, right of priority, common rules.

Under the provisions on national treatment, the Convention provides that, as regards the protection of industrial property, each Contracting State must grant the same protection to nationals of other Contracting States that it grants to its own nationals. Nationals of non-Contracting States are also entitled to national treatment under the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a Contracting State.

The Convention provides for the right of priority in the case of patents (and utility models where they exist), marks and industrial designs. This right means that, on the basis of a regular first application filed in one of the Contracting States, the applicant may, within a certain period of time (12 months for patents and utility models; 6 months for industrial designs and marks), apply for protection in any of the other Contracting States. These subsequent applications will be regarded as if they had been filed on the same day as the first application. In other words, they will have priority (hence the expression "right of priority") over applications filed by others during said period of time for the same invention, utility model, mark or industrial design. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles bearing a mark or incorporating an industrial design. One of the great practical advantages of this provision is that applicants seeking protection in several countries are not required to present all of their applications at the same time but have 6 or

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

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12 months to decide in which countries they wish to seek protection, and to organize with due care the steps necessary for securing protection.

The Convention lays down a few common rules that all Contracting States must follow. The most important are:

(i) Patents

Patents granted in different Contracting States for the same invention are independent of each other: the granting of a patent in one Contracting State does not oblige other Contracting States to grant a patent; a patent cannot be refused, annulled or terminated in any Contracting State on the ground that it has been refused or annulled or has terminated in any other Contracting State.

The inventor has the right to be named as such in the patent.

(ii) Marks

The Paris Convention does not regulate the conditions for the filing and registration of marks which are determined in each Contracting State by domestic law. Consequently, no application for the registration of a mark filed by a national of a Contracting State may be refused, nor may a registration be invalidated, on the ground that filing, registration or renewal has not been effected in the country of origin. The registration of a mark obtained in one Contracting State is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one Contracting State will not affect the validity of the registration in other Contracting States.

Where a mark has been duly registered in the country of origin, it must, on request, be accepted for filing and protected in its original form in the other Contracting States. Nevertheless, registration may be refused in well-defined cases, such as where the mark would infringe the acquired rights of third parties; where it is devoid of distinctive character; where it is contrary to morality or public order; or where it is of such a nature as to be liable to deceive the public.

If, in any Contracting State, the use of a registered mark is compulsory, the registration cannot be cancelled for non-use until after a reasonable period, and then only if the owner cannot justify this inaction.

Each Contracting State must refuse registration and prohibit the use of marks that constitute a reproduction, imitation or translation, liable to create confusion, of a mark used for identical and similar goods and considered by the competent authority of that State to be well known in that State and to already belong to a person entitled to the benefits of the Convention.

(iii) Industrial Designs.

Industrial designs must be protected in each Contracting State, and protection may not be forfeited on the ground that articles incorporating the design are not manufactured in that State.

(b) **Patent Cooperation Treaty (PCT)**

The Patent Cooperation Treaty enables applicants to seek patent protection for an invention simultaneously in each of a large number of countries by filing an 'international' patent application.

Such an application may be filed by anyone who is a national or resident of a PCT contracting state.

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page 3

The filing of a PCT application automatically designates all PCT contracting states. The effect of the international application in each designated state is the same as if a national patent application had been filed with the national patent office in that state.

The practical advantage of using the PCT system is that the effective filing date and associated fees for each of the designated countries can be deferred by a further 18 or 19 months (country dependent) from the initial 12 month priority deadline available under the Paris Convention.

An application is in the 'international phase' from that date on which the PCT application is filed until such time that national applications (or in the case of the European Patent Convention, regional applications) are filed. Once the national and/or regional applications are filed, the application is in the 'national phase'.

(i) International Search Report

The PCT is subjected to an 'international search'. The international search is carried out by one of the major patent offices and results in an international search report (ISR) which includes a listing of published documents that may affect patentability of the invention claimed in the international application.

(ii) Written opinion/international preliminary report on patentability (IPRP)

In addition to the ISR, a preliminary and non-binding, written opinion on whether the invention appears to meet patentability criteria in light of the search report results is issued.

