



# Full Year Review

twelve months to 30 June 2016

Runge Pincock Minarco

# 2016 Financial Year Summary

- License sales in 2016 reduced by \$4.1m due to a \$5m fall in revenue from one customer. Total license sales from other customers rose by \$0.9m (9%) year on year. Software annuity revenue increased by 9% to \$15m (2015: \$13.7m), our highest ever full year result.
- Investment in Research and Development increased by 35% to \$10.4m, a \$2.7m increase on the \$7.7m spent in FY2015.
- The Advisory and GeoGAS businesses both achieved a positive contribution of \$0.7m despite very difficult trading conditions.
- Operating expenses (excluding development costs) decreased by 12% (\$6.2m) year on year.
- In July 2016 the Company received an unexpected adverse court judgement against it in the Arbitration court of Moscow relating to recovery of USD\$0.99m in professional fees, disbursements and interest for work performed in 2014 which has resulted in this debt being fully provided for in this year's accounts. The Company has appealed this judgement to the appellate courts in Moscow.
- As a result of the decrease in software license revenue from one customer and the unexpected Russian Arbitration judgement, the Company's EBITDA (before redundancies and impairments) reduced by \$5.8m to a loss of \$3.2m (2015: EBITDA profit of \$2.6m).
- The \$4.1m in Advisory Goodwill was fully written down to zero.
- The Group reported a Loss after Tax of \$9.3m (2015 : Loss after Tax \$6.8m).
- During the year the Company acquired 7,184,170 of its own shares at an average price of \$0.39 cents per share.
- The Company had a positive operational cashflow of \$0.4m for the year and had \$18.1m of cash reserves and no debt at year end.

# FY2016 Strategic Achievements

---

For personal use only

- Five (5) new software products were released during the financial year (SIMULATE, XERAS Enterprise, Plan Manager, Open Cut Phosphate and Stratigraphic Metals), three of which have already been licensed to customers. The Company also released major functional upgrades to seventeen (17) other products including Open Cut Coal.
- The Company entered into a Global Framework Agreement with an International Tier 1 mining company which has provided RPM with the opportunity to demonstrate the breadth of its software to that company's management right around the world.
- The Company's CTO was appointed a full voting member of the International Society of Automation (ISA) committee to support the mining industry's move to the ISA-95 enterprise to control system integration standard.
- Global Strategic Partnership Agreements were entered into with Schneider Electric and Modular Mining, two of the largest suppliers to the industry.
- Enterchain were appointed a Software Business Partner in Russia and have already secured \$0.6m in software license sales.
- ARDEF were appointed an Advisory business partner in Turkey and have already secured USD\$1.7m in projects.
- The Company agreed to amicably wind up its incorporated Joint Venture in India.
- In May 2016 the Company announced that it would acquire iSolutions, the pre-eminent supplier of mobile equipment asset maintenance software to the mining industry.

# Financial Analysis

Runge Pincock Minarco

# Software

The new innovations being introduced in the latest release of Open Cut Coal will, in management's view, "change the way mines are designed".

One of the major Oil Sands companies has committed to RPM's short interval control enterprise system.

