2018 Annual General Meeting, 29 October 2018, Perth:

Full Year Results – Overview

($m)	2018	2017	2016
Sales revenue	24.2	21.5	21.0
EBITDA	2.5	1.7	3.0
Profit before tax	1.5	1.0	2.4
Acquisition costs	0.2	0.1	0.2
Platinum Division expansion costs	0.8	1.1	0.5
Underlying profit before tax	**2.5**	**2.2**	**3.0**
Net profit after tax	**1.0**	**0.8**	**1.5**
Earnings per share (cents)	0.8	0.6	1.2
Weighted average no. of shares	133,825,803	133,825,803	133,126,318
Dividends (cents per share)	0.3	0.24	0.5
Dividend payout ratio	39%	40%	43%

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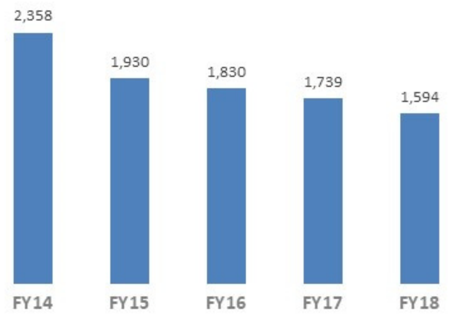
Good morning ladies and gentlemen, I'm pleased to report to you our financial results.

For FY18, $24.2m in revenue was generated, which resulted in a statutory net profit after tax of $1m. Underlying profits before tax were $2.5m, after adding back costs that have been expensed in relation to acquisitions, the Precious Metals Division expansion and R & D.

The Board determined to maintain the dividend payout ratio for the year at approximately 40% of NPAT, declaring a final fully franked dividend of 0.3 cents per share.

Consumables

($m)	FY18	FY17
Sales revenue	**7.5**	**6.9**
Change in %	9%	10%
NPBT	**1.6**	**1.7**
Change in %	(8%)	(5%)
Margin %	**21%**	**25%**



Net Profit Before Tax ($'000)

- **Overview of FY18:**
  - Scancia factory transferred from Canada to main flux factory in Perth
  - FY18 Includes $122k of acquisition integration expenses (FY17: Nil)
- **Outlook for FY19:**
  - Total sales to 30 September 2018 YTD up 5% on the PCP to $2.34m (2017: $2.22m)
  - Market share expected to grow with Scancia microbeads flux added to the portfolio

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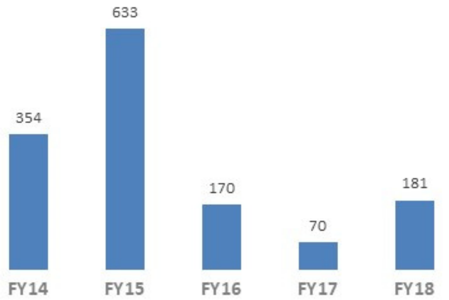
In the first of our Divisions, Consumables, we recorded a profit before tax of $1.6m. The result was slightly down on last year's results due to $122k in acquisition integration costs related to Scancia.

During the last year, lithium prices remained relatively stable, as did production costs for our consumable products. The Scancia flux factory in Quebec was closed in October 2017 and the equipment was shipped to the division's main factory in Perth. The production plant was recommissioned during the second half and is now in full-scale production. A number of improvements were made during the commissioning phase to increase throughput and reliability.

As indicated in August when we released our FY18 results, the start to the year has been positive, with revenue for the first quarter up by 5% on the PCP to $2.34m. We are expecting our market share to grow during the year with the addition of the Scancia microbeads flux to our product range.