The ISR and written opinion are communicated to the applicant who, after evaluating their content, may decide to withdraw the application, if for example, the content of the ISR and opinion suggest that the granting of patents is unlikely. Alternatively, the applicant may decide to amend the claims in the application to address any issues raised in the opinion.

The applicant may respond to the written opinion by filing a request for 'international preliminary examination'. The response may include amendments to the application, for example, in order to more clearly distinguish the invention from the disclosures made in documents identified in the search report. The result of the preliminary examination is an 'International Preliminary Report on Patentability' (IPRP) which contains, a preliminary and non-binding opinion on the patentability of the claimed invention.

The international search and written opinion is intended to provide a preliminary and non-binding opinion only on patentability of the claimed invention, and is not intended to indicate whether commercial exploitation of the applicant's invention may infringe the rights of others.

(c) **European Patent Convention (EPC)**

The European Patent Convention (EPC) provides a legal framework for granting of European patents via a single harmonized procedure before the European Patent Office. A single patent application is filed at the European Patent Office in one language, the invention is searched and examined, and a patent is ultimately granted. The European patent is then validated and maintained in one or more EP states of interest.

The EPC covers: Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, North Macedonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Malta, The Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

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## (d) National patents

There is no such thing as a 'global' or 'worldwide patent'. In order to obtain protection for an invention, whether in Australia or overseas, a national patent application must be filed in each jurisdiction of interest.

Most national patent offices will conduct their own comprehensive search and examination to determine whether the application meets the national requirements for patentability. Such search and examination may result in objections being raised. If an objection raised by a national patent office cannot be overcome by amendment to the claims and/or by argument, the application will be refused.

The grant of a patent in one country does not guarantee the grant of a patent for the same invention in another country. Similarly, a challenge to the validity of a patent must generally be made in the country of interest. It is only on the grant of a patent in a given country that the patentee will have enforceable rights in that country for the invention defined in the claims of the granted patent.

## (e) Overview of the patenting process

The patenting process involves a number of steps. The typical first step is to file a provisional patent application. A provisional patent application establishes a first 'priority date' for the invention described in the application and provides a period of 12 months within which the invention may be further developed before filing a complete patent application. A provisional patent application is not examined, lapses after a period of 12 months, and is only published if it is the subject of a priority claim in a complete application.

In order to maintain the priority date established by the provisional patent application, a complete application must be filed before the end of the 12 month period. Where patent protection is required in a number of countries, the complete application may be a PCT application pursuant to the Patent Cooperation Treaty described above. The PCT application defers the national application filing deadline in countries which are a signatory to the PCT for a further 18 or 19 months.

After the international phase of the PCT application which involves the international search and written opinion as described above, the 'national phase' (or 'regional phase' in the case of the EPC), is entered in the countries of interest. Once the national phase is entered, each application proceeds to examination before the respective national patent office to determine whether the application meets the national requirements for patentability.

In some situations, a PCT application is not filed and complete applications are filed before the end of the 12 month period directly in the countries of interest under the Paris Convention as described above.

## 2.3 Trade Marks

### (a) What is a trade mark?

A trade mark is a sign used to distinguish the goods and services of one trader from those of another.

A registered trade mark is a right that is granted in a given country or region for a sign such as letter, number, word, phrase, sound, smell, shape, logo, picture and/or aspect of packaging. A registered trade mark is legally enforceable and gives the owner exclusive rights to commercially use, license or sell the trade mark for the goods and services in the country or region in which it is registered.

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page 5

A trade mark can be used prior to seeking registration. In some countries, the first person to register the trade mark has the legal rights to the trade mark in that country, even if it has been previously used by another party.

Rights in an unregistered trade mark only arise where a substantial reputation has been developed in the relevant trade mark by use of the trade mark in a given geographical area.

(b) **Trade mark renewal**

A trade mark is registered initially for 10 years and, if continued to be used for the goods or services in the country of the registration, can be maintained indefinitely by payment of periodic renewal fees (usually every 10 years) in the country of registration.

(c) **Trade mark infringement**

To establish trade mark infringement it is necessary to establish that the potentially infringing trade mark is being used on the same or similar goods or services for which the trade mark is registered and the alleged infringer's brand or trade mark is sufficiently similar to the registered trade mark to cause confusion in the market place regarding the origin of the product.

