

3 May 2007

Australian Stock Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Scientific

Company Announcement

XRF Scientific Limited ("**the Company**") will convene an Extraordinary General Meeting of Shareholders to be held at 10.00am on Friday, 8th June 2007 details of which, including the Notice of Meeting, Explanatory Memorandum and Proxy Form, are attached to this release. The purpose of this meeting will be to obtain shareholder approval for the conclusion of two commercial transactions which were referred to in the Prospectus dated 28th August 2006, these being the acquisition of the residual 50% of Analytical Platinum Supplies Pty Ltd which is already 50% owned by the Company and additionally, the completion of a selective share buy back agreement pertaining to the settlement of related party loans.

The completion of the above transactions has been delayed as a consequence of variations to the Terms of Reference of the purchase of APS, including both the purchase consideration and the simultaneous acquisition of additional precious metals manufacturing facilities from the vendors. Whilst these changes were more beneficial to the Company and did not involve a material departure from the original transaction contemplated, there were nevertheless certain aspects to the revised transaction which now require approval by the shareholders at EGM. Similarly, the proposed selective buy back of shares had been delayed pending the conclusion of other internal structural matters and is proposed for the same EGM.

The Board of Directors have also agreed and resolved to make changes in the structure of the Board consistent with suggested ASX Corporate Governance Guidelines, with the restructured Board to be reduced to a total of five Directors comprising two Executive and three Non-Executive Directors including the Chairman.

To achieve the above the Company has appointed a new non Executive Director whose confirmation of appointment will be put to the shareholders at the EGM and additionally three of the founding Three Directors have tendered their resignations from the Board to be effective at the conclusion of the Extraordinary General Meeting. Going forward, the Board of XRF Scientific Limited will comprise the following personnel on conclusion of the EGM:

Mr Paul Anthony Rengel – Chairman
Mr Kenneth John Baxter – Non-Executive Director
Mr Terry Sweet – Non-Executive Director
Mr David Brown – Executive Director
Mr John Graham Parsons – Executive Director.

The three retiring Executive Directors will continue in senior executive roles within the Group with designated responsibilities so as to ensure that the Company retains their technical expertise and experience.

Other management and internal structural changes have also been implemented at Divisional Management level. This includes the appointment of a National Marketing Manager and the appointment of an Operations Manager (Victoria) within the Instrument Division of the Company.

The Directors also advise that the acquisition of the Socachim Fine Chemicals SA business which was also referred to in the Prospectus dated the 28th August 2006 has now been concluded. That business is now 100% owned by XRF Scientific–Socachim Sprl, a company incorporated in Belgium, in turn a wholly owned and controlled subsidiary of the Company. The Belgium company has

retained two of the vendors to run its business, one acting as CEO and the other as a Director of the company, with Mr John Parsons also appointed as Director of the Socachim company.

XRF Scientific USA Inc has now been incorporated. It is 100% owned by the Company and acts as the Group Sales and Distribution entity in that region. At this stage only a resident manager has been appointed, with Mr John Parsons as a Director and Mr David Brown as the President. The implementation of business arrangements is still in process and it is not anticipated that significant levels of operations will commence prior to the 30th June 2007 fiscal year end.

The Board of Directors of the Company have been significantly involved in both the conclusion of the above transactions and attendance to matters referred to above as well the internal implementation of changes including the Company's first stage business plans. These matters and the resultant delays in the conclusion of these transactions have had an impact on the Company's core business operations, which are now anticipated to move forward in a more positive manner. The Directors will further inform the market as changes and reviews of business plans occur.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'P. Rengel', with a stylized, cursive script.

Paul Rengel

Chairman

THIS IS AN IMPORTANT DOCUMENT

AND REQUIRES YOUR ATTENTION

If you are in doubt as to how to deal with it,
please consult your financial or other professional adviser.

XRF SCIENTIFIC LIMITED

ACN 107 908 314

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Notice is given that the General Meeting of XRF Scientific Limited
will be held at the Guildford Landing Function Centre, 114 Swan Street Guildford WA,
on Friday 8th June 2007
commencing at 10.00am (WST).

NOTICE OF MEETING

Notice is hereby given that the Directors of XRF Scientific Limited ("the Company") have called an Extraordinary General Meeting of the members of the Company to be held at the Guildford Landing Function Centre, 114 Swan Street Guildford WA, on Friday 8th June 2007 commencing at 10.00 am.

How to Vote:

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person:

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 10.00 am (WST).

Voting by Proxy:

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either send or deliver to the appointed registrars, Security Transfer Registrars Pty Limited by delivery or mail to 770 Canning Highway, Applecross WA 6953 or by faxing it to fax number (08) 9315 2233 so that it is received not later than 10.00am (WST) on Wednesday, 6th June 2007 (2 days prior to the meeting).

Your proxy form is enclosed.

Resolution 1

Confirmation of Director's Appointment

To consider and if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of section 201H(3) of the Corporations Act 2001 and for all other purposes, the appointment of Terry Sweet as a Director of the Company is hereby confirmed".