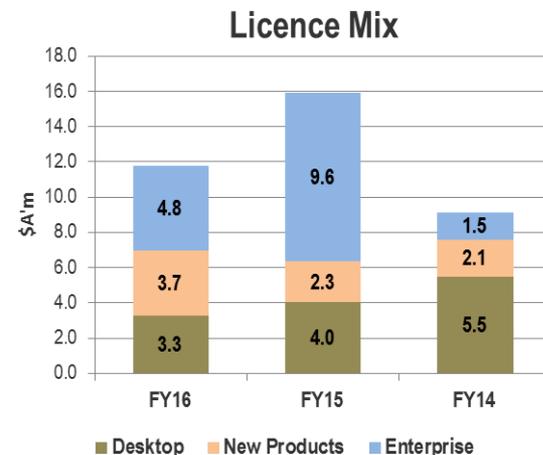
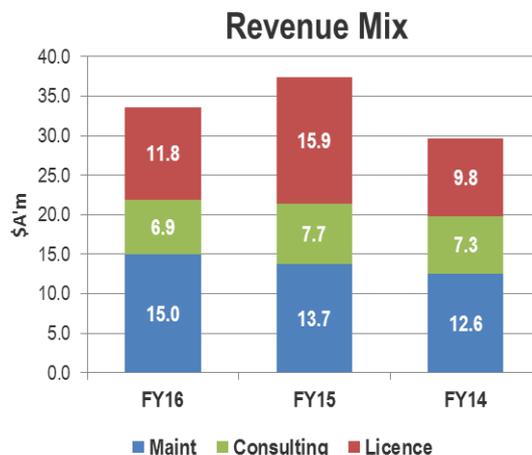
The financial contribution from software consulting services remained consistent with 2015 due to lower headcount.

Field operating expenses reduced by 8% or \$1.6m.

Desktop license sales continued to reduce while revenue from new products again grew and absent one customer enterprise license revenue increased.

RPM is working with a Global Tier 1 mining company to meet the needs of its diversified global operations on one technology platform.

A\$'m	FY16	FY15	\$ Var	% Var	FY14	\$ Var	% Var
<i>License</i>	11.8	15.9	(4.1)	(26)%	9.8	2.0	20%
<i>Maintenance</i>	15.0	13.7	1.3	9%	12.6	2.4	19%
<i>Consulting</i>	6.9	7.7	(0.8)	(10)%	7.3	(0.4)	(5)%
<i>Direct expenses</i>	(1.3)	(1.1)	(0.2)	18%	(0.9)	(0.4)	44%
<b>Software revenue</b>	<b>32.4</b>	<b>36.2</b>	<b>(3.8)</b>	<b>(10)%</b>	<b>28.8</b>	<b>3.6</b>	<b>12%</b>
Operating expenses	(17.7)	(19.3)	1.6	(8)%	(17.6)	(0.1)	1%
<b>Gross Contribution</b>	<b>14.7</b>	<b>16.9</b>	<b>(2.2)</b>	<b>(12)%</b>	<b>11.2</b>	<b>3.5</b>	<b>31%</b>
Development Expenses	10.4	7.7	2.7	35%	5.9	4.5	76%
<b>Contribution</b>	<b>4.3</b>	<b>9.2</b>	<b>(4.9)</b>	<b>(53)%</b>	<b>5.3</b>	<b>(1.0)</b>	<b>(19)%</b>



# Advisory

Both the revenue from Advisory services and its associated costs reduced by 19% year on year.

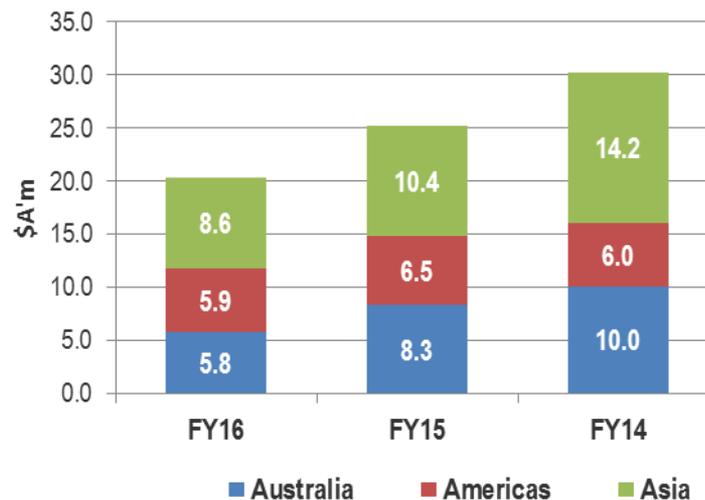
The Australia Advisory team was awarded the “Most Outstanding Supplier” at the 2016 NSW Mining Industry Awards.