(d) **Madrid Protocol**

An application for international registration (an 'international application') may be filed by a national of a country which is party to the Madrid Agreement or the Madrid Protocol. The one application, based on a home country registration, can be filed designating one or more countries of the Madrid Agreement.

International registration has several advantages for the owner of the trade mark. After registering the mark in the home country, or filing an application for registration, there is only the need to file one international application, in one language, and pay one fee instead of filing separately in the trade mark offices of the various contracting parties in different languages and paying a separate fee in each office.

A further important advantage is that changes subsequent to registration, such as a change in the name or address of the holder, or a change (total or partial) in ownership or a limitation of the list of goods and services may be recorded with effect for several designated contracting parties through a single simple procedural step and the payment of a single fee. Moreover, there is only one expiry date and only one registration to renew.

(e) **Overview of trade mark process**

An application to register a trade mark is filed at a national trade mark office providing a copy of the trade mark together with a description of the goods and or services for which the trade mark will be used. These goods or services fall into one or more International Classes (1 to 45).

The application is examined to ensure that the trade mark sought is adapted to distinguish the goods or services, is not the same or similar to other trade marks registered for the same or similar goods or services. If the trade mark meets the registration criteria, the application will be allowed, published and open to opposition by third parties, then registered for an initial 10 years.

Foreign trade mark applications may be filed within 6 months to claim priority from the first application, or filed at any time as the business or commercialization efforts expand to other countries or regions.

## 2.4 Domain Names

A domain name is a unique alphanumeric address which Internet users can use to access websites and email addresses.

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

Allens < Linklaters

A domain name registration is a licence granted by a domain name registrar to a domain name registrant to use a domain name, for the term of the licence, which is typically a period of one to two years but may be longer. The registration can be maintained indefinitely by payment of periodic renewal fees.

## 3 The Chrysos Patent, Trade Mark and Domain Name Portfolio

### 3.1 Patents

**Annexures 1 and 4** to this Report provides details of the patents and patent applications relevant to the Chrysos patent portfolio.

As shown in Annexures 1 and 4, the patent portfolio covers the following inventions.

#### (a) Improved method for rapid analysis of gold

This patent family is derived from PCT/AU2014/050424, filed in the name of Commonwealth Scientific and Industrial Research Organisation (**CSIRO**) and claims priority to UK provisional application no. GB1322365.6 filed on 18 December 2013. This patent family was subsequently assigned to Chrysos from CSIRO and is currently owned by Chrysos.

As set out above at section 2.2, the international patent application (PCT/AU2014/050424) was used to file the national patent applications identified in Annexure 1, which form this patent family.

The invention disclosed in the applications of this patent family provides an improved method to determine the concentration of a target element, particularly gold, within a sample. According to the method, the sample is positioned adjacent to a reference material containing a reference element and the sample and reference material are irradiated with high energy X-rays to produce activated nuclei in the target and reference elements. The half-life of the reference element is preferably similar to that of the target element, for example for a target element of gold the reference element may be bromine, selenium or erbium. Deactivation gamma-rays are detected from the sample and reference material and the number of detected deactivation gamma-rays is determined for each. The concentration of the target element in the sample is determined by normalising the number of deactivation gamma-rays from the sample.

Allens makes no comment on the validity of any patent in this patent family and no inference in relation to the validity of any such patent should be drawn from this Report.

#### (b) A shielded X-ray radiation apparatus

This patent family is derived from PCT/AU2017/050643, filed in the name of Chrysos Corporation Limited on 23 June 2017.

As set out above at section 2.2, the international patent application (PCT/AU2017/050643) was used to file the national patent applications identified in Annexure 1, which form this patent family.

The invention disclosed in the applications of this patent family provides a shielded X-ray radiation apparatus. The shielding comprises an X-ray attenuation shield, a neutron attenuation shield and a gamma attenuation shield. The neutron shield surrounds the X-ray attenuation shield and the gamma attenuation shield surrounds the neutron attenuation shield. The claimed apparatus provides improved shielding particularly when using high-power X-rays for gamma activation analysis (GAA).