Voting Exclusion

For the purposes of section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Terry Sweet or any of his associates. However, the Company need not disregard a vote on this Resolution if:

- it is cast by that person excluded from voting as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person excluded from voting or their associates; or
- it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2

Issue of Convertible Notes to acquire the balance of Analytical Platinum Supplies Pty Ltd

To consider and if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to acquire the balance of the issued capital of Analytical Platinum Supplies Pty Ltd (ACN 094 039 013) and issue 800,000 Convertible Notes to AGR Management Services Pty Ltd (ACN 085 142 605) (as trustee for the AGR Matthey Partnership) at an issue price of A\$1.00 and with a face value of A\$1.00 in consideration of the acquisition, upon the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

For the purposes of section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by any person with a relevant interest in the outcome of this Resolution or any of their associates. However, the Company need not disregard a vote on this Resolution if:

- it is cast by that person excluded from voting as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person excluded from voting or their associates; or
- it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3

Share Buy-Back – Allen Parsons

To consider and if thought fit, to pass the following as a special resolution:

"That for the purposes of section 257D(1) of the Corporations Act 2001 and for all other purposes, the shareholders of the Company approve the terms of a buy back agreement between the Company and Allen Parsons, a Director of the Company, upon the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

For the purposes of section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Allen Parsons or any of his associates. However, the Company need not disregard a vote on this Resolution if:

- it is cast by that person excluded from voting as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person excluded from voting or their associates; or
- it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



BY ORDER OF THE BOARD

Ms Kiran Badlani

Company Secretary

Notice of Meeting dated the 26th day of April 2007

NOTES:

The details of the resolutions contained in the Explanatory Memorandum and supporting attachments accompanying this Notice of Extraordinary General Meeting should be read together with and form part of this Notice of Extraordinary General Meeting.

PROXIES:

1. A member entitled to attend and vote at the meeting has the right to appoint not more than two proxies.
2. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
3. A proxy need not be a member of the Company.
4. The proxy form must be signed by the member or his or her attorney. Proxies given by corporations **must** be signed either under seal or under the hand of a duly authorised officer or attorney.
5. To be valid, the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or any attested copy thereof) must be lodged with the appointed registrars, Security Transfer Registrars Pty Limited by delivery or mail to 770 Canning Highway, Applecross WA 6953 or by faxing it to fax number (08) 9315 2233 by no later than 10.00am (WST) on Wednesday, 6th June 2007.
6. A proxy form accompanies this Notice of Meeting.

CORPORATE REPRESENTATIVES

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the meeting) a natural person to act as its representative at any general meeting.

VOTING ENTITLEMENT

For the purposes of the Corporations Act and Regulations, shareholders entered on the Company's Register of Members as at 10:00am (WST), Wednesday, 6th June 2007 are entitled to attend and vote at the meeting.

On a poll, Members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

EXPLANATORY MEMORANDUM

1. PURPOSE OF INFORMATION

The purpose of this Explanatory Memorandum and supporting attachments (which are included in and form part of the Notice of Extraordinary General Meeting dated 26 April 2007) is to provide shareholders with an explanation of the business of the meeting and of the resolutions to be proposed and considered at the Extraordinary General Meeting of the Company to be held on 8th June 2007 and to allow shareholders to determine how they wish to vote on those resolutions.

2. BACKGROUND TO BUSINESS

ITEM 1

ORDINARY RESOLUTION

Resolution 1: Confirmation of Directors Appointment

Terry Sweet was appointed as a Director of the Company on 28 March 2007 and pursuant to section 201H(3) of the *Corporations Act 2001*, his appointment is required to be confirmed by ordinary resolution of the Shareholders at the first General Meeting of the Company after his appointment.

Terry Sweet, 60, brings to the Board of the Company significant management and corporate experience, having served on the boards of several scientifically based listed companies. His qualifications in Chemistry and knowledge of the laboratory industry are particularly relevant to the Company and his contribution to the future success of the Company is welcomed.

Directors' Recommendation

Mr Sweet has an interest in the outcome of Resolution 1 and has abstained from making any recommendation in respect of the Resolution. Each of the other Directors other than Mr Sweet recommends that Resolution 1 be approved by Shareholders.

ITEM 2

ORDINARY RESOLUTION

Resolution 2: Issue of Convertible Notes to acquire the balance of Analytical Platinum Supplies

On 28 August 2006, the Company entered into a non-binding Memorandum of Understanding ("**the Memorandum of Understanding**") with Crucible Investments Pty Ltd (ACN 094 326 897) ("**Crucible**"), AGR Management Services Pty Ltd (ACN 085 142 605), Australian Gold Alliance Pty Ltd (ACN 095 743 703), Western Australian Mint (ABN 44 590 221 751) and Johnson Matthey (Aust.) Ltd (ACN 004 146 838) (together "**the Other Co-owners**"). Crucible is a wholly owned subsidiary of the Company and holds 50% of the issued share capital in APS. The Memorandum of Understanding provided for the acquisition of the remaining 50% of the issued capital of APS by Crucible, in consideration for the issue of 9,000,000 Shares in the Company. The terms of the Memorandum of Understanding are summarised in the Prospectus.

APS is an Australian company which markets a range of laboratory ware and other products manufactured in platinum and platinum alloys.

The terms of the acquisition by Crucible of the remaining 50% of APS ("**the Acquisition**") have been renegotiated since the execution of the Memorandum of Understanding ("**the New Terms**") pursuant to

the terms of a Share Sale Agreement and Asset Sale Agreement (together "**the Share Sale Agreement**"). The consideration payable for the Acquisition pursuant to the New Terms is the issue of 800,000 Convertible Notes by the Company to AGR Management Services Pty Ltd (as trustee for each of the Other Co-owners) ("**the Noteholder**"), at an issue price of A\$1.00 and each having a face value of A\$1.00. The Share Sale Agreement is conditional upon Shareholder approval of the Acquisition on the New Terms.