RPM has been appointed technical advisor on one of Australia’s largest ever company administrations (in the mining industry) and it has provided due diligence assistance on 90% of the Australian coal assets which have been put up for sale.

RPM has advised China Molybdenum Co, Ltd in over AUD\$6 billion worth of transactions in Phosphate, Niobium and Copper during the year. It is also currently working on Japan’s two largest corporate merger deals.

Management’s view is that this division has again gained market share, particularly in coal and more recently in the metals sector.

A\$'m	FY16	FY15	\$ Var	% Var	FY14	\$ Var	% Var
<i>Australia</i>	5.8	8.3	(2.5)	(30)%	10.0	(4.2)	(42)%
<i>Americas</i>	5.9	6.5	(0.6)	(9)%	6.0	(0.1)	(2)%
<i>Asia</i>	8.6	10.4	(1.8)	(17)%	14.2	(5.6)	(39)%
<b>Advisory Revenue</b>	<b>20.3</b>	<b>25.2</b>	<b>(4.9)</b>	<b>(19)%</b>	<b>30.2</b>	<b>(9.9)</b>	<b>(33)%</b>
Expenses	(19.6)	(24.3)	4.7	(19)%	(28.8)	9.2	(32)%
<b>Contribution</b>	<b>0.7</b>	<b>0.9</b>	<b>(0.2)</b>	<b>(22)%</b>	<b>1.4</b>	<b>(0.7)</b>	<b>(50)%</b>



# GeoGAS

Revenue reduced by 25% year on year due to reduced exploration by coal mines currently involved in Merger and Acquisition activity.

Proximate Analysis and Relative Density testing were added to our gas testing services offering.

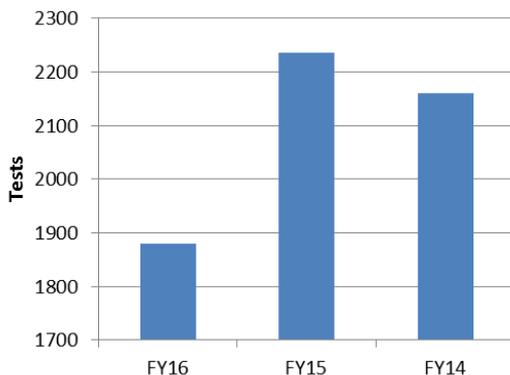
RPM's experience in gassy mines has seen it recently secure work in North America and Asia.

Headcount reductions resulted in operating costs falling by 13%.

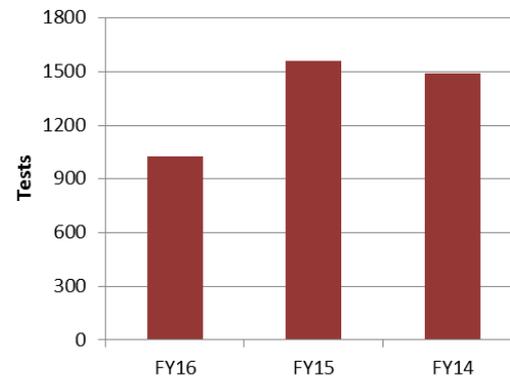
Since year-end, the level of exploration activity appears to have increased in Queensland after an extended period of very low activity.

A\$m	FY16	FY15	\$ Var	% Var	FY14	\$ Var	% Var
Laboratory	2.6	3.6	(1.0)	(28)%	4.0	(1.4)	(35)%
Consulting	0.7	0.8	(0.1)	(13)%	0.7	-	-
<b>GeoGAS revenue</b>	<b>3.3</b>	<b>4.4</b>	<b>(1.1)</b>	<b>(25)%</b>	<b>4.7</b>	<b>(1.4)</b>	<b>(30)%</b>
Operating expenses	(2.6)	(3.0)	0.4	(13)%	(3.6)	1.0	(28)%
<b>Contribution</b>	<b>0.7</b>	<b>1.4</b>	<b>(0.7)</b>	<b>(50)%</b>	<b>1.1</b>	<b>(0.4)</b>	<b>(36)%</b>

