



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

HALF YEAR REVIEW DEC 21

DRIVING
GROWTH
THROUGH
INNOVATION

ABOUT US

Chrysos Corporation 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 superior customer service to create cutting-edge assay technologies and services that deliver the crucial operational data customers need to achieve better business outcomes.

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DIRECTORS' REPORT

The Directors present their report together with the consolidated interim financial report for the half year ended 31 December 2021 and the auditor's review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the half year are:

ROBERT HENRY RICHARD ADAMSON BE (Mech) (UWA), BE Hons (Ag) (Melb), MBA (AGSM) MAICD

Chairman and Non-Executive Director

Appointed a Director 2016 and appointed Chairman 2019

DIRK MOORE TREASURE MComm (Sydney), BSc (Murdoch), MAusIMM, MAICD

Executive Director

Appointed 2022

ERIC FORD GAICD, BSc (Mining Engineering), MSc (Management Science)

Non-Executive Director

Appointed 2019

GOCK LOUNG LEONG MAR BSc Hons (UNSW), PhD (UNSW), GAICD

Non-Executive Director

Appointed 2017

IVAN GUSTAVO MELLADO GAICD, Master of Law (IP), B. Business (Marketing)

Non-Executive Director

Appointed 2016

KERRY JO-ANNE GLEESON LLB (Hons), FAICD

Non-Executive Director

Appointed 2021

ROBERT BRETT BOYNTON B.Com (Economics and Accounting), MBA (Duke), CF

Non-Executive Director

Appointed 2016

REVIEW AND RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE

The Group delivered statutory net loss after tax of \$1,605,000 for the first half of financial year 2022 (H1 FY22), compared to the loss of \$2,109,000 recorded in the first half of financial year 2021 (H1 FY21). This improvement is predominantly due to increased deployed units producing income, in excess of the deployment cost growth rate.

Chrysos operates a Product-as-a-Service business model, which means in addition to traditional financial metrics, the group monitors metrics Total Contract Value (TCV) and Annualised Recurring Revenue (ARR). At the close of H1 FY22 the group recorded a 564.1% growth in TCV, while the ARR exit rate for 31 December 2021 increased 129.5% to \$14m.

Regarding capital expenditure (excluding intangibles) and capital commitments, expenditure versus H1FY21 increased by 157.5% to \$10.9m and 126% to \$28.3m respectively during the period. These increases reflects the Group's approach to secure the long lead time components that supports the Group's accelerating deployment schedule.

DIRECTORS' REPORT (CONTINUED)

The Group's financial performance for the half year to 31 December 2021 is summarised as follows:

		H1 FY22 \$M	H1 FY21 \$M	% Change
<i>Prospective Financial Information (non-IFRS)</i>				
Recurring Revenue	ARR (FY Exit Rate)	14.0	6.1	129.5%
	TCV*	197.9	29.8	564.1%
<i>Historical Financial Information (IFRS)</i>				
Financial Metrics	Total revenue and other income	5.6	2.1	168.1%

* TCV contracted as at 31 December based on executed lease agreements, pending delivery of the relevant PhotonAssay machine, with delivery dates for undelivered machines throughout 2022/23. ARR measured at 31 December based on delivered machines.

Chrysos has two reportable operating segments, being the geographic regions of Australia and MEA (Middle East and Africa). MEA has been added as a reportable segment in the current period. The results for each segment are set out below.

Australia

		H1 FY22 \$M	H1 FY21 \$M
Financial Metrics	Total revenue and other income	4.9	1.9
	Segment EBIT*	2.7	0.7

While the Australian segment had no additional deployments during the half, revenue out performed Minimum Monthly Assay Payments (MMAP) by 4.53% with a number of the Chrysos PhotonAssay™ deployments operating well above their MMAP. The demand for assay services continues to be high and we expect this trend to continue for the foreseeable future.

Additionally, the initial PhotonAssay units (Max 1-3) deployed within the Australian segment, were re-contracted to a full 10 year period. This re-contracting demonstrates the continuing demand for PhotonAssay in the region.