Each Convertible Note entitles the Noteholder to receive an interest payment on each interest payment date at an interest rate of 5 per cent per annum. Interest is payable in arrears on each anniversary of the issue date of the Convertible Notes, and either the date the Noteholder elects to convert to Convertible Notes or the date the Company redeems the Convertible Notes.

The Noteholder has an elective right to either redeem all of the Convertible Notes for cash or to convert some or all of the Convertible Notes into Shares in the Company on the terms of the Convertible Note. If on or before the first anniversary of the issue date of the Convertible Notes, the Noteholder has not converted the Convertible Notes to Shares, the Company must redeem the Convertible Notes at their face value. The formula for calculating the number of Shares to be issued upon conversion of the Convertible Notes is set out in paragraph (c) below. The minimum and maximum number of Shares which may be issued upon conversion of the Convertible Notes is set out in paragraph (a) below.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, during any 12 month period issue any equity securities, or other securities with rights of conversion to equity (such as convertible notes or options) if the number of securities to be issued exceeds 15% of the number of securities in the same class on issue at the commencement of the 12 month period. As the New Terms differ from those disclosed in the Prospectus, the Company seeks shareholder approval of the Acquisition of the balance of the issued capital of APS and the issue of 800,000 Convertible Notes in consideration of the Acquisition, on the terms contained in the Share Sale Agreement and the Convertible Note.

Following Shareholder approval of the Acquisition of the balance of the issued capital of APS, and the issue of the Convertible Notes, the Company will still have the capacity to issue 15% of its expanded share capital over the next 12 months, as the Convertible Notes will be excluded from the calculation under Listing Rule 7.1.

The information required to be provided by the Company to Shareholders in seeking approval pursuant to ASX Listing Rule 7.1 is set out below.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2 to allow Shareholders to assess the proposed facility for the future issue of up to 9,000,000 Shares upon conversion of 800,000 Convertible Notes to be issued pursuant to Resolution 2.

- (a) The minimum number of Shares which may be allotted and issued on conversion of the Convertible Notes is 6,000,000, being approximately 7.64% of the Shares on issue. The maximum number of Shares which may be allotted and issued upon conversion of the Convertible Notes is 9,000,000, being approximately 11.04% of the Issued Shares of the Company.
- (b) The Convertible Notes will be issued no later than three (3) months after the date of this Meeting or such later date as approved by ASX. The Shares may be converted no later than 12 months after the issue of the Convertible Notes.

- (c) The issue price of the Convertible Notes will be \$1.00. The conversion price of the Shares will be calculated as follows:

$$\text{Conversion Number} = \frac{\text{Face Value} \times 1.5}{\text{SP}}$$

Where SP means the lower of:

- the prevailing market share price over the five day period previous; or
- \$0.20,

provided that the maximum number of Shares that may be issued on Conversion is 9,000,000.

- (d) The holder of the Convertible Notes is AGR Management Services Pty Ltd, as trustee for the Other Co-owners. None of the Other Co-owners is a related party of the Company. If the Convertible Notes are converted to Shares, none of the Other Co-owners will, either individually or in association with any related entity, hold in excess of 19.9% of the issued capital of the Company.
- (e) The Shares to be issued upon conversion of the Convertible Notes will rank pari-passu on allotment and issue with the existing Shares of the Company.
- (f) The Convertible Notes will be issued not later than three (3) months after the date of the meeting.
- (g) No funds will be raised by the issue of the Convertible Notes or upon conversion of the Convertible Notes to Shares. The Convertible Notes are issued in consideration of the acquisition of 50% of the issued capital of APS.

Directors' Recommendation

None of the Directors have an interest in Resolution 2. All Directors recommend that Resolution 2 be approved by Shareholders.

ITEM 3

SPECIAL RESOLUTION

Resolution 3: Share Buy-Back – Allen Parsons

On 3 May 2006, the Company entered into a conditional selective Share Buy-Back Agreement to acquire ordinary shares from Allen Parsons to a maximum value of \$500,000 at A\$0.20 per ordinary share for the first 1,250,000 shares (up to a maximum of \$250,000) and at A\$0.1667 per ordinary share thereafter (up to a maximum of \$250,000) ("**the Selective Buy-Back**"). The purpose of the Selective Buy-Back is to retire debt owing by Allen Parsons ("**the Loan**") to the Company by way of a surrender and transfer of Shares to the Company from Allen Parsons, representing a portion of his shareholding in the Company. The Shares acquired from Mr Parsons will be cancelled by the Company.

As at 24 April 2007, the amount outstanding under the Loan is approximately \$371,527 ("**the Outstanding Amount**"). The Loan was made pursuant to an unsecured seven year loan facility agreement entered into on 28 June 2002. The Company has negotiated with Mr Parsons to repay the loan by way of a selective share buy back.

The Selective Buy-Back is subject to approval by special resolution of members at an Extraordinary General Meeting of the Company.

CORPORATIONS ACT REQUIREMENTS

Section 257D(1)

Section 257D(1) of the Corporations Act requires that before a buy-back agreement is entered into, the terms of the buy-back agreement must be approved by either:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders,

or the agreement must be conditional upon such an approval.

Section 257D(2) requires that the Company must include with the notice of meeting a statement setting out all the information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to its shareholders.

As a result of the Selective Buy-Back, the proportionate interest in all issued Shares held by each Shareholder will increase. Shareholder approval under the takeover provisions of Chapter 6 of the Corporations Act is not required in circumstances where, as a result of the share buy-back, a person's interest in the Company increases from below 20% to more than 20%, or from 20% or more to below 90%. Increases in voting power resulting from a share buy-back authorised by section 257A are an exception to the takeover prohibition (Section 611, Item 19).

