

Announcement

Sydney premises lease announcement

19 December 2014

RungePincockMinarco Limited (ASX: RUL) [RPM] has today entered into an agreement to assign its Sydney office lease effective 1 January 2015.

RPM's lease of 1,033 square metres of office space in Australia Square, Sydney commenced on 1 August 2009 for a ten year term through to 31 July 2019. RPM's remaining financial obligations under this lease were \$4.1m.

RPM is currently in the process of shortlisting alternative lease premises in Sydney. Based on current market pricing, incentives and reduced space requirements, RPM forecasts that the change in premises will result in \$1.6m in cash savings and \$3.5m in EBITDA saving over the next four and a half year period.

In October 2014, RPM also subleased half of its premises in Perth for an initial term of three years through to September 2017 with an option for the balance of the last two years of the lease. This sublease will contribute \$0.9m in EBITDA and cash savings over that time (assuming the option is taken up).

These new agreements will see the following change in the company's Australian accommodation costs for the business going forward.

Net Rent, \$m	FY14	FY15	FY16	% Saving (FY16 to FY14)
Brisbane	1.90	2.00	0.90	53%
Sydney	0.84	0.50*	0.27*	68%
Perth	0.48	0.31	0.26	46%
Total Net Rent	3.22	2.81	1.43	56%

Depreciation, \$m	FY14	FY15	FY16	% Saving (FY16 to FY14)
Brisbane	0.57	1.69**	-	100%
Sydney	0.15	0.08	-	100%
Perth	0.07	0.06	0.06	14%
Total Depreciation	0.79	1.83	0.06	92%

Profit Before Tax, \$m	(4.01)	(4.64)	(1.49)	63%
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* New Sydney Lease yet to be finalised. FY15 and FY16 rental based on proposals under consideration.

** Brisbane depreciation in FY15 reflects change of estimated useful life of existing fit-out

RPM will recognise \$2.0m in onerous lease provisions as one-off expenses for the Sydney (\$1.6m) and Perth (\$0.4m) leases in this year's financial accounts.

Commenting on the announcement CEO Richard Mathews said "Finalisation of the assignment of our Sydney office lease concludes a program to right-size the company's office requirements in Australia. This 56% reduction in office costs (\$1.8m per annum) is a real positive for the Company and its shareholders."

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About RungePincockMinarco:

RungePincockMinarco Limited (ASX: RUL) is the world's largest publicly traded independent group of mining technical experts, with history stretching back to 1968. We have local expertise in all mining regions and are experienced across all commodities and mining methods.

Listed on the Australian Securities Exchange on 27 May 2008, RungePincockMinarco is a global leader in the provision of advisory consulting, technology and professional development solutions to the mining industry. We have global expertise achieved through our work in over 118 countries and our approach to the business of mining is strongly grounded in economic principles.

We operate offices in 18 locations across 12 countries.

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