MEA (Middle-East, Africa)

		H1 FY22 \$M	H1 FY21 \$M
Financial Metrics	Total revenue and other income	0.6	–
	Segment EBIT*	0.4	–

The MEA segment results signify the successful completion of the first internationally deployed PhotonAssay Max unit, at Barrick Gold's Bulyanhulu mine in Tanzania. This unit is operated by our partners MSALABS, and represents the first of a series of units contracted (at reporting date) for deployment with that company throughout MEA and other international locations over the next two years.

*The segment result is a non-IFRS measure and is reconciled to the loss after income tax as follows:

	H1 FY22 \$M	H1 FY21 \$M
Segment EBIT Australia	2.7	0.7
Segment EBIT MEA	0.4	-
Central costs	(4.7)	(2.8)
Loss before income tax	(1.6)	(2.1)

Events subsequent to balance date

The Group has added new PhotonAssay customers, with the addition of both Ravenswood Gold Mine and SGS Australia as direct Customers. Existing customers also continue to be a source of strong demand. Accordingly, the company has secured additional PhotonAssay lease agreements across its customer base, bringing the Group's total number of units under committed lease agreements to 33. The PhotonAssay unit contracted to Kirkland Lake Gold (KLG) has since been recontracted with On Site Laboratory Services Pty Ltd (OSLS) in which where KLG operated the unit. The Group expects that KLG will continue to use the unit through OSLS.

The 250,000 performance rights on issue, were exercised by Chief Executive Officer, Dirk Treasure on 4 February 2022 and converted to ordinary shares.

The company incorporated the following wholly owned subsidiary:

Company	Country of Incorporation	Date of Incorporation
Chrysos Operations Limited	Tanzania	23 February 2022

Other than the matters discussed above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Rounding of amounts

Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors.

On behalf of the Directors



Dirk Moore Treasure
Director

18 March 2022



Robert Henry Richard Adamson
Director

18 March 2022

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	31 Dec 2021	31 Dec 2020
	Note	\$'000
		\$'000
Revenue and other income		
Operating lease income		1,899
Proof-of-concept revenue		34
Other income		88
Interest income		51
Expenses		
Maintenance costs		(389)
Employee benefit expenses		(1,899)
Consulting fees		(3)
Travel and marketing costs		(70)
Legal fees		(79)
Other expenses		(284)
Depreciation and amortisation expense		(1,242)
Finance costs		(215)
Loss before income tax		(2,109)
Income tax benefit		-
Loss for the year		(2,109)
Other comprehensive income for the year		-
Total comprehensive loss for the year attributable to the owners		(2,109)
From continuing operations		
Basic and diluted loss per share	17	(\$0.028)

The notes on pages 8 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		31 Dec 21	30 Jun 21
	Note	\$'000	\$'000 (restated)*
Current assets			
Cash and cash equivalents		33,394	5,768
Term deposits	5	12,006	–
Trade and other receivables		3,218	1,024
Current tax asset		1,327	957
Other current assets		200	44
Prepayments		2,876	2,119
Total current assets		53,021	9,912
Non-current assets			
Plant and equipment	7	24,014	18,775
Right of use assets		207	130
Intangible assets		879	695
Total non-current assets		25,100	19,600
Total assets		78,121	29,512
Current liabilities			
Trade and other payables	6	5,517	7,706
Loans and borrowings	14	4,900	–
Lease liabilities		215	136
Employee benefits		538	573
Other financial liabilities		823	358
Provisions	16	2,085	1,194
Total current liabilities		14,078	9,967
Non-current liabilities			
Trade and other payables	6	1,308	2,489
Employee benefits		31	27
Other financial liabilities		1,630	2,647
Provisions	16	385	154
Total non-current liabilities		3,354	5,317
Total liabilities		17,432	15,284
Net assets		60,689	14,228
Equity			
Issued capital		71,812	24,081
Retained losses		(12,194)	(10,589)
Share based payments reserve	12	1,071	736
Total equity		60,689	14,228

* As reported in the reissued financial statements for the year ended 30 June 2021.