In order for the Company to comply with the requirements of the Corporations Act (as viewed by ASIC under ASIC Policy Statement 110), the Company provides the following information to Shareholders in relation to the proposed Selective Buy-Back.

(a) Number of Shares on issue

There are 72,481,418 Shares on issue. There are 8,300,000 unlisted options to acquire Shares on issue. There are no other classes of shares on issue.

(b) Number and percentage of shares to be bought back

Under the Agreement, the Company will buy back 1,979,016 Shares, which represents 2.73% of the Shares currently on issue.

(c) Particulars of the terms of the buy-back

The Company has agreed to acquire ordinary shares from Allen Parsons to a maximum value of \$371,527 at A\$0.20 per ordinary share for the first 1,250,000 shares (up to a maximum of A\$250,000) and at A\$0.1667 per ordinary share thereafter (up to a maximum of \$121,527), in order to retire debt owing by Allen Parsons to the Company by way of a surrender and transfer of Shares to the Company from Allen Parsons, representing a portion of his shareholding in the Company. As at 24 April 2007, the amount outstanding under the Loan is approximately \$371,527. The Shares acquired from Mr Parsons will be cancelled by the Company.

(d) The offer price or a simple formula to calculate the price

Pursuant to the Selective Buy-Back, the Company will buy back 1,250,000 Shares at A\$0.20 per Share and 729,016 shares at A\$0.1667 per Share from Mr Parsons.

(e) Reason for the buy-back

As set out above, Mr Parsons is indebted to the Company in an amount of \$371,527. The purpose of the Buy-Back is to retire the debt owing by Mr Parsons to the Company.

(f) The interests of any Director who may participate in the buy-back

Mr Parsons will be participating in the Selective Buy-Back and is a Director of the Company. None of the other Directors have any interest in the Selective Buy-Back. Mr Parsons has abstained from considering or voting on any Directors resolutions in respect of the Selective Buy-Back or from making any recommendation in respect of Resolution 3.

(g) Financial effect of the buy-back on the Company

As the Shares to be bought back by the Company will be cancelled, the effect will be to reduce the Company's issued share capital

The reduction of the Company's issued share capital will be reflected in the financial statements of the Company as follows:

	Pre-reduction (\$) (i.e. as at 31 December 2006)	Post-reduction (\$)
Issued Capital	10,425,220	10,053,693
Reserves	50,000	50,000
Accumulated profits/(losses)	1,134,416	1,134,416
Shareholders' Equity	11,609,636	11,238,109

(h) Source of funds for the buy-back

Not applicable. The consideration for the Selective Buy-Back is the retirement of a debt owing by Mr Parsons to the Company of \$371,527.

(i) The effect the buy-back will have on control of the Company

The effect of the Selective Buy-Back will not have any material effect on the control of the Company.

(j) Identity of the Selling Shareholder

The selling shareholder is Mr Allen Parsons, a Director of the Company.

(k) Advantages and disadvantages of approving the buy-back

If the Selective Buy-Back is approved by Shareholders, the Directors consider that the buy-back will:

- (i) provide a favourable strategy for the retirement of Mr Parsons' debt to the Company; and
- (ii) reduce the number of issued Shares which will translate to an increase in the value of issued Shares.

The Directors also believe that the Selective Buy-Back:

- (i) will not adversely affect the operations of the Company; and
- (ii) is unlikely to materially prejudice the interests of the creditors or shareholders of the Company or affect the solvency of the Company.

The Directors believe that there are no material disadvantages in approving the buy-back.

(l) The latest set of audited financial statements (unless they have been recently given to shareholders)

The Company's latest set of audited financial statements for the year ended 30 June 2006 were sent to shareholders on approximately 1 December 2006.

The Company's 31 December 2006 half year review and report was lodged with the ASX on 1 March 2007.

Copies of these financial statements are available upon request and without charge to any person entitled to vote at the General Meeting.

(m) Current share market price

The last price for Shares on ASX as at 24 April 2007 prior to despatch of the Notice of Meeting was \$0.115.

Section 208

Section 208 of the Corporations Act prohibits a company from giving a financial benefit to a related party without prior shareholder approval. A related party includes a director of a public company. The Selective Buy-Back pursuant to Resolution 3 may constitute the giving of a financial benefit to a related party of the Company, as Mr Allen Parsons is a Director.

A 'financial benefit' for the purposes of the Corporations Act is defined widely. It includes a public company receiving services from or issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and the effect of the transaction (rather than just the legal form) and any consideration which has been given is to be disregarded, even if it is full or adequate.

Section 219 of the Corporations Act sets out certain requirements as to the contents of a notice of meeting sent to shareholders for the purposes of obtaining shareholder approval pursuant to section 208 of the Corporations Act. The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of the proposed Selective Buy-Back pursuant to Resolution 3.

a) The related party to whom the proposed Resolution would permit the financial benefit to be given

The related party of the company whom would receive a financial benefit pursuant to Resolution 3 is Allen Parsons. Mr Parsons is a related party of the Company by virtue of section 228(2) of the Corporations Act, because Mr Parsons is a Director of the Company.

b) The nature of the financial benefit

The nature of the financial benefit is the acquisition by the Company of Shares from Allen Parsons to a maximum value of \$371,527 at A\$0.20 per Share for the first 1,250,000 Shares (up to a maximum of \$250,000) and at A\$0.1667 per Share thereafter (up to a maximum of \$121,527) in satisfaction of debt owing by Mr Parsons to the Company.