Allens makes no comment on the validity of any patent in this patent family and no inference in relation to the validity of any such patent should be drawn from this Report.

#### (c) System and method for moisture measurement

This patent family is derived from PCT/AU2019/050609, filed in the name of Chrysos Corporation Limited and claims priority to Australian provisional application no. 2018902220 filed on 21 June 2018.

page 7

As set out above at section 2.2, the international patent application (PCT/AU2019/050609) was used to file the national patent applications identified in Annexure 1, which form this patent family.

The invention disclosed in the applications of this patent family provides a system and method for determining moisture content of a sample material undergoing elemental activation analysis (EAA). The system and method uses detection of gamma-rays emitted from sample and reference materials to determine a factor proportional to the thermal neutron flux of the sample and permits calculation of the moisture content from a relationship to the factor.

Allens makes no comment on the validity of any patent in this patent family and no inference in relation to the validity of any such patent should be drawn from this Report.

(d) **Improvements in gamma-activation analysis measurements**

This patent family is derived from PCT/AU2021/051021, filed in the name of Chrysos Corporation Limited and claims priority to Australian provisional application no. 2020903133 filed on 2 September 2020. This PCT is due to be published shortly after 18 months after the priority date, which is around 2 March 2022.

As set out above at section 2.2, the international patent application (PCT/AU2021/051021) is due to enter national phase as national applications by 2 March 2023 or 2 April 2023 depending on the jurisdiction.

The invention disclosed in the applications of this patent family is towards a method and/or system which provides improvements to gamma-activation analysis measurements. Allens makes no comment on the validity of any patent in this patent family and no inference in relation to the validity of any such patent should be drawn from this Report.

(e) **Accelerator system for mineral component analysis, system and method for mineral component analysis**

This patent family was filed in the name of Nuctech Company Limited (**Nuctech**) and claims priority to Chinese application no. CN201711435413.2 or Chinese utility model no. CN201721847057, both filed on 26 December 2017. This patent family has been assigned by Nuctech to Chrysos and is currently owned by Chrysos. The assignments in respect of the pending and granted patents have been officially recorded in Australia and Europe and are in the process of being officially recorded in the remaining jurisdictions.

Annexure 4 to this Report provides details of the patents and patent applications relevant to this patent family.

The invention disclosed in the applications of this patent family provides an accelerator system for mineral component analysis and a method for mineral component analysis.

Allens makes no comment on the validity of any patent in this patent family and no inference in relation to the validity of any such patent should be drawn from this Report.

### 3.2 The Chrysos Trade Mark Portfolio

Annexure 2 to this Report provides details of the trade mark registrations relevant to the Chrysos trade mark portfolio.

As shown in Annexure 2, the trade mark portfolio covers the following trade marks.

(a) **CHRY SOS**

This family of trade marks is for the word 'CHRY SOS'. The earliest registration in this trade mark family is Australian trade mark registration no 1780557 which claims a priority date of 30 June 2016.

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

Allens & Linklaters

As set out above at section 2.3, a Madrid Protocol international application (1339419) is derived from the Australian registration. The international application is filed in international trade mark classes 9 and 42 and covers the following goods and services.

Class 9: Apparatus for analysis (other than for medical use); apparatus for use in laboratory analysis; chemical analysis apparatus for non-medical purposes; measuring apparatus for spectroscopic analysis (other than medical); apparatus and installations for the production of x-rays, not for medical purposes; x-ray analysers (other than for medical use); x-ray apparatus for industrial purposes; x-ray apparatus not for medical purposes; x-ray spectroscopy apparatus (other than for medical use).

Class 42: Analysis of geological samples; analysis of materials; chemical analysis; industrial analysis; laboratory analysis; laboratory services (scientific research or analysis); metallurgical analysis; product analysis; providing information, including online, about industrial analysis and research services; scientific and technical analysis; technical data analysis services; technological analysis services; testing, analysis and evaluation services relating to the application of industry standards; metallurgical laboratory services; metallurgical testing; gas, oil, petroleum, minerals exploration (prospecting); provision of research services; research, engineering and technical consultancy for industry.