The notes on pages 8 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Issued capital	Accumulated losses	Share based payments reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020 (restated)*	24,081	(6,747)	150	17,484
Loss for the period	–	(2,109)	–	(2,109)
Total comprehensive loss for the period	–	(2,109)	–	(2,109)
Share based payments	–	–	281	281
Issued shares	–	–	–	–
Balance at 31 December 2020	24,081	(8,856)	431	15,656
Balance at 1 July 2021	24,081	(10,589)	736	14,228
Loss for the period	–	(1,605)	–	(1,605)
Total comprehensive loss for the period	–	(1,605)	–	(1,605)
Share based payments	–	–	335	335
Issued shares	50,000	–	–	47,731
Equity raising costs, net of tax	(2,269)	–	–	–
Balance at 31 December 2021	71,812	(12,194)	1,071	60,689

* As reported in the reissued financial statements for the year ended 30 June 2021.

The notes on pages 8 to 18 are an integral part of these consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS

	31 Dec 21	31 Dec 20
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	4,281	1,760
Payments to suppliers (inclusive of GST)	(4,323)	(2,063)
Cash used in operations	(42)	(303)
Early repayment of customer deposits	(1,157)	
Research and development refund received	-	1,573
Interest paid	(263)	(139)
Net cash (used)/provided by operating activities	(1,462)	1,131
Cash flows from investing activities		
Interest received	50	37
Investment in term deposits	(12,006)	-
Purchases of property, plant & equipment (including machine prepayments)	(10,850)	(2,616)
Payments for intangible assets	(675)	-
Net cash used in investing activities	(23,481)	(2,579)
Cash flows from financing activities		
Proceeds from issue of share capital	50,000	-
Costs of share issue	(2,269)	-
Proceeds from loan borrowings	4,900	-
Repayment of lease liability	(62)	(35)
Net cash from/(used in) financing activities	52,569	(35)
Net cash increase/(decrease) in cash and cash equivalent	27,626	(1,483)
Cash and cash equivalents at 1 July*	5,768	13,496
Cash and cash equivalents at 31 December	33,394	12,013

* As reported in the reissued financial statements for the year ended 30 June 2021.

The notes on pages 8 to 18 are an integral part of these consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

NOTE 1: REPORTING ENTITY

Chrysos Corporation Limited (the “Company”) is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the “Group”). The subsidiaries incorporated during the period have not yet traded and therefore there is not yet any difference between the reported results as consolidated and those that would be reported for the Company as a stand-alone entity.

The reissued annual financial report of the Group as at and for the year ended 30 June 2021 is available upon request from the Company’s registered office at Level 5, 19 Currie Street, Adelaide, SA, 5000.

NOTE 2: BASIS OF PREPARATION

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting, for the purposes of inclusion in the Group’s prospectus for its Initial Public Offering. The condensed consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the reissued annual financial report of the Company as at and for the year ended 30 June 2021, which was reissued on 16 March 2022.

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

This consolidated interim financial report was approved by the Board of Directors on 16 March 2022.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Company’s reissued financial statements as at and for the year ended 30 June 2021.

NOTE 4: ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the reissued consolidated financial report as at and for the year ended 30 June 2021.

NOTE 5: TERM DEPOSITS

Term deposits at 31 December 2021 comprise two deposits of \$6,000,000 each, with accrued interest, one with a maturity of 24 June 2022 and the other 22 September 2022.

NOTE 6: TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021*
	\$'000's	\$'000's
Current		
Trade payables	906	1,450
Accrued expenses and other payables	161	82
Supplier extended payment terms	4,450	6,174
	5,517	7,706
Non-current		
Supplier extended payment terms	1,308	2,489

* Refer to reissued financial statements for the year ended 30 June 2021.

The Group has extended payment terms with key suppliers. The amounts payable under these arrangements are shown above as 'Supplier extended payment terms' and are non-interest bearing. The carrying amount of these amounts has been discounted to present value.

The Group has an economic dependency on key suppliers. Further information is set out in Note 18.

NOTE 7: PLANT AND EQUIPMENT – ACQUISITIONS AND DISPOSALS

During the period ended 31 December 2021, the Group acquired assets with a cost of \$6,817,000 (period ended 31 December 2020, \$2,915,000). This primarily relates to the deployment of a PhotonAssay unit during the six months, and increase in capital WIP for machines to be deployed post period end. In addition the Group entered into a lease for an office in Perth, which resulted in a Right of Use Asset of \$118,000 being recognised.