The offer price for Mr Parsons's Shares pursuant to the Selective Buy-Back is higher than the Share price on ASX as at 24 April 2007 prior to despatch of the Notice of Meeting. The Company agreed to the terms of the Selective Buy-Back on 3 May 2006, prior to the Company's initial public offering and ASX listing. The purchase price of the Shares pursuant to the Selective Buy-Back was calculated by reference to the offer price of the Shares pursuant to the Prospectus and to the price per Share allotted and issued to Mr Parsons in consideration to the acquisition of Precious Metals Engineering (WA) Pty Ltd by the Company from Mr Parsons prior to listing on ASX.

c) Directors' Recommendations

Each of the Directors other than Mr Parsons recommends that Shareholders vote in favour of Resolution 3, as they are of the view that the Selective Buy-Back is fair and reasonable in the circumstances and in the best interests of the Company. Mr Parsons abstains from recommending that Shareholders approve Resolution 3 because he has a relevant material interest in the outcome of the Resolution.

d) Directors' Interests

Other than Mr Parsons, the Directors have no interest in the subject matter of Resolution 3. Mr Parsons' interest in the Resolution is set out in paragraphs (a) and (b) above.

e) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no additional information known to the Company or any of the Directors that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the proposed Resolution.

ASX LISTING RULES REQUIREMENTS

ASX Listing Rule 3.8A requires the Company to lodge certain notices with ASX at specific stages of the buy-back.

The information required under ASX Listing Rule 3.8A will be lodged at the prescribed times and will be available for shareholders to download at the Company's website www.xrfscientific.com or on the ASX website www.asx.com.au.

Directors' Recommendation

As the Company is buying back a significant percentage of Shares, the independent Directors are required to give an opinion of whether the consideration under the Selective Buy-Back was fair and reasonable.

Mr Allen Parsons has an interest in the outcome of Resolution 3 and has abstained from making any recommendation in connection with the Resolution.

It is the unanimous opinion of all of the Directors other than Mr Parsons (all of whom are not participating in the Selective Buy-Back) that the consideration for the Selective Buy-Back is fair and reasonable to the Company and the Shareholders should vote in favour of the Selective Buy-Back.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

Analytical Platinum Supplies	means Analytical Platinum Supplies Pty Ltd (ACN 094 039 013).
ASX	means the Australian Stock Exchange conducted by Australian Stock Exchange Limited (ABN 98 008 624 691).
Board	means the board of Directors of the Company.
Company	means XRF Scientific Limited (ACN 107 908 314).
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Listing Rules	means the listing rules of ASX.
Shareholder	means a holder of a Share.
Prospectus	means the prospectus issued by the Company dated 28 August 2006.
Share	means a fully paid ordinary share in the capital of the Company.
WST	means Western Standard Time.

Proxy Form - 2007

NAME

ADD1

ADD2

ADD3

ADD4

ADD5

HIN / SRN:

SECTION A

Appointment of Proxy

I/We being a member (s) of XRF Scientific Limited and entitled to attend and vote hereby appoint:

☐

the Chairman of the Meeting

or

(mark with "X" in box if you wish
to appoint the Chairman)(write here the name of the person you are appointing if this person
is someone other than the Chairman of the meeting)

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our Proxy to act generally at the meeting on my/ our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 10.00am on Friday 8th June 2007, at the Guilford Landing Function Centre, 114 Swan Street Guilford WA and at any adjournment of that meeting.

SECTION B

Voting directions to your Proxy – please mark

☒

to indicate your directions -

		FOR	AGAINST	ABSTAIN *
Resolution 1	Confirmation of Director – Mr Terry Sweet	☐	☐	☐
Resolution 2	Issue of Convertible Notes – APS Acquisition	☐	☐	☐
Resolution 3	Share Buy-Back – Allen Parsons	☐	☐	☐

Your Directors recommend that you vote in favour of Resolutions 1, 2 and 3.

Please note that your Chairman intends to vote undirected proxies in favour of each item of business

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C

Appointment of a Second Proxy

I / We wish to appoint a second Proxy

☐Mark 'X' if you wish
to appoint a second Proxy

AND

OR

State the percentage of your voting rights or
the number of securities for this proxy form

PLEASE SIGN BELOW

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1

Sole Director and sole Company Secretary

Security holder 2

Director

Security holder 3

Director/ Company Secretary

.....
Contact name.....
Contact day time telephone.....
Date

NOTES

1. Name and Address

This is the name and address on the Share Register of XRF Scientific Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your Proxy please mark 'X' in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairman as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairman of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairman of the Meeting will be your Proxy. A Proxy need not be a Shareholder of XRF Scientific Limited.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an 'X' in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy an additional proxy form may be obtained by telephoning the Company's Share Registry (08) 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the first Proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a sole Director who is also the sole Company Secretary this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's Share Registry.

Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received no later than 10am (WST) on Wednesday 6th June 2007 being 48 hours before the time for holding the meeting. Any proxy form received after that time will not be valid for the scheduled meeting. Please lodge the proxy form with the Company's Share Registry, you are encouraged to submit your proxy by mail or fax (08) 9315 2233. The addresses of Security Transfer are as follows:

By mail: **Security Transfer Registrars Pty Ltd**
 PO Box 535
 Applecross WA 6953

By hand: Suite 1, 770 Canning Highway
 Applecross WA 6153

By Fax: Fax number - + 61 8 9315 2233

By email: registrar@securitytransfer.com.au

Convertible Note Terms

1. Form, Issue Price, Face Value and transfer

1.1 Form

- (a) Subject to clause 4, Notes are redeemable for cash on the first anniversary of the Issue Date only and convertible into Ordinary Shares at the option of the Noteholder.
- (b) Notes are secured debt obligations in certificated form. A certificate will be issued to the Noteholder in respect of each Note on receipt of the application money for the Note.

1.2 Issue Price and Face Value

Each Note:

- (a) will be issued at an issue price of \$1.00 and has a face value of \$1.00 (**Face Value**); and
- (b) must be fully paid for on application.

1.3 Effect of entries in Register

Each Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Company to the Noteholder to make all payments of principal and interest in respect of the Note in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to the Noteholder under these Note Terms in respect of the relevant Note.

1.4 Register Conclusive

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error. Except as required or permitted by law, the Company must treat the person entered in the Register as the absolute owner of that Note.

1.5 Transfer

The Noteholder may sell, transfer, assign or otherwise dispose of any interest in the Notes.

2. Interest Payments

2.1 Interest Payments

Subject to these Note Terms, each Note entitles the Noteholder to receive on each Interest Payment Date an interest payment (**Interest Payment**) calculated according to the following formula:

$$\text{Interest Payment} = \frac{\text{Interest Rate} \times \text{Face Value} \times N}{365}$$

where:

Interest Rate means 5 per cent per annum.

N means in respect of:

- (a) the first Interest Payment Date, the number of days from (and including) the Issue Date until (and including) the first Interest Payment Date; or
- (b) each subsequent Interest Payment Date, the number of days from (but not including) the preceding Interest Payment Date until (and including) the next Interest Payment Date.

2.2 Interest Payments are Cumulative

If all or any part of an Interest Payment is not paid on an Interest Payment Date for any reason the amount not paid will accumulate and will accrue interest (**Accumulated Interest**).

2.3 Interest Payment Dates

Interest Payments will be payable in arrears on the following dates (each an **Interest Payment Date**):

- (a) the first anniversary of the Issue Date; and
- (b) each Realisation Date.

If the Company elects to pay any Accumulated Interest, then the date of payment also becomes an Interest Payment Date.

2.4 Payment of Accumulated Interest

Subject to this clause 2, the Company may, in its discretion, elect to pay all or part of the Accumulated Interest to the Noteholder at any time, including on any Interest Payment Date.

3. Redemption, Conversion and Exchange general provisions

3.1 Meanings

- (a) **Redemption** in respect of a Note, means the Note is redeemed by the Company for the Redemption Amount and the Redemption Amount is paid in cash to the Noteholder.
- (b) **Conversion** in respect of a Note, means the Note is converted by the Noteholder into Ordinary Shares.

3.2 Redemption generally

Subject to these Note Terms, the Notes will only be redeemed by the Company pursuant to clause 5 or clause 6.

3.3 Redemption or Conversion by the Company

The Company may only Redeem all (and not some only) of the Notes under clause 5.

3.4 Notices Irrevocable

A Redemption Notice or a Conversion Notice is irrevocable once given.

3.5 Redemption Amount

Subject to clause 9.5, the Redemption Amount is equal to the Face Value. If Notes are to be Redeemed, on the Realisation Date, the Company must pay to the Noteholder the Redemption Amount in respect of each Note which is Redeemed.

3.6 Effect of Redemption, Conversion or Exchange

Upon Redemption or Conversion and payment of any Interest Payment due in respect of a Note (which for the avoidance of doubt does include Accumulated Interest) on the Realisation Date, all other rights conferred, or restrictions imposed, by that Note will no longer have effect.

3.7 Holder to become a member

The Noteholder irrevocably:

- (a) agrees that any Redemption Amount due on a Conversion is to be applied in payment of the subscription monies due on the Ordinary Shares to be issued;
- (b) agrees that on a Conversion it consents to becoming a member of the Company and being bound by the Constitution.

3.8 Failure to Convert or Exchange

If on a Realisation Date the applicable Redemption Amount is not paid on Redemption or an Ordinary Share is not issued on Conversion, the relevant Note remains on issue until the Noteholder receives the Ordinary Share in respect of that Note or the Redemption Amount in cash. This clause 3.8 does not affect the obligation of the Company to issue the Ordinary Share.

4. Condition to Redemption or Conversion for ASA Notes

4.1 Conditions precedent to Redemption or Conversion

Redemption or Conversion of the ASA Notes is conditional on the Condition being fulfilled, or waived under clause 4.2, on or before the Condition Satisfaction Date.

4.2 Fulfilment by waiver

The Condition may be waived only if the Company agrees in writing to waive the Condition, but only to the extent set out in the waiver.

4.3 Failure of Condition

- (a) If either the Company or the Buyer is not in default under the Asset Sale Agreement (other than a default caused directly by a default of the Noteholder

under the Asset Sale Agreement) and the Condition is not fulfilled, or waived, on or before the Condition Satisfaction Date, then the ASA Notes are automatically cancelled and no party has any obligation or liability to any other party in relation to the ASA Notes, except in connection with claims that arose before their cancellation.

- (b) If either the Company or the Buyer is in default under the Asset Sale Agreement, then the Noteholder may Redeem or Convert the ASA Notes regardless of whether or not the Condition has been fulfilled or waived.

