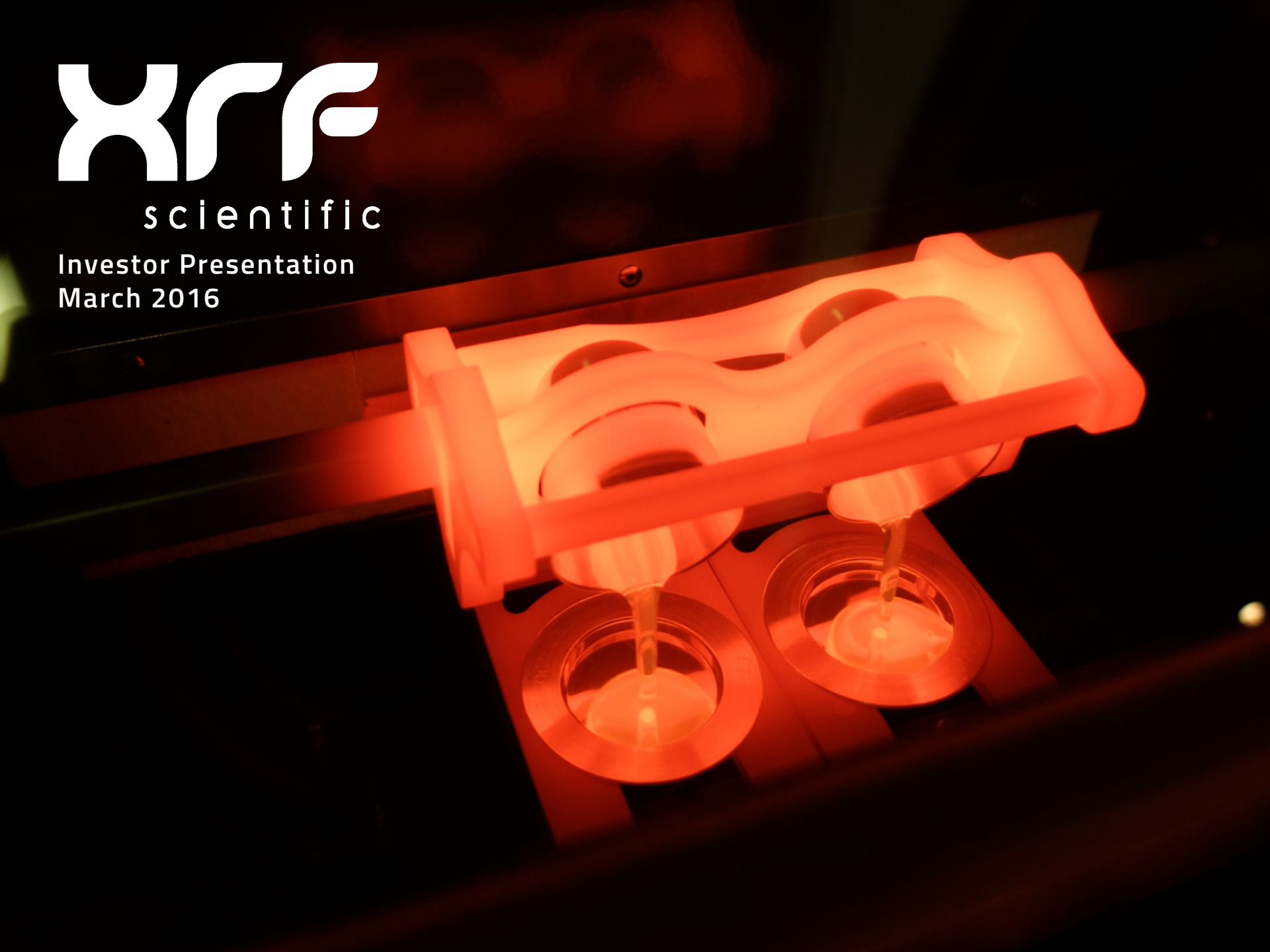




Investor Presentation  
March 2016



# Corporate Snapshot

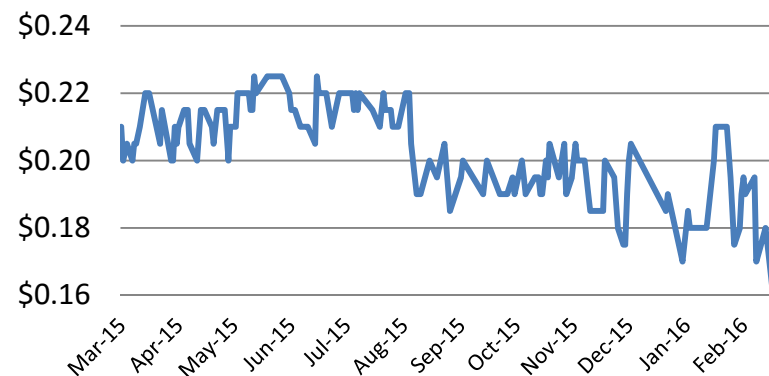
## Capital Structure

Shares on issue	133,825,803
Options on issue	Nil
Share price	18c
<b>Market cap</b>	<b>\$24.0m</b>
Cash (29/02/2016)	\$4.6m (3.4 cents per share)
Debt (29/02/2016)	\$1.1m (0.8 cents per share)
<b>Enterprise Value</b>	<b>\$20.5m</b>

## Directors & Management

Ken Baxter	Non Executive Chairman
David Brown	Non Executive Director
Fred Grimwade	Non Executive Director
David Kiggins	Non Executive Director
Vance Stazzonelli	Chief Executive Officer

## Share Price Performance – 1 Year



## Shareholder Breakdown

Directors & Management	11%
Top 20 Shareholders	64%

## Substantial Shareholders (Non Management)

The Skye Alba Fund	9.95%
Private Portfolio Managers	10.65%
NAB	6.78%

# Company Overview

- Manufacturer of consumables and equipment for mining and industry, for X-Ray Fluorescence (XRF) analysis – a powerful long-established analytical technique, vital to the discovery, evaluation, qualification and production of most metals and control of material manufacturing processes
- Offices in Perth, Melbourne, Canada, Europe and a global network of distributors