There were no plant and equipment disposals during the period.

NOTE 8: CAPITAL COMMITMENTS

At the end of the period there was \$28,293,000 (2020 – \$12,495,000) in capital commitments relating to Chrysos PhotonAssay™ units on order and under construction.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 9: MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes resources with overall responsibility to the Chief Financial Officer, overseeing all significant fair value measurements, including Level 3 fair values.

This framework provides for regular review of significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the chief financial officer assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation assessments are reported to the Group's audit committee.

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- > Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- > Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- > Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate their fair values. The payroll tax provision is measured at its fair values at 31 December 2021 using a Level 2 valuation technique as defined in the fair value hierarchy.

The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

NOTE 10: CREATION OF SUBSIDIARIES

The company incorporated the following wholly-owned subsidiaries during the period:

Company	Country of Incorporation	Date of Incorporation
Chrysos International Holdings Pty Ltd	Australia	27 October 2021
Chrysos CA Operations Limited	Canada	21 November 2021
Chrysos CA Holdings Limited	Canada	21 November 2021

The formation of these entities is primarily for the Group to execute and continue its stated overseas expansion plans and operations.

NOTE 11: SEGMENT REPORTING

The Company's has two reportable segments based on geography:

- > Middle East & Africa
- > Australia

In the previous financial reporting periods there was only one segment being mining services in Australia. The segment information is set out below:

	31 Dec 21	31 Dec 20
Half year ended:	\$'000's	\$'000's
Segment revenues		
Australia	4,934	1,933
Middle East & Africa	587	–
Total revenue	5,521	1,933
Segment results		
Profit before tax		
Australia	2,684	740
Middle East & Africa	390	–
Total of segments	3,074	740
Reconciliation of reportable segment result to Loss before tax:		
Segment profit	3,074	740
Central costs ⁽ⁱ⁾	(4,679)	(2,849)
Loss before income tax	(1,605)	(2,109)
Income tax benefit	–	–
Comprehensive loss for the period	(1,605)	(2,109)

(i) Central costs comprise research, development, sales and head office costs associated with the company's growth and development trajectory. Where possible costs attributable to operations are allocated to reportable segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 11: SEGMENT REPORTING (CONTINUED)

Segment assets and liabilities	Assets		Liabilities	
	31-Dec-21	30-Jun-21*	31-Dec-21	30-Jun-21*
As at:	\$'000's	\$'000's	\$'000's	\$'000's
Australia	18,117	17,498	5,768	11,303
Middle East & Africa	4,300	–	2,445	–
Total of segments	22,417	17,498	8,213	11,303
Unallocated	55,704	12,014	9,219	3,981
Total	78,121	29,512	17,432	15,284

* Refer to reissued financial statements for the year ended 30 June 2021.

For the purposes of monitoring the segment performance and allocating resources between segments:

- > only deployed PhotonAssay units, debtors and other directly attributable assets are allocated to the segments.
- > only liabilities directly attributable to the segments are recognised at a segment level and on deployment of a PhotonAssay unit to that segment, any associated liability is transferred on deployment
- > external loans are not allocated to reportable segments

NOTE 12: SHARE-BASED PAYMENTS

The Group's share-based incentive program has been in place since 2016 and underpins a broader strategy of rewarding performance and retaining key talent.

The program is designed to assist in motivating and rewarding long-term performance and teamwork towards the realisation of shared goals: growth in Chrysos' social impact and business success, and growth of the value of the business and share price towards realisation of a liquidity event.

No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Of the options issued during the period, 475,000 options (720,000 H1 FY21), were time based, vesting with service, 3 years from grant date and 75,000 options (60,000 H1 FY21) subject to performance criteria.