5. Redemption or Conversion

5.1 Redemption

Subject to clause 4, the Company must Redeem all outstanding Notes on the first anniversary of the Issue Date.

5.2 Conversion Notice

To elect to Convert, the Noteholder must give a Conversion Notice. The Conversion Notice must:

- (a) be given no less than 5 Business Days before the date for Conversion;
- (b) state as the Realisation Date the Interest Payment Date immediately following the date of the Conversion Notice, which must be no later than the first anniversary of the Issue Date; and
- (c) if less than all Notes are being Converted, state the proportion of Notes to be Converted.

6. Early Redemption

6.1 Event of Default

Subject to clause 4, if an Event of Default occurs and the Noteholder serves a notice on the Company declaring the Notes to be immediately Redeemable, the Company must immediately Redeem the Notes.

7. Conversion Actions

7.1 Conversion Number

Subject to this clauses 4 and 7, on Conversion, the number of Ordinary Shares to be issued for each Note being Converted (**Conversion Number**) is calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value} \times 1.5}{\text{SP}}$$

where:

SP means the lower of:

- (a) the prevailing market share price (based on a VWAP over the 5 previous trading days); and
- (b) \$0.20,

provided that the maximum number of Ordinary Shares that may be issued on Conversion is 9 million Ordinary Shares.

VWAP means the volume weighted average price at which fully paid Ordinary Shares in Company were traded on the financial market conducted by the ASX in the 5 Business Days prior to the date for Conversion, excluding special crossings, overnight sales and exchange traded option exercises.

7.2 Number of Ordinary Shares

If the total number of Ordinary Shares to be issued to a Noteholder on a Realisation Date in respect of their aggregate holding of Notes being Converted includes a fraction of an Ordinary Share, that fraction will be disregarded.

7.3 Adjustments to Conversion Number

Where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Conversion Number must be adjusted to reflect that event and these Note Terms will be construed accordingly.

7.4 Ranking of Ordinary Shares

Each Ordinary Share issued on Conversion ranks equally with all other Ordinary Shares.

8. Allotment

The Ordinary Shares must be allotted within 5 Business Days after the Realisation Date and the allotment will have effect and be taken to have been made on the Realisation Date.

9. Payments and other matters

9.1 Calculation of Payments

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of the Noteholder's aggregate holding of Notes, any fraction of a cent will be disregarded.

9.2 Deductions and gross-up

- (a) The Company may deduct from any payment payable to the Noteholder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such payment.
- (b) If any deduction is required, the Company must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and will, if required by the Noteholder, deliver to the Noteholder the relevant receipt issued by the revenue authority without delay after it is received by the Company.

9.3 No set-off

The Company has no right to set off any amounts owing to it by the Noteholder against any amount due under these Note Terms.

9.4 Time limit for claims

A claim against the Company for payment according to these Note Terms is void unless made within 5 years of the due date for payment.

9.5 Repayment in a winding-up of the Company

- (a) If there is a winding up of the Company and Notes have not been Converted or Redeemed, the Noteholder will, subject to clause 4, have the right to payment, in respect of each Note held, of an amount of cash (**Liquidation Sum**) equal to the sum of:
 - (i) the Face Value; and
 - (ii) the amount of any Interest Payment due but unpaid at the date of commencement of the winding up (which, for the avoidance of doubt, does include Accumulated Interest).
- (b) In a winding up of the Company, the claim of the Noteholder in respect of the Liquidation Sum ranks in priority of payment:
 - (i) senior to the claims of the holders of Ordinary Shares;
 - (ii) equally with the claims of other holders of Notes; and
 - (iii) junior to, and is conditional on the prior payment in full of, the claims of all Senior Creditors.
- (c) In a winding up of the Company:
 - (i) if the Noteholder receives or otherwise obtains the benefit of any cash, property, securities or other proceeds on account of its claim in respect of a Note (**Note Proceeds**) in excess of its entitlement according to this clause, it must ensure that any such Note Proceeds in excess of its entitlement are immediately paid or delivered to the liquidator.
- (d) In connection with the dissolution or winding up of the Company, any amounts paid by the Company in respect of the Notes are deemed to be payments of:
 - (i) first, the Face Value; and
 - (ii) second, the amount of any Interest Payment due but unpaid at the date of commencement of the winding up (which, for the avoidance of doubt, does include Accumulated Interest).
- (e) The provisions of this clause are a debt subordination for the purposes of section 563C of the Corporations Act.
- (f) Nothing in this clause shall be taken to:

- (i) create a charge or security interest on or over any right of the Noteholder; or
- (ii) require the consent of any Senior Creditor to any amendment to this clause.

9.6 Date of payment

If the date scheduled for any payment under these Note Terms is not a Business Day, then the payment will be made on the next Business Day (and without any interest or other payment in respect of such delay).

10. Amendment of these Note Terms

The Company may only amend or add to these Note Terms if the Noteholder has agreed in writing to that amendment or addition.

11. Notices

Any notice or other communication to or by a party under these Note Terms:

- (a) may be given by personal service, post or facsimile;
- (b) must be in writing, legible and in English addressed (depending on the manner in which it is given) to the address set out in the Schedule, or to any other address last notified by the party to the sender by notice given in accordance with this clause;
- (c) in the case of a corporation, must be signed by an officer or authorised representative of the sender or in accordance with section 127 of the Corporations Act; and
- (d) is deemed to be given by the sender and received by the addressee:
 - (i) if delivered in person, when delivered to the addressee;
 - (ii) if posted, 2 Business Days (or 6, if addressed outside Australia) after the date of posting to the addressee whether delivered or not; or
 - (iii) if sent by facsimile transmission, on the date and time shown on the transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety and in legible form to the facsimile number of the addressee notified for the purposes of this clause,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00 pm (addressee's time), it is deemed to have been received at 9.00 am on the next Business Day.