Capital Equipment

($m)	FY18	FY17
Sales revenue	**7.1**	**6.3**
Change in %	13%	4%
NPBT	**0.2**	**0.1**
Change in %	161%	(59%)
Margin %	**3%**	**1%**



Net Profit Before Tax ($'000)

- **Overview of FY18:**
  - Increasing demand for electric fusion machines and flux weighing systems
  - Strong demand for newly launched products: xrFuse 1 and Phoenix GO
- **Outlook for FY19:**
  - Total sales to 30 September 2018 YTD up 58% on the PCP to $1.78m (2017: $1.12m)
  - Record order book of electric fusion machines continues of > 3 months
  - Launch of Phoenix GO S

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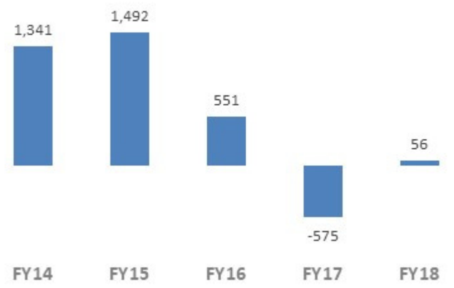
In FY18 the Capital Equipment Division generated a profit before tax of $181k, which was up on the prior year result of $70k. The new products we have recently launched, xrFuse 1 and Phoenix GO, have experienced strong acceptance into the market and have already made a significant revenue contribution.

In August we reported that we were maintaining a record order book for electric fusion machines, which has led to revenue for the first quarter increasing 58% on the PCP to $1.78m. The record order book is continuing to be maintained, which is currently in excess of three months. As a result we are expecting profits to again improve in FY19. In the last few weeks we launched another new fusion machine, Phoenix GO S, a one position machine, which adds to the initial four position machine.

Precious Metals

($m)	FY18	FY17
Sales revenue	**11.0**	**9.0**
Change in %	23%	(6%)
NPBT	**0.1**	**(0.6)**
Change in %	110%	(204%)
Margin %	**1%**	**(6%)**



Net Profit Before Tax ($'000)

- **Overview of FY18:**
  - Melbourne factory expanded our product portfolio (precision and labware) and production capabilities
  - Germany Office sales $1.86m (2017: $609k). Loss of $743k, with result effected by EUR/AUD exchange rate. Result offset by $232k gross profits delivered elsewhere in group
- **Outlook for FY19:**
  - Total sales to 30 September 2018 YTD up 39% on the PCP to $3.14m (2017: $2.26m)
  - Germany office sales to 30 September 2018: $491k (2017: $316k). Loss is reducing and was $34k for September. Monthly break-even expected by 31 December 2018

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The Precious Metals Division delivered a profit before tax of $56k for the year, as compared to a loss of $575k in the PCP, which includes the result for the Germany office. The significant turnaround in results was due to increased sales activity, and non-recurring relocation costs of the precious metals factory that were in the PCP. The factory in Melbourne has been extremely busy, expanding its product portfolio and capabilities, in line with the sales activity occurring in Germany. New products are being developed both for the traditional labware and precision portfolios.

The Division has had a very strong start to the year, with revenue increasing by 39% over the PCP to $3.14m.

The office in Germany has had a very positive start to the year, and we are still confident of being break-even on a monthly basis within this calendar year. The loss is continuing to reduce and reached an all-time low of $34k in September, compared to the monthly average of $62k in FY18. Revenue was $491k for the September quarter as compared to $316k in the PCP. The office is experiencing success across all three of our product lines, including our machines and consumable products.

Our international offices can typically have a quieter first quarter due to northern hemisphere summer holiday period, however trading through our offices in Canada and Belgium was stronger than normal. Revenue for our office in Canada is up 38% on the PCP to $1.05m and in Belgium revenue is up 84% on the PCP to $1.1m.

2018 AGM CEO Presentation

As you can see our results are continuing to improve and we are confident of a significant increase in profits in FY19. This is only possible because of our great team at XRF, who are extremely dedicated, and always striving to maintain our leading position in the market.

Lastly as you would be aware, Mr Ken Baxter is standing down from the Board at the end of this meeting, after nine years as Chairman and thirteen as a Director. He will be replaced by Mr Fred Grimwade who has now been with XRF as Non-Executive Director since May 2012. I would like to thank Ken for his extensive contribution to XRF whilst on the Board and wish him all the very best for the future.