(b) **CHRYsos PHOTONASSAY**

This trade mark is for Australian registration no. 1780565 in the name Chrysos Corporation Limited and filed on 30 June 2016. The trade mark is for the words 'CHRYsos PHOTONASSAY'. The registration is registered in international trade mark classes 9 and 42 and covers the following goods and services.

Class 9: Apparatus for use in laboratory analysis; Chemical analysis apparatus for non-medical purposes; Measuring apparatus for spectroscopic analysis (other than medical); Apparatus and installations for the production of X-rays, not for medical purposes; X-ray analysers (other than for medical use); X-ray apparatus for industrial purposes; X-ray apparatus not for medical purposes; X-ray spectroscopy apparatus (other than for medical use); Apparatus for carrying-out assays (other than for medical purposes).

Class 42: Analysis of geological samples; Analysis of materials; Chemical analysis; Industrial analysis; Laboratory analysis; Laboratory services (scientific research or analysis); Metallurgical analysis; Product analysis; Providing information, including online, about industrial analysis and research services; Scientific and technical analysis; Technical data analysis services; Technological analysis services; Testing, analysis and evaluation services relating to the application of industry standards; Gas, oil, petroleum, minerals exploration (prospecting); Metallurgical laboratory services; Metallurgical testing; Industrial research; Research, engineering and technical consultancy for industry.

(c) **Chrysos logo**

This registration is for Australian registration no. 1891838 in the name Chrysos Corporation Limited



and filed on 4 December 2017. This trade mark is for the Chrysos logo: . The registration is registered in international trade mark classes 9 and 42, and covers the following goods and services.

Class 9: Apparatus for analysis (other than for medical use); Apparatus for use in laboratory analysis; Chemical analysis apparatus for non-medical purposes; Measuring apparatus for spectroscopic analysis (other than medical); Apparatus and installations for the production of X-rays, not for medical purposes; X-ray analysers (other than for medical use); X-ray apparatus for industrial



purposes; X-ray apparatus not for medical purposes; X-ray spectroscopy apparatus (other than for medical use).

Class 42: Analysis of geological samples; Analysis of materials; Chemical analysis; Industrial analysis; Laboratory analysis; Laboratory services (scientific research or analysis); Metallurgical analysis; Product analysis; Providing information, including online, about industrial analysis and research services; Scientific and technical analysis; Technical data analysis services; Technological analysis services; Testing, analysis and evaluation services relating to the application of industry standards; Metallurgical laboratory services; Metallurgical testing; Gas, oil, petroleum, minerals exploration (prospecting); Provision of research services; Research, engineering and technical consultancy for industry.

### 3.3 Domain Names

Annexure 3 to this Report provides details of the domain names relevant to the Chrysos domain name portfolio.

## 4 Limitations and Disclaimers

### 4.1 Search Limitations

Unless otherwise stated, the search results above exclude any registrations or applications that were, at the time of our searches, cancelled, lapsed, withdrawn, removed or otherwise not protected.

While our searches are carried out with care and attention, they are subject to limitations outside our control. The accuracy and completeness of our search results are dependent on the accuracy, completeness, scope, availability, classification and indexing of internal and external databases and official or public records, whether in electronic form or otherwise. The following sets out some of the more significant limitations applicable to the most common types of searches, but the list is not exhaustive. Limitations may vary considerably from case to case according to the particular factual circumstances.

- (a) Searches, other than those through our internal databases and records, will not locate any item of intellectual property that is not yet officially published. For example, in most countries, patent applications are not published until 18 months from the earliest priority date. In the United States and some other countries, patents are sometimes not published until grant, and so any pending applications in such countries may not be revealed by searches. There may also be a further delay between publication and entry of the information onto the relevant computerised databases. In this regard, the Australian Patents Office has advised that applications lodged up to approximately two weeks before the search date may not have been indexed, and the delay could potentially be even longer. Applications lodged towards the end of the search period may not, therefore, have been entered into the records available to us.
- (b) Proprietor searches will only return items of intellectual property registered to the particular names searched. They will not locate potentially relevant intellectual property registered to other names. In particular, rights that have been assigned may not be located by searches using the name of the assignee, unless the assignment has been recorded on the relevant database. While full subject matter searches are possible, they are inevitably more time-consuming and expensive than proprietor searches.
- (c) There is no centralised registry of domain names that is available to the public. We use the Whois Lookup and Reverse Whois Lookup services of DomainTools LLC and WhoisXML,