**X-Ray Flux and  
chemicals**



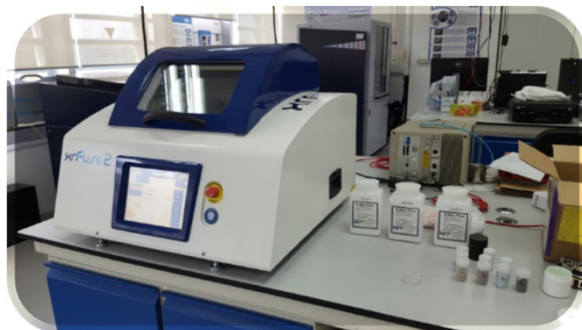
**Platinum Labware**



**Specialised furnaces and  
laboratory equipment**

# Our Products

## Laboratory



Products

## Industry



Samples

### Materials:

- Cement
- Steel
- Glass
- Ceramics
- Research
- Education

## Mining



Samples

### Minerals:

- Iron ore
- Nickel
- Copper
- Aluminium
- Bauxite
- Manganese
- Uranium
- Lithium
- Mineral sands
- Commercial labs

### Sample sources:

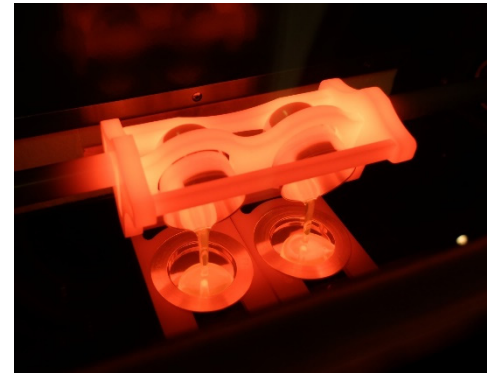
- Production
- Shipping
- Exploration

# The XRF Analysis Process

Samples are sent from production to the laboratory



The samples are then processed into a fine dust



The sample dust is then fused into a glass bead using **XRF Scientific's products**

The glass disk is presented into an x-ray spectrometer for analysis



## Acquisitions

- Consumables or services, CAPEX products with repeat revenue
- Exposure to additional commodities and industries
- Expansion of sales in existing product lines

## Organic Growth

- Geographical expansion
- New product releases and areas
- Investments in innovation and IP development
- Adoption of XRF and fusion as an analytical technique