On 2 December 2021, the expiry date of 4,074,878 options issued to founder and CTO, James Tickner was extended by 2 years. The fair value of the options prior to the modification and the fair value of the modified options on the modification date was the same, and therefore for no additional expense arose in result of this modification.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Exercise Price	Contractual life of options
<i>Half year ended 31 December 2021:</i>				
Issued to key management and directors:				
On 24 September 2021	130	3 years service from grant date	\$4.50	5 years
On 1 December 2021	75	Subject to key non-market performance criteria over 2022 calendar year	\$4.50	5 years
Issued to employees:				
On 24 September 2021	305	3 years service from grant date	\$4.50	5 years
On 21 November 2021	40	3 years service from grant date	\$4.50	5 years
Total issued half-year ended 31 December 2021	550			
<i>Half year ended 31 December 2020:</i>				
Issued to key management and directors:				
On 1 July 2020	420	3 years service from grant date	\$2.00	5 years
Issued to employees:				
On 1 July 2020	240	3 years service from grant date	\$2.00	5 years
On 16 December 2020	60	Annually based on achievement of sales targets and deployment schedules	\$2.00	5 years
Total issued half-year ended 31 December 2020	720			

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 12: SHARE-BASED PAYMENTS (CONTINUED)

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans issued during the period were as follows.

Weighted average	Key management personnel and directors		Employees	
	2021	2020	2021	2020
Fair value at grant date	\$1.41 – \$1.45	\$1.04	\$1.41 – \$1.45	\$1.04 – \$1.06
Share price at grant date	\$4.50	\$2.00	\$4.50	\$2.00
Exercise price	\$4.50	\$2.00	\$4.50	\$2.00
Expected volatility	40%	55%	40%	55%
Expected life	5 years	5 years	5 years	5 years
Expected dividends	\$ –	\$ –	\$ –	\$ –
Risk-free interest rate (based on government bonds)	0.7% – 1.4%	0.4%	0.7% – 1.4%	0.3% – 0.4%

On 2 December 2021, the expiry date of 4,074,878 options issued to founder and CTO, James Ticker, was extended by 2 years. The fair value of the options prior to modification and the fair value of the modified options on the modification date was the same, and therefore no additional expense arose in result of this modification.

NOTE 13: ISSUE OF ORDINARY SHARES

During September 2021, the Company issued 11,111,112 ordinary shares at a price of \$4.50 per share (2020: nil), raising \$47,731,000 net of costs.

Additionally, 744,444 ordinary shares were issued as a result of the exercise of vested options arising from the 2016 and 2017 employee share option plans by key management personnel and other staff members (2020: nil). Options were exercised at an average share price of \$0.20 per share.

All issued shares are fully paid.

NOTE 14: LOANS AND BORROWINGS

	Nominal interest rate	Year of maturity	Face value	Carrying amount
			\$'000	\$'000
Half year ended 31 December 2021				
Secured bank loan	5.95%	2023	4,900	4,900
Balance as at 31 December 2021				4,900

The bank loan is secured by a first ranking charge over all the assets of the Company, including the deployed PhotonAssay machines.

The Company has facilities of \$7.5m of which \$4.9m 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.

NOTE 15: RELATED PARTY TRANSACTIONS

Chrysos Corporation Limited is the parent entity and as at the date of the report, there have been no transactions with subsidiaries. The following related party disclosures relate to director related entities:

	31 Dec 2021	31 Dec 2020
	'000's	'000's
Payments for other expenses		
RFC Ambrian Limited	\$25	–
CSIRO	\$40	\$42

CSIRO held 26.43% of the ordinary share capital of the Group as at 30 June 2021.

Perenti International Pty Ltd held 8.14% of the ordinary share capital of the Group as at 31 December 2021 and also directly, or through a related company, leased Photon Assay machines from the Group under operating lease during the half-year. The operating lease income for the half-year comprised 37% of the total operating lease income of the Group (half-year ended 31 December 2020: 100%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 16: PROVISIONS

	31 Dec 2021	30 June 2021*
	\$'000's	\$'000's
Provision for payroll tax	2,085	1,194
Provisions – current	2,085	1,194
Provision for payroll tax	385	154
Provisions – non-current	385	154
Total Provisions	2,470	1,348
Movement in provision for payroll tax		
Opening balance	1,348	548
Additional provision for the year	1,122	800
Closing balance	2,470	1,348

* Refer to reissued financial statements for the year ended 30 June 2021.

The provision for payroll tax represents an estimate of the South Australian payroll tax payable on share-based payments that have been granted prior to reporting period end. The amount of payroll tax that is paid in the future is calculated by deducting the exercise price of the instrument from the fair value of the instrument at the earlier of the date when the holder exercises their instruments or the 7th anniversary of the grant date, multiplied by the payroll tax rate.

