



ELPHINSTONE BUSINESS PROFILE

WE ARE PLEASED TO ANNOUNCE THE RETURN OF THE ELPHINSTONE NAME TO THE GLOBAL UNDERGROUND MINING INDUSTRY.

A recent agreement between Elphinstone and Caterpillar has paved the way for Elphinstone to re-establish their world-renowned brand and commence manufacture of specialised underground mining support vehicles from their original home base of Burnie, Tasmania.

While a return to underground mining had been contemplated by Elphinstone, the move was hastened by Caterpillar's 2015 announcement they would complete the relocation of their Burnie based manufacturing operations to Rayong, Thailand by first quarter end, 2016

The Caterpillar move has had a major impact on local employment in Burnie, however as one door closes another opens and a significant window of opportunity now exists for the ever-entrepreneurial Elphinstone Group Executive Chairman, Dale Elphinstone and his team.

After all, Burnie was the birthplace of the original market leading underground mining equipment business, which was founded some 40 years ago before being sold to Caterpillar in 2000.

In a whirlwind of developments that Elphinstone believes will help restore primary employment and ensure the continuity of Burnie's advanced manufacturing sector, the Elphinstone name will again feature prominently in the global underground mining industry.

Existing Elphinstone Group business, Haulmax (Aust) Pty Ltd, has now adopted the original company name, Elphinstone Pty Ltd, and will continue to manufacture Haulmax extended distance off-highway haul trucks, and Railmax road-rail excavators, as they assume the role of the Group's primary manufacturing enterprise.

Furthermore, Elphinstone Pty Ltd is in the process of acquiring Burnie based underground equipment manufacturer, Specialised Vehicle Solutions, (SVS), with these products to be rebranded Elphinstone in the near future.

SVS, founded by two ex-Elphinstone underground employees, has carved an important foothold in the industry since launching into the manufacture of highly specialised underground mining support vehicles in 2009.

The businesses collectively agree, SVS and Elphinstone are a perfect fit. The existing suite of underground support equipment will benefit from Elphinstone's extensive history, experience, brand recognition and engineering capacity, and will assist to further diversify the Group.

The re-launch of the Elphinstone brand will also see a significant investment in the refurbishment of buildings previously leased to Caterpillar, to ensure a state-of-the-art manufacturing platform from which to service global demand.

Elphinstone Pty Ltd Managing Director, Kelly Elphinstone said "we have enjoyed a mutually supportive and successful relationship with the Burnie community since the launch of our first underground mining products in 1975".

"Burnie is not only the birthplace of Elphinstone, one of the world's market-leading underground mining equipment brands, but also offers a wealth of specialised design, engineering and manufacturing knowledge via an exceptionally capable supply chain that has evolved over its 40 plus year association with the mining industry... and we're just lucky enough to call it home."

"In this environment, we have been able to successfully manufacture and export the Haulmax 3900 Series extended distance off-highway truck and our Railmax RMT14D hi-rail excavator. SVS have also achieved success on a global scale from their base in Burnie and we expect this will be further strengthened as we formalise our future relationship.

This is without the 5,000 underground mining vehicles manufactured and sold by Elphinstone and Caterpillar during their 40 year presence in Burnie," she said.

Mrs Elphinstone said "our decision to proceed was certainly validated following our assessment of future opportunities with Caterpillar, particularly once they signaled their intention to move their remaining manufacturing operations to Thailand".

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"Our agreements with Caterpillar have seen the leased Burnie manufacturing facilities transfer back to the Elphinstone Group. Together we continue to explore complementary product opportunities that can be manufactured by an OEM, utilising Cat componentry, while being sold and supported by the worldwide Cat Dealer Network."

"We will continue to take advantage of any opportunity to further develop the rich skills base that exists in Burnie, while creating primary jobs and supporting our exceptional supply chain and the local economy in the process," she said.

"Our priorities include the continuation of Elphinstone Pty Ltd's valued and long standing relationship with Caterpillar as a preferred OEM, while ensuring the longevity of advanced manufacturing in Burnie."

The Elphinstone Group now manages five significant manufacturing facilities in Burnie. Two are already occupied by existing businesses, two have been transferred back from Caterpillar and will undergo significant refurbishment, while the third, being the original site of the Elphinstone

underground mining business, remains leased to Caterpillar. The Hopkinson Street property will remain Caterpillar's underground hard rock research and development facility, and home to a team of Caterpillar marketing and product specialists, while complimenting the Company's autonomous underground vehicle test facility located just outside Burnie. Mrs Elphinstone advised "Caterpillar will continue to employ 140 people across these local facilities."

"The Elphinstone Group's Ormsby Street and Wilson Street facilities will benefit from a planned major capital investment".

"We are committed to investing approximately \$40 million over the coming 12 – 24 months to refurbish and modernise both facilities as we seek to re-establish our broader manufacturing operations and pursue further market opportunities, both within and outside of the mining sector," she said.