## Compliance



## Exploration



# Financial Results Summary

For personal use only

A\$m	FY16	FY15	\$ Var	% Var
<b>Net Operating Revenue</b>	<b>52.7</b>	<b>62.0</b>	<b>(9.3)</b>	<b>(15)%</b>
Field Expenses	(36.4)	(41.6)	5.2	(13)%
Development Expenses	(10.4)	(7.7)	(2.7)	35%
Corporate Expenses	(9.1)	(10.1)	1.0	(10)%
<b>Operating EBITDA</b>	<b>(3.2)</b>	<b>2.6</b>	<b>(5.8)</b>	
Depreciation & Amortisation*	(1.9)	(4.1)	2.2	(54)%
Net Finance Costs	0.3	0.3	-	
<b>Operating Profit/(Loss) Before Tax</b>	<b>(4.8)</b>	<b>(1.2)</b>	<b>(3.6)</b>	
<b>Significant One-off Items:</b>				
Impairment of Advisory Goodwill	(4.0)	(2.5)	(1.5)	
Restructure - Staff	(0.4)	(1.3)	0.9	
Restructure - Office Leases	-	(1.9)	1.9	
Total Significant Items	(4.4)	(5.7)	1.3	
<b>Loss before Tax</b>	<b>(9.2)</b>	<b>(6.9)</b>	<b>(2.3)</b>	<b>(33)%</b>
<b>Net Loss After Tax</b>	<b>(9.3)</b>	<b>(6.8)</b>	<b>(2.5)</b>	<b>(37)%</b>
<b>Net Cash/(Debt)</b>	<b>18.1</b>	<b>22.6</b>	<b>(4.5)</b>	<b>(20)%</b>

FY14	\$ Var	% Var
<b>60.4</b>	<b>(7.7)</b>	<b>(13)%</b>
(45.6)	9.2	(20)%
(5.9)	(4.5)	76%
(9.5)	0.4	(4)%
<b>(0.6)</b>	<b>(2.6)</b>	
(3.4)	1.5	(44)%
(0.1)	0.4	
<b>(4.1)</b>	<b>(0.7)</b>	
(3.0)	(1.0)	
(1.0)	0.6	
(0.5)	0.5	
(4.5)	0.1	
<b>(8.6)</b>	<b>(0.6)</b>	
<b>(7.4)</b>	<b>(1.9)</b>	<b>26%</b>
<b>7.5</b>	<b>10.6</b>	<b>141%</b>

# Cash Flow

<i>\$'m</i>	FY16	FY15
Net Cash 1 July	22.6	7.5
Cash from Operations	0.4	(0.1)
Capital expenditure for Operations	(0.6)	(0.4)
	<b>(0.2)</b>	<b>(0.5)</b>
Redundancy payments	(0.6)	(1.0)
Onerous leases	(0.6)	(2.5)
Software acquisitions	(0.2)	(2.5)
	<b>(1.4)</b>	<b>(6.0)</b>
Capital raising (\$0.60 per share)	-	21.0
Share buy-back (average \$0.39 per share)	<b>(2.9)</b>	-
<b>Net Increase in Cash</b>	<b>(4.5)</b>	<b>14.5</b>
FX Restatement	-	0.6
<b>Net Cash 30 June</b>	<b>18.1</b>	<b>22.6</b>