The provision at balance date has been determined by reference to the estimated fair value of the Company's shares at balance date. Instruments where the vesting date is in excess of 12 months from reporting period end have been classified as current (noting that all instruments currently on issue have a vesting date which is prior to the 7th anniversary of their grant date).

NOTE 17: EARNINGS PER SHARE

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Loss attributable to the equity holders of the group in the calculation of basic and diluted earnings per share	(1,605)	(2,109)
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	82,202,791	75,695,122
From continuing operations		
Basic earnings per share (cents per share)	(2.0)	(2.8)
Diluted earnings per share (cents per share)	(2.0)	(2.8)

NOTE 18: ECONOMIC DEPENDENCY

The Group is reliant on several third-party manufacturers and suppliers. While the Group has worked with a number of these parties for several years and has strong existing relationships, including key manufacturer Nucotech, there is a risk that the Group will be unable to continue working with these parties, or to do so on the same or similar terms to current. Moreover, given the advanced technical nature of some of the componentry, it can be difficult to procure alternative suppliers. This could ultimately disrupt the unit deployment schedule and adversely impact financial performance.

The Group's 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 the Group to remain competitive and meet its contractual obligations with customers.

NOTE 19: STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to the standards are effective for annual period beginning after 1 July 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

On 24 September 2021, Chrysos completed a capital raising of \$50,000,000 issuing 11,111,112 new ordinary shares ranking equally with existing shares. Concurrent to the capital raise, Chrysos employees exercised 744,444 vested options, with new equally ranking ordinary shares issued for these options.

In the half year ended 31 December 2021, Chrysos issued 550,000 options recognising both employee and director efforts. These grants are on the usual terms of the employee share program.

The 250,000 performance rights on issue, were exercised by Chief Executive Officer, Dirk Treasure on 4 February 2022 and converted to ordinary shares.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

The Company has facilities of \$7.5m of which \$4.9m 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.

Subsequent to reporting period end, the company incorporated the following wholly-owned subsidiary:

Company	Country of Incorporation	Date of Incorporation
Chrysos Operations Limited	Tanzania	23 February 2022

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS DECLARATION

In the opinion of the directors of Chrysos Corporation Limited ("the Company"):

1. The interim condensed consolidated financial statements and notes set out on pages 4 to 18:
 - a) give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six-month period ended on that date; and
 - b) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

On behalf of the Directors



Dirk Moore **Treasurer**

Director

18 March 2022



Robert Henry Richard Adamson

Director

18 March 2022



Independent Auditor's Review Report

To the Directors of Chrysos Corporation Limited

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Chrysos Corporation Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Chrysos Corporation Limited does not present fairly, in all material respects the financial position of the **Group** as at 31 December 2021 and its financial performance for the half-year ended on that date in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The **Condensed Interim Financial Report** comprises:

- Condensed Consolidated Interim Statement of Financial Position as at 31 December 2021;
- Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity and Condensed Consolidated Interim Statement of Cash Flows for the half-year ended on that date;
- Notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information; and

The **Group** comprises Chrysos Corporation Limited (the Company) and the entities it controlled at half-year end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Restriction on distribution and use

The Condensed Interim Financial Report has been prepared to assist the Directors of Chrysos Corporation Limited for the purpose of their due diligence in relation to a potential Initial Public Offering.

As a result, the Condensed Interim Financial Report and this Auditor's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of Chrysos Corporation Limited and should not be used by or distributed to parties other than the Directors of Chrysos Corporation Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Condensed Interim Financial Report to which it relates, to any person other than the Directors of Chrysos Corporation Limited or for any other purpose than that for which it was prepared.

Responsibilities of Management for the Condensed Interim Financial Report

Management of the Company are responsible for:

- the preparation of the Condensed Interim Financial Report that presents fairly, in all material respects, in accordance with *Australian Accounting Standards*;
- such internal control as Management determine is necessary to enable the preparation of the Condensed Interim Financial Report that presents fairly and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not present fairly, in all material respects the financial position of the Group as at 31 December 2021 and its performance for the half-year ended on that date in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Adrian Nathanielsz
Partner

Melbourne

18 March 2022

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