## SOCACHIM



### Socachim SPRL, Belgium (Brussels)

- Distributor of XRF Scientific products for 18 years in Europe and North Africa
- Majority of revenue in XRF fusion area
- Acquisition completed 1 December 2015 for consideration of:
  - EUR €275,000 of upfront consideration in cash to Michel Davidts (retiring Vendor)
  - EUR €225,000 of upfront consideration in XRF shares to Frederic Davidts (continuing as General Manager). 1,668,706 shares issued at 10 day VWAP of 19.86 cents, held in escrow for two years
- Business now operating as XRF Scientific Europe
- Expected to initially generate EBIT of €100k under XRF's ownership
- To utilise XRF's resources to expand business and presence across Europe



# Precious Metals Expansion

## New Melbourne Factory

- Current Epping factory operating at maximum capacity
- New 2100sqm facility acquired in Campbellfield, VIC for \$1.71m plus costs
- Fit-out of \$0.7m: offices, security, factory production rooms
- \$1.1m long-term bank debt facility used, balance from cash reserves

## New Production Equipment

- Significant opportunities exist to expand by providing enhanced platinum products to overseas markets
- \$0.8m investment in new production and quality control equipment
- Investment will lead to development of new base-line level of capability

## New Office in Germany

- New office commencing in April, with a team highly experienced in the precious metals industry
- Access to new markets for fusion products
- Access to new markets for enhanced platinum products
- Opportunity to expand into new, highly specialised platinum products, in areas outside mining

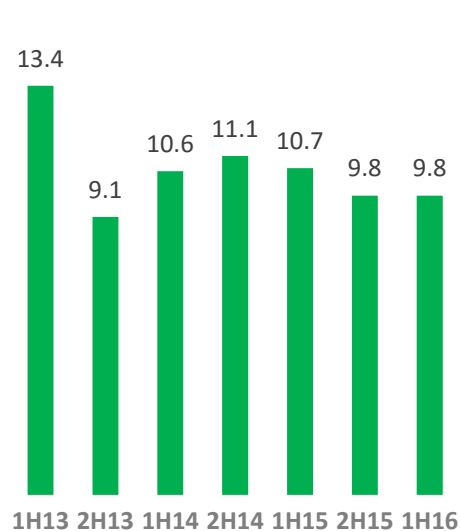


# Results Snapshot

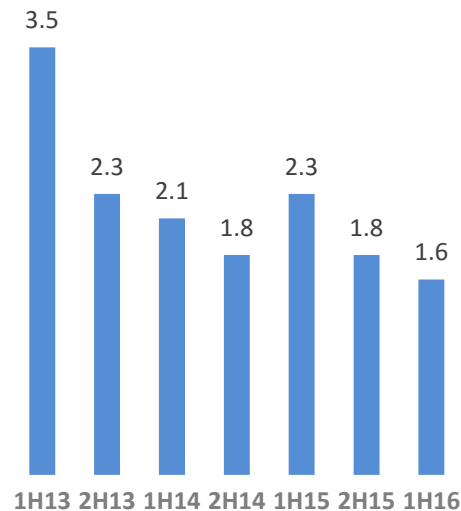
Revenue down 1% on 2H15

EBITDA down 9% on 2H15

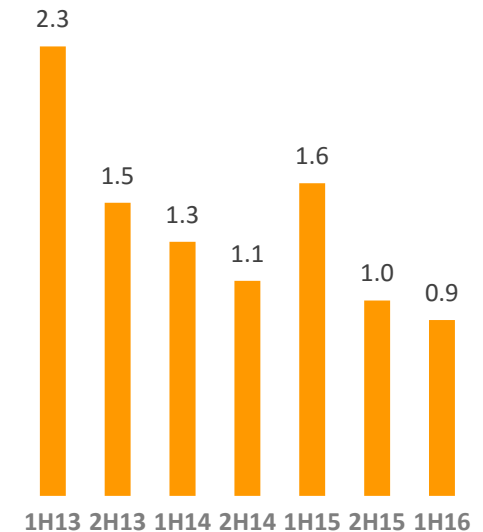
NPAT down 14% on 2H15



**Sales Revenue (\$m)**



**EBITDA (\$m)**



**NPAT (\$m)**

# Half Year Results – Overview

(\$m)	1H16	2H15	1H15	Change on 2H15
Sales revenue	9.8	9.8	10.7	(1%)
EBITDA	1.6	1.8	2.3	(9%)
<b>Underlying earnings*</b>	<b>1.4</b>	<b>1.6</b>	<b>2.3</b>	<b>(14%)</b>
Net profit after tax	0.9	1.0	1.6	(14%)
Earnings per share (cents)	0.7	0.8	1.2	(14%)
Interim dividend (cents)	0.2	-	0.5	
Full-year dividend (cents)	-	0.7	-	
Weighted average no. of shares	132,430,655	132,157,097	132,157,097	
Number of employees	65	61	62	

\*Net Profit Before Tax after adding back acquisition costs expensed.