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

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which are leading providers of such services, but are not the administrators of an official registry. The following are examples of domain name searches limitations:

- (i) Domain name expiry information is not publicly available for .au domain names.
- (ii) As a result of the General Data Protection Regulation, which came into effect in Europe on 25 May 2017, publicly available domain name records may be incomplete.
- (iii) In relation to many types of domain names, the registrant is able to mask its identity on publicly available Whois Lookup records, which means that our proprietor searches will not capture those domain names.
- (iv) There is often no, or very little, official oversight when a person registers a domain name. That person may, for example, deliberately or accidentally misspell the name of the registrant, use an abbreviated name of the registrant, register the domain name in the name of an individual employee rather than the registrant company, or register the domain name in some other way that might mean that the domain name is not captured by our proprietor searches.

Accordingly, to the extent any details relating to Chrysos' domain names included in this report are not publicly available, they have been provided to us by Chrysos.

## 4.2 Duty of Disclosure

In some jurisdictions there is a duty to disclose certain information, such as examination reports from other patent offices or prior art known to the applicant or its agents, to the relevant patent office while an application is pending. Failure to disclose this information in accordance with these obligations may adversely affect the validity or enforceability of the relevant patent.

## 4.3 Grant of Patent Provides No Guarantee of Validity

Grant of a patent by a national patent office provides an indication rather than a guarantee of its validity. In most jurisdictions, a patent application is subject to substantive examination prior to grant. Although this process confers an initial presumption of validity, in most countries that 'presumption' carries no binding legal weight and a patent may be challenged at any time after grant by way of revocation proceedings undertaken in a court of competent jurisdiction. In some countries a granted patent may be subjected to re-examination by the relevant patent office, particularly if relevant prior art is identified that was not considered during the initial examination of the application.

## 4.4 Grant of Patent Provides No Guarantee of Non-Infringement

Grant of a patent provides no guarantee that the patentee is entitled to commercially exploit the patented invention. For example, the working of an invention, even if validity patented, may nevertheless infringe an earlier patent or other intellectual property rights in the country of exploitation.

## 4.5 Entitlement to Priority

In order for an invention disclosed in a patent to be entitled to the priority date of a corresponding provisional application, the provisional application must disclose the invention in a manner that is clear enough and complete enough for the invention to be performed by a skilled person. Similar provisions apply in other jurisdictions. Subject matter not so disclosed is not entitled to the claim to priority which may affect patentability of an invention or validity of any patent that may be granted in respect of the invention.

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page 11

#### 4.6 Scope of Claims May Vary During Examination

It may be possible, and it is often necessary, during examination of a patent application to define the invention more specifically by amendment of the claims to distinguish the invention over relevant prior art or to meet national claiming requirements. Accordingly, there may be variations in the claims between countries reflecting in part different national examination procedures and threshold patentability requirements. Such amendments may affect the scope and hence the commercial significance of the resultant patent protection.

#### 4.7 Enforcement of Patent Rights

Upon grant of a patent, the patentee may initiate infringement proceedings against an alleged infringer of the patent. In many jurisdictions, damages for infringement may be awarded for infringements occurring from the date of publication of the patent specification, provided certain criteria are met.

#### 4.8 Changes to Patent Law

From time to time the statutory basis governing patents in particular jurisdictions may be amended by the relevant authority, typically the government of that jurisdiction. In addition, the practical effect of the statute may evolve by development of case law, that is, by the interpretation of the statute by the relevant courts.

#### 4.9 Reliance on Information

The preparation of this Report has included access to and reliance on information contained in publicly available databases relevant to the patents and patent applications in Annexures 1 and 4. Allens is not responsible for the accuracy of information available in public databases and cannot guarantee the accuracy of those databases.

### 5 Allens' Interest

Allens is engaged by Chrysos for professional patent and trade mark services and is involved in the prosecution of patents and patent applications set out in Annexures 1 and 4 and trade mark applications and registrations set out in Annexure 2.

