2017 Annual General Meeting, 17 November 2017, Perth:

Full Year Results – Overview

($m)	2017	2016	2015
Sales revenue	21.5	21.0	20.5
EBITDA	1.7	3.0	4.1
Profit before tax	1.0	2.4	3.6
Acquisition costs	0.1	0.2	0.3
Platinum Division expansion costs	1.1	0.5	-
Underlying profit before tax	**2.2**	**3.0**	**3.9**
Net profit after tax	**0.8**	**1.5**	**2.6**
Earnings per share (cents)	0.6	1.2	2.0
Weighted average no. of shares	133,825,803	133,126,318	132,157,097
Dividends (cents per share)	0.24	0.5	1.2
Dividend payout ratio	40%	43%	60%

2

Good morning ladies and gentlemen, I’m pleased to report to you our financial results.

For FY17, $21.5m in revenue was generated, which resulted in a statutory net profit after tax of $0.8m. Underlying profits before tax were $2.2m, after adding back costs that have been expensed in relation to acquisitions, the Precious Metals Division expansion and R & D. The result reflects the significant, planned investment undertaken in Germany and Melbourne.

The Board determined to maintain the dividend payout ratio for the year at 40% of NPAT, declaring a final fully franked dividend of 0.24 cents per share. The size of the dividend was affected by the decision to commit to the investment in the expansion of the Precious Metals Division, being a larger capacity factory in Melbourne, which we own, and the establishment of the German division’s sales network.

Consumables

($m)	FY17	FY16
Sales revenue	**6.9**	**6.3**
Change in %	10%	4%
NPBT	**1.7**	**1.8**
Change in %	(5%)	(5%)
Margin %	**25%**	**29%**

- **Overview for FY17:**
  - Steady demand from both domestic and export customers
  - Impact on COGS from lithium price increases
  - 100% control taken in Scancia, Canada
- **Outlook for FY18:**
  - Total sales to 31 October 2017 YTD up 41% on the PCP to $3.0m (2017: $2.2m)
  - Strong demand across all sectors, including 84% increase in international sales vs PCP
  - Scancia production being relocated to Perth: cost reduction synergies

3

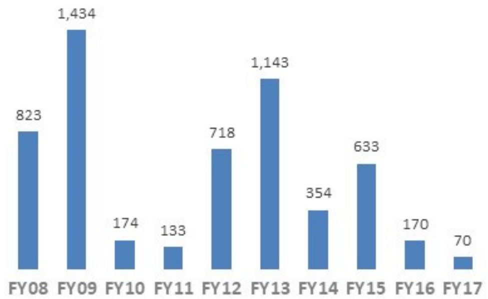
In the first of our Divisions, Consumables, we recorded a profit before tax of $1.74m. The result was slightly down on last year's results due to the impact of lithium prices on production costs. Although we are still seeing some increases in lithium prices, they are much more manageable than when the lithium boom started.

As announced in March 2017, XRF acquired the remaining 50.01% interest in Canadian flux producer Scancia. Our team, led by Jeff Brown, did an excellent job to integrate this business into the group. During October the factory in Canada was closed, to reverse the loss-making position of the business, and to take advantage of the synergies that will arise from having production in Perth. The production equipment is currently on its way to Perth, and it is expected that it will be recommissioned within the next few months. During this closure period we have extensive stock holdings to keep the business running.

The start to FY18 has so far been very busy and consumable sales are currently up 41% vs the PCP. During this period our international sales have increased by 84% vs the PCP. Even though it only represents four months of trading, it is a good sign of a potential change in the market. This increased level of activity has been driven by customers globally, in particular from the mining sector.

Capital Equipment

($m)	FY17	FY16
Sales revenue	**6.3**	**6.1**
Change in %	4%	6%
NPBT	**0.1**	**0.2**
Change in %	(59%)	(73%)
Margin %	**1%**	**3%**



Net Profit Before Tax ($'000)

- **Overview for FY17:**
  - Launch of new product: xrFuse 1
  - Product update: xrWeigh flux weigher
- **Outlook for FY18:**
  - Total sales to 31 October 2017 YTD comparable to the PCP at $1.8m (2017: $1.8m)
  - First sales of new product xrFuse 1
  - Launch of new fusion machine: Phoenix GO

4

In FY17 the Capital Equipment Division generated a profit before tax of $70k, which was down on the prior year result of $170k. During the year we launched the new xrFuse 1 electric fusion machine, as well as an updated version of the xrWeigh flux weighing system.

A slower start to FY18 for the Capital Equipment division has certainly turned around in the last few months. Our factory that produces electric fusion machines here in Perth has become exceptionally busy. We are also seeing signs of improvements for gas fusion machines. We are expecting this to improve further, via the launch of a new economical machine called the Phoenix GO. This new product offers customers a machine packed full of industry leading features, that are unmatched by our competitors at its price point. Our flux weighing machines are also continuing to grow in popularity, with regular orders now starting to flow. Our xrFuse 1 electric machine that was launched earlier in the year has been well received by the market, which has resulted in a number of orders.

Precious Metals

($m)	FY17	FY16
Sales revenue	**9.0**	**9.5**
Change in %	(6%)	(4%)
NPBT	**(0.6)**	**0.6**
Change in %	(204%)	(63%)
Margin %	**(6%)**	**6%**

Net Profit Before Tax ($'000)

- **Overview for FY17:**
  - Major expansion underway: new factory, equipment and Germany office
  - Move to new Melbourne factory: $0.1m relocation expenses
  - $0.9m investment in start-up of new Germany office
  - $609k revenue contribution from Germany
  - Significant production advances made in new Melbourne factory

- **Outlook for FY18:**
  - Total sales to 31 October 2017 YTD up 8% on the PCP to $3.2m (2017: $3.0m)
  - Loss from Germany office expected to reduce significantly
  - New products being produced via commissioning of new equipment

5

As a result of the significant expansion activities underway, the Precious Metals Division recorded a loss before tax of $575k, vs a profit of $551k in the prior year. We incurred costs for relocation of the Melbourne factory, the start-up loss of the new Germany office and R & D expensed, which in total amounted to $1.1m. We are fully established in the new factory, where new processes have already been implemented, that are enhancing our product quality and improving productivity. With these improvements made, we are now focusing on commissioning new production equipment, which will allow us to fabricate platinum in different ways, improving capability and expanding our product range.

We are very pleased with the progress being made in our new office in Germany as revenue continues to develop. In its first half of operations to December 2016, revenue was just $193k, then grew to $416k in the June half. The office has already achieved $457k for the October year to date. More importantly the loss is continuing to reduce, as we initially strive for that break-even position as soon as possible. New business is continually being won, both for our traditional labware products, as well as for precision items. The office is also continuing to grow sales of fusion machines and fluxes, in markets that were previously inaccessible through our Belgium office. Confidence in our brand is growing, as some customers now recognise that our products can be equivalent, and in some instances better than what European manufacturers can offer.

The division overall has had a great start to the year, with revenue for the YTD up by 8% to $3.2m. Similar to the Consumables division, there has been an increase in activity from customers associated with the mining sector. Customers in industries such as iron ore mining now appear to be investing in expansion again, after a downward cycle of contraction since 2012.

As you can see from the results for the year to date, we are expecting FY18 to be significantly better than FY17. The outlook for the short to medium term looks positive, and will continue to be enhanced by developing revenue from the precious metals expansion. We look forward to presenting you our next set of results for the half-year in February.