# Cash Flow Statements

(\$m)	1H16	2H15	1H15	Change on 2H15
Net cash inflow from operating activities	(0.4)	2.3	1.8	(119%)
Net cash (outflow) from investing activities	(2.9)	(0.3)	(1.2)	1020%
Net cash inflow/(outflow) from financing activities	0.2	(0.7)	(1.4)	(128%)
Cash at start of period	6.8	5.4	6.2	
Net increase/(decrease) in cash	(3.1)	1.4	(0.8)	
Cash at end of period	3.6	6.8	5.4	(47%)

## Highlights:

- Inventory increased by \$0.5m, excluding acquisitions – from increased sales levels and new product lines
- Strong revenue during November/December of \$3.8m vs May/June of \$3.2m
- \$0.4m of income and sales tax refunds owing as at 31/12/2015
- \$1.1m funding from bank loan for new Melbourne factory

# Robust Balance Sheet

(\$m)	1H16	2H15	Change %
Cash and cash equivalents	3.6	6.8	(47%)
Trade and other receivables	4.1	3.2	30%
Inventories	3.3	2.6	29%
Other assets	0.2	0.3	(17%)
Investments using the equity method	0.6	0.6	1%
Property, plant and equipment	5.5	3.4	63%
Intangible assets	15.1	14.7	3%
Deferred tax asset	0.4	0.4	1%
<b>Total assets</b>	<b>32.8</b>	<b>32.0</b>	<b>4%</b>
Trade and payables	1.6	1.7	(9%)
Debt (long-term)	1.1	0.0	100%
Income tax liability	0.1	0.1	3%
Deferred tax liability	0.2	0.2	(3%)
<b>Total liabilities</b>	<b>3.0</b>	<b>2.0</b>	<b>46%</b>
<b>Total equity</b>	<b>29.8</b>	<b>30.0</b>	<b>1%</b>

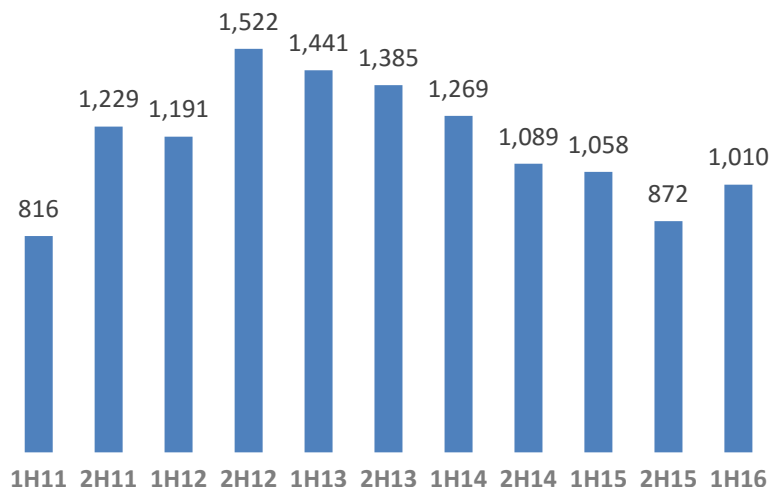
## Highlights:

- Strong cash balance of \$3.6m
- \$1.7m new Melbourne factory
- Low debt
- Acquisitions of \$0.8m
- \$0.9m final dividend payment

(\$m)	1H16	2H15	1H15
<b>Sales revenue</b>	<b>3.2</b>	<b>3.0</b>	<b>3.1</b>
Change in %	7%	(4%)	2%
<b>NPBT</b>	<b>1.0</b>	<b>0.9</b>	<b>1.1</b>
Change in %	16%	(18%)	(3%)
<b>Margin %</b>	<b>32%</b>	<b>30%</b>	<b>34%</b>