12. Governing law and jurisdiction

- (a) These Note Terms are governed by and must be construed in accordance with the laws in force in Victoria.

- (b) The parties submit to the non-exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Agreement, its performance or subject matter.

13. Definitions and interpretation

13.1 Interpretation

In these Note Terms, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) the headings are used for convenience only and do not affect the interpretation of this Agreement;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) a reference to a document includes the document as modified from time to time and any document replacing it;
- (e) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (f) the words "in writing" include any communication sent by letter, facsimile transmission or email or any other form of communication capable of being read by the recipient;
- (g) a reference to a thing includes a part of that thing;
- (h) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time;
- (i) money amounts are stated in Australian currency unless otherwise specified; and
- (j) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed (**defunct body**), means the agency or body which performs most closely the functions of the defunct body.

13.2 Definitions

In these Note Terms:

Accumulated Interest has the meaning given in clause 2.2;

ASA Notes means the number of convertible notes to be issued by the Company to the Noteholder pursuant to the terms of the Asset Sale Agreement as set out in the Schedule;

Asset Sale Agreement means the asset sale agreement between Australian Gold Alliance Pty Ltd, Western Australian Mint, Johnson Matthey (Aust.) Ltd, Crucible Investments Pty Ltd and the Company dated on or about *[insert]*;

ASX means Australian Stock Exchange Limited ACN 008 624 691;

ASX Listing Rules means the listing rules of ASX with any modifications or waivers in their application to the Company which ASX may grant;

Business Day has the meaning given in the ASX Listing Rules;

Buyer means Crucible Investments Pty Ltd ACN 094 326 897 or any substituted buyer under the Asset Sale Agreement;

Company means XRF Scientific Limited ACN 107 908 314;

Completion means the completion of the sale and purchase of the assets under the Asset Sale Agreement;

Condition means Completion occurring;

Condition Satisfaction Date means the date scheduled for Completion under the Asset Sale Agreement or, if that date is extended under the Asset Sale Agreement, that extended date;

Conversion has the meaning given in clause 3.1(b) and **Convert** and **Convertible** have corresponding meanings;

Conversion Notice has the meaning give in clause 5.2;

Constitution means the constitution of the Company;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Event of Default means the occurrence of:

- (a) an Insolvency Event;
- (b) trading in the Company's Ordinary Shares on the ASX being suspended other than a suspension at the request of the Company under ASX Listing Rule 17.1;
- (c) the Company ceasing to be quoted on the official list of the ASX; or
- (d) the Company ceasing to carry on business;

Face Value has the meaning given in clause 1.2;

Insolvency Event means, in relation to a party, any one or more of the following events or circumstances:

- (a) being in liquidation or provisional liquidation or under administration;
- (b) having a Controller or analogous person appointed to it or any of its property;
- (c) being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (d) being unable to pay its debts or being otherwise insolvent;

- (e) becoming an insolvent under administration, as defined in section 9 of the Corporations Act;
- (f) entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (g) any analogous event or circumstance under the laws of any jurisdiction; or
- (h) taking any step or being the subject of any action that is reasonably likely to result in any of the above occurring,

unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, compromise, arrangement, merger or consolidation approved by the Noteholder;

Interest Payment has the meaning given in clause 2.1.

Interest Payment Date has the meaning given in clause 2.3;

Interest Rate has the meaning given in clause 2.1;

Issue Date means the date on which Notes are issued;

Liquidation Sum has the meaning given in clause 9.5;

Noteholder means the person entered in the Register as the holder of the relevant Note;

Notes means the SSA Notes and ASA Notes issued by the Company on these Note Terms;

Note Terms means these terms of issue of Notes;

Ordinary Share means a fully paid ordinary share in the capital of the Company;

Realisation Date means:

- (a) in the case of a Redemption, the date on which Redemption is to occur according to clause 4 or 6;
- (b) in the case of Conversion, the date on which Conversion is to occur according to clause 5.2;

Redemption has the meaning given in clause 3.1(a) and Redeem and Redeemable have a corresponding meaning;

Redemption Amount means the amount payable to redeem Notes on a Redemption or Conversion according to clauses 3.5;

Redemption Notice means a notice given according to clause 6;

Register means the register of Notes maintained by the Company;

Share Sale Agreement means the share sale agreement between Australian Gold Alliance Pty Ltd, Western Australian Mint, Johnson Matthey (Aust.) Ltd, Crucible Investments Pty Ltd and the Company dated on or about *[insert]*;

SSA Notes means the number of convertible notes to be issued by the Company to the Noteholder pursuant to the terms of the Share Sale Agreement as set out in the Schedule.

Schedule

Details of the Company

Attention: Peter Higgins, XRF Scientific Ltd
Address: Suite 6, 1 James Street, Bayswater, Victoria, 3153
Facsimile: 03 9720 6412

Details of the Noteholder

Attention: Andrew Strelein, AGR Management Services Pty Ltd
(in trust for AGR Matthey Partnership)
Address: Horrie Miller Drive, Newburn, Western Australia, 6104
Facsimile: (08) 9479 9909

ASA Notes

Number: 200,000

SSA Notes

Number: 600,000