For personal use only

# Balance Sheet

For personal use only

<i>A\$'m</i>	FY16	FY15	\$ Var	% Var
Cash	18.1	22.6	(4.5)	(20)%
Receivables and WIP	14.4	18.6	(4.2)	(23)%
Property, Plant and Equipment	2.1	2.6	(0.5)	(19)%
Intangibles	3.0	3.8	(0.8)	(21)%
Goodwill	14.5	18.5	(4.0)	(22)%
Deferred Tax	8.6	8.6	-	-
Prepayments, Deposits, etc	2.0	2.0	-	-
<b>Total Assets</b>	<b>62.7</b>	<b>76.7</b>	<b>(14.0)</b>	<b>(18)%</b>
Trade Payables	(5.2)	(8.0)	2.8	(35)%
Provisions - Employees	(3.6)	(3.2)	(0.4)	13%
Provisions - Onerous Leases & Make Good	(1.3)	(1.9)	0.6	(32)%
Unearned Income	(8.5)	(8.5)	-	-
Lease Straightlining, etc	(0.5)	(0.2)	(0.3)	150%
<b>Total Liabilities</b>	<b>(19.1)</b>	<b>(21.8)</b>	<b>2.7</b>	<b>(12)%</b>
Share Capital	67.0	69.9	(2.9)	(4)%
Reserves and Retained Earnings	(23.4)	(15.0)	(8.4)	56%
<b>Total Equity</b>	<b>43.6</b>	<b>54.9</b>	<b>(11.3)</b>	<b>(21)%</b>

# Software Progress Update

Runge Pincock Minarco

## Standardise, Simplify and Integrate

Deliver a complete **Commercial off the Shelf (COTS) Enterprise planning platform** built on open industry standards

Release a suite of **simplified, standardised and integrated solutions** for different commodities and mining methods built on the same product architecture

Provide software solutions that **deliver a step change** in mine planning, execution and value chain optimisation through **investments in visual innovation**



# Product Suite

2012



<p><b>PLANNING &amp; SCHEDULING</b></p> <p>xpac xact</p>	<p><b>SIMULATION</b></p> <p>talpac haulnet dragsim</p>	<p><b>FINANCIAL</b></p> <p>xeras</p>
--	--	--------------------------------------

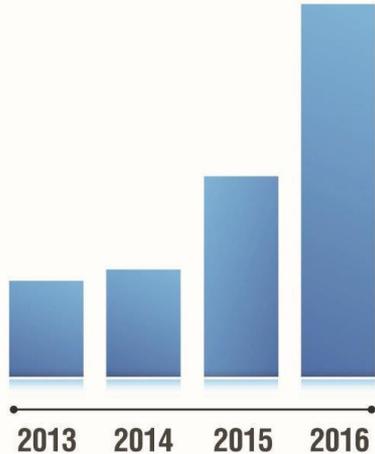
DESKTOP

2016



<p><b>MINE DESIGN &amp; RESERVING</b></p>	<p><b>PLANNING &amp; SCHEDULING</b></p> <p>xpac xact</p>	<p><b>SIMULATION</b></p> <p>talpac haulnet dragsim</p>	<p><b>FINANCIAL</b></p> <p>xeras</p>	<p><b>MAINTENANCE</b></p>	<p><b>EXECUTION</b></p>
---	--	--	--------------------------------------	---------------------------	-------------------------