## ■ Overview for 1H16:

- Revenue up 7% on 2H15
- NPBT up 16% on 2H15
- Weaker July to October period, stronger November and December
- Increased raw material costs purchased in USD

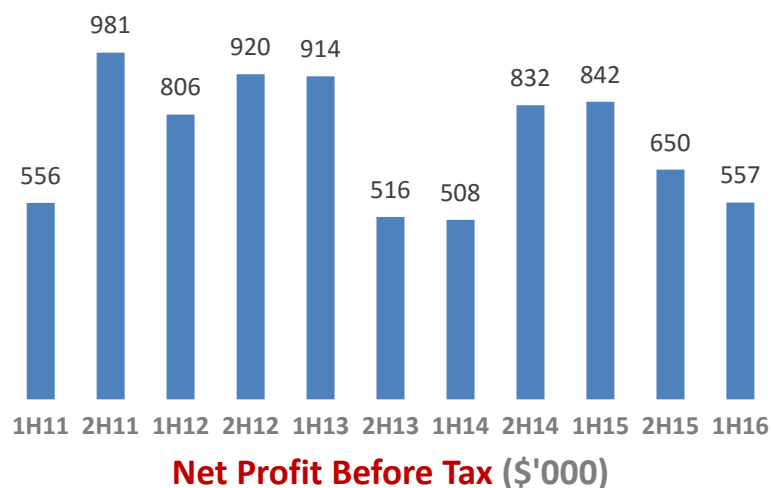


**Net Profit Before Tax (\$'000)**

(\$m)	1H16	2H15	1H15
<b>Sales revenue</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>
Change in %	(5%)	1%	(13%)
<b>NPBT</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
Change in %	(14%)	(23%)	1%
<b>Margin %</b>	<b>12%</b>	<b>13%</b>	<b>17%</b>

## ■ Overview for 1H16:

- Revenue down 5% on 2H15
- NPBT down 14% on 2H15
- R & D costs from manufacturing process improvements
- Timing issues with some costs

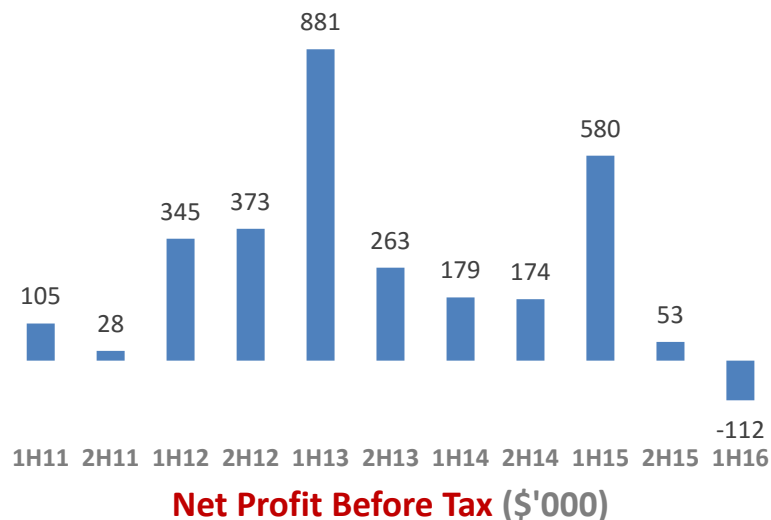


# Capital Equipment

(\$m)	1H16	2H15	1H15
<b>Sales revenue</b>	<b>2.0</b>	<b>2.3</b>	<b>3.4</b>
Change in %	(13%)	(33%)	27%
<b>NPBT</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.6</b>
Change in %	(313%)	(91%)	232%
<b>Margin %</b>	<b>(6%)</b>	<b>2%</b>	<b>17%</b>

## ■ Overview for 1H16:

- Revenue down 13% on 2H15
- NPBT down 313% on 2H15
- Challenging sales conditions for Q1, improved Q2





- Continued growth in international and non mining sales, both via direct sales and through expanded distribution network
- Setup of new Melbourne precious metals manufacturing facility
- Opening of new office in Germany in April
- Strong order book for capital equipment in Q1
- New capital equipment product release and further developments
- Continued pressure on USD raw materials in Consumables division
- Numerous bolt-on acquisitions under consideration

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