### 6 Consent

Consent for the inclusion of this Report in a Prospectus to be issued by Chrysos, in the form in which it now appears, has been granted by Allens and has not been revoked as at the date of this Report.

Yours sincerely



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# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

## Annexure 1 Patent Portfolio

### 1 Improved method for rapid analysis of gold

Region	Priority Date	Filing Date	Number	Status
Australia	18/12/2013	16/12/2014	2014366832	Granted
China	18/12/2013	16/12/2014	201480069225.0	Granted
Canada	18/12/2013	16/12/2014	2,932,676	Granted
South Africa	18/12/2013	16/12/2014	2016/04038	Granted
United Kingdom	18/12/2013	16/12/2014	2525114	Granted
United States of America	18/12/2013	16/12/2014	9,528,951	Granted

### 2 A shielded X-ray radiation apparatus

Region	Priority Date	Filing Date	Number	Status
Australia	23/06/2017	23/06/2017	2017403346	Granted
Brazil	23/06/2017	23/06/2017	BR 11 2019 027208-9	Pending
Canada	23/06/2017	23/06/2017	3,067, 628	Accepted
Chile	23/06/2017	23/06/2017	3818-2019	Pending
China	23/06/2017	23/06/2017	CN 110785820 A	Pending
European Patent Office	23/06/2017	23/06/2017	3642851	Pending
Mexico	23/06/2017	23/06/2017	MX/a/2019/015596	Pending
Peru	23/06/2017	23/06/2017	2594-2019	Pending
Russian Federation	23/06/2017	23/06/2017	2019144448	Granted
South Africa	23/06/2017	23/06/2017	2020/00508	Accepted
United States of America	23/06/2017	23/06/2017	US-2021-0327673-A1	Pending

### 3 System and method for moisture measurement

Region	Priority Date	Filing Date	Number	Status
African Intellectual Property Organisation	21/06/2018	13/06/2019	1202000450	Granted

Region	Priority Date	Filing Date	Number	Status
African Regional Intellectual Property Organisation	21/06/2018	13/06/2019	AP/P/2020/012860	Pending
Australia	21/06/2018	13/06/2019	2019290026	Pending
Brazil	21/06/2018	13/06/2019	2619	Pending
Canada	21/06/2018	13/06/2019	3,102,623	Pending
Chile	21/06/2018	13/06/2019	3320-2020	Pending
China	21/06/2018	13/06/2019	CN 112313504 A	Pending
Eurasian Patent Organization	21/06/2018	13/06/2019	202092791	Pending
European Patent Office	21/06/2018	13/06/2019	3811066	Pending
Mexico	21/06/2018	13/06/2019	MX/a/2020/014281	Pending
Peru	21/06/2018	13/06/2019	PE 20211609	Pending
South Africa	21/06/2018	13/06/2019	2021/00422	Pending
United States of America	21/06/2018	13/06/2019	US-2021-0255120-A1	Pending

#### 4 Improvements in gamma-activation analysis measurements

Region	Priority Date	Filing Date	Number	Status
Patent Cooperation Treaty	2/09/2020	2/09/2021	PCT/AU2021/051021	Pending

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

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## Annexure 2 Trade Mark Portfolio

### 1 CHRYSOS

Region	Priority Date	Filing Date	Number	International Classes	Status
Australia	-	30/06/2016	1780557	09, 42	Registered
Brazil	-	9/08/2017	913187186	09	Registered
Brazil	-	9/08/2017	913187216	42	Registered
Canada	-	21/08/2017	1,092,467	09	Registered
Chile	-	12/04/2017	1282023	42	Registered
China	23/12/2016	23/12/2016	1780557	09, 42	Registered
Finland	23/12/2016	23/08/2017	1339419	09, 42	Registered
Germany	23/12/2016	23/08/2017	1339419	09, 42	Registered
Madrid Protocol (International)	30/06/2016	23/12/2016	1339419	09, 42	Registered
Mexico	23/12/2016	23/12/2016	1339419	09, 42	Registered
Peru	-	20/04/2017	00017649	09, 42	Registered
Russian Federation	23/12/2016	23/08/2017	1339419	09, 42	Registered
South Africa	-	12/04/2017	2017/10312	09	Registered
South Africa	-	12/04/2017	2017/10313	42	Registered
Sweden	23/12/2016	23/08/2017	1339419	09, 42	Registered
United Kingdom	23/12/2016	23/08/2017	1339419	09, 42	Registered
United States of America	23/12/2016	23/08/2017	5619548	09, 42	Registered

### 2 CHRYSOS PHOTONASSAY

Region	Priority Date	Filing Date	Number	International Classes	Status
Australia	30/06/2016	30/06/2016	1780565	09, 42	Registered



**3 Chrysol Logo**

Region	Priority Date	Filing Date	Number	International Classes	Status
Australia	4/12/2017	4/12/2017	1891838	09, 42	Registered

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

Chrysos Corporation Limited

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## Annexure 3 Domain Names

Domain name	Registrant	Registrar	Expiry Date	Status
chrysos.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
chrysos.net.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
chrysoscorp.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
chrysoscorp.net.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
chrysoscorporation.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
chrysoscorporation.net.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	27/06/2022	Registered
goldassay.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	12/08/2022	Registered
photonassay.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	12/08/2022	Registered
silverassay.com.au	Chrysos Corporation Limited	Domain Directors Pty Ltd trading as Instra	12/08/2022	Registered
photonassay.com	Chrysos Corporation	Key-Systems GmbH	12/08/2022	Registered
silverassay.com	Chrysos Corporation	Key-Systems GmbH	12/08/2022	Registered
chrysoscorp.com	Chrysos Corporation	Key-Systems GmbH	15/06/2022	Registered
chrysoscorporation.com	Chrysos Corporation	Key-Systems GmbH	15/06/2022	Registered



**Annexure 4**  
**Patents and Patent Applications Assigned by**  
**Nucltech Company Limited**

**Mineral product component analysis system and method**

Publication Number	Application Number	Title (English)	Application Date	Priority Date	Status
AU2018102195(A4)	AU2018102195A	Accelerator system for mineral component analysis, system and method for mineral component analysis	2018-12-24	2017-12-26	Granted (Innovation Patent)
AU2018286570(A2) / AU2018286570(A1)	AU2018286570A	Accelerator system for mineral component analysis, system and method for mineral component analysis	2018-12-24	2017-12-26	Converted to Innovation Patent
AU2020257130(A1)	AU2020257130A	Accelerator system for mineral component analysis, system and method for mineral component analysis	2020-10-22	2017-12-26   2018-12-24	Pending
CA3028509A1	CA3028509A	ACCELERATOR SYSTEM FOR MINERAL COMPONENT ANALYSIS, SYSTEM AND METHOD FOR MINERAL COMPONENT ANALYSIS	2018-12-21	2017-12-26	Pending
CN107884425A	CN201711435413A	*Mineral product component analysis system and method	2017-12-26	2017-12-26	Pending
CN207816859U	CN201721847057U	*Mineral product component analysis system and method	2017-12-26	2017-12-26	Granted
EP3734258(A4) / EP3734258(A1)	EP2018894631A	ACCELERATOR SYSTEM AND METHOD FOR MINERAL PRODUCT COMPONENT ANALYSIS	2018-12-24	2017-12-26   2018-12-24	Pending

# APPENDIX C. INTELLECTUAL PROPERTY REPORT

CONTINUED

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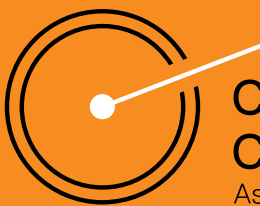
Publication Number	Application Number	Title (English)	Application Date	Priority Date	Status
US10825643(B2) / US20190198285A1	US16231672A	Accelerator system for mineral component analysis, system and method for mineral component analysis	2018-12-24	2017-12-26	Granted
WO2019128942A1	WO2018CN123254A	ACCELERATOR SYSTEM AND METHOD FOR MINERAL PRODUCT COMPONENT ANALYSIS	2018-12-24	2017-12-26	Expired



# PROSPECTUS

**CHRYSOS CORPORATION LIMITED**

ACN 613 131 141



**CHRYSOS  
CORPORATION**

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