RPM PRODUCT DEVELOPMENT STAFF



ENTERPRISE

**ENTERPRISE MINE & ASSET PLANNING FRAMEWORK**

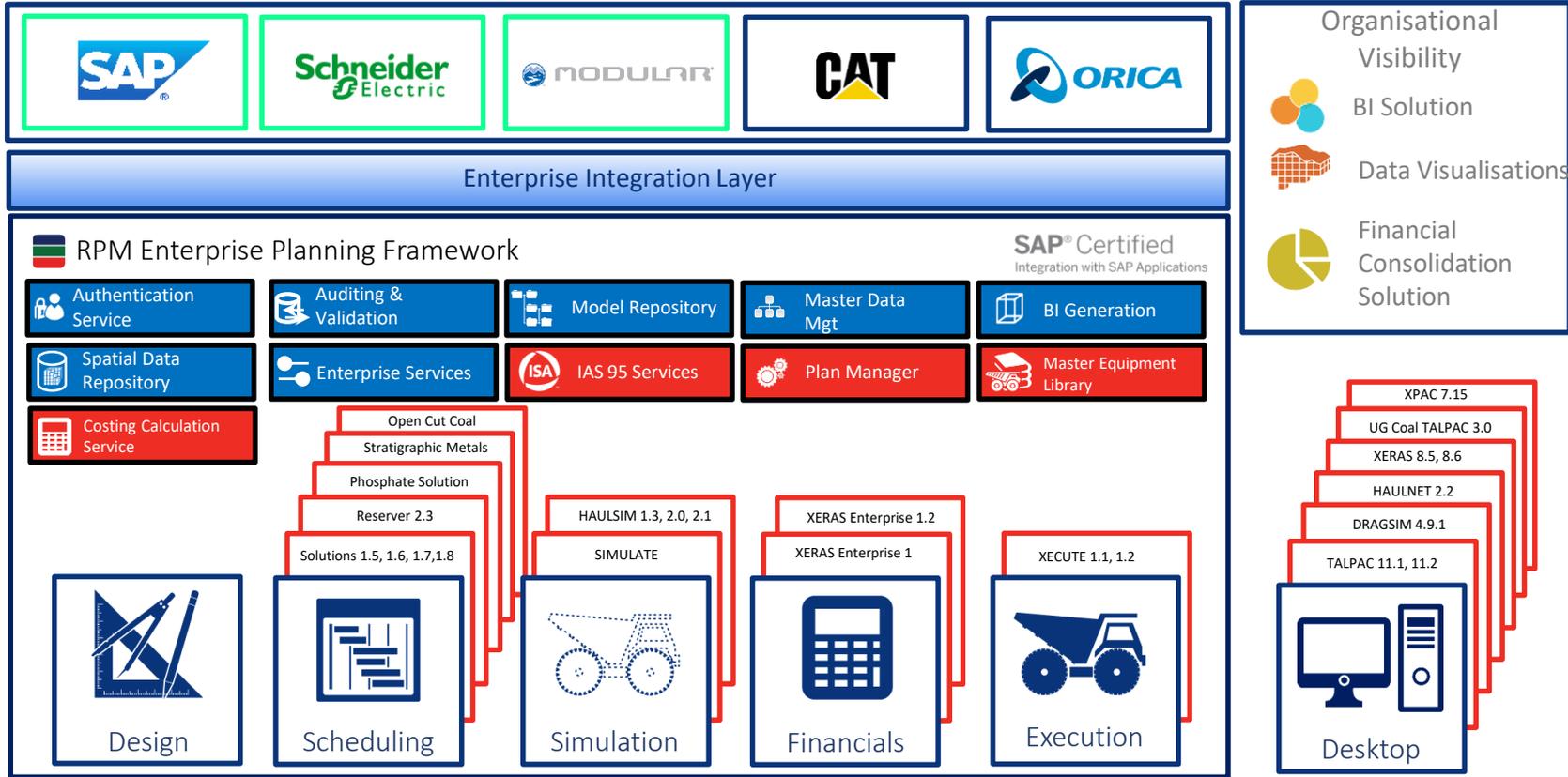
**EPF**

<p>reserver</p>	<p><b>OPEN CUT COAL</b></p> <p><b>STRATIGRAPHIC METALS</b></p> <p><b>OPEN CUT PHOSPHATE</b></p> <p><b>QUARRY</b></p> <p><b>OIL SANDS</b></p> <p><b>OPEN PIT DIAMONDS</b></p> <p><b>OPEN PIT METALS</b></p> <p><b>UNDERGROUND COAL</b></p> <p><b>Xe XACT</b></p>	<p>haulsim</p> <p><b>Simulate</b></p>	<p>Xe XERAS</p> <p><b>Xeras</b></p>	<p><b>AMT</b></p>	<p>Xecute</p> <p><b>AMT</b> shiftlog</p>
-----------------	---	---------------------------------------	-------------------------------------	-------------------	--

For personal use only

# New Software released since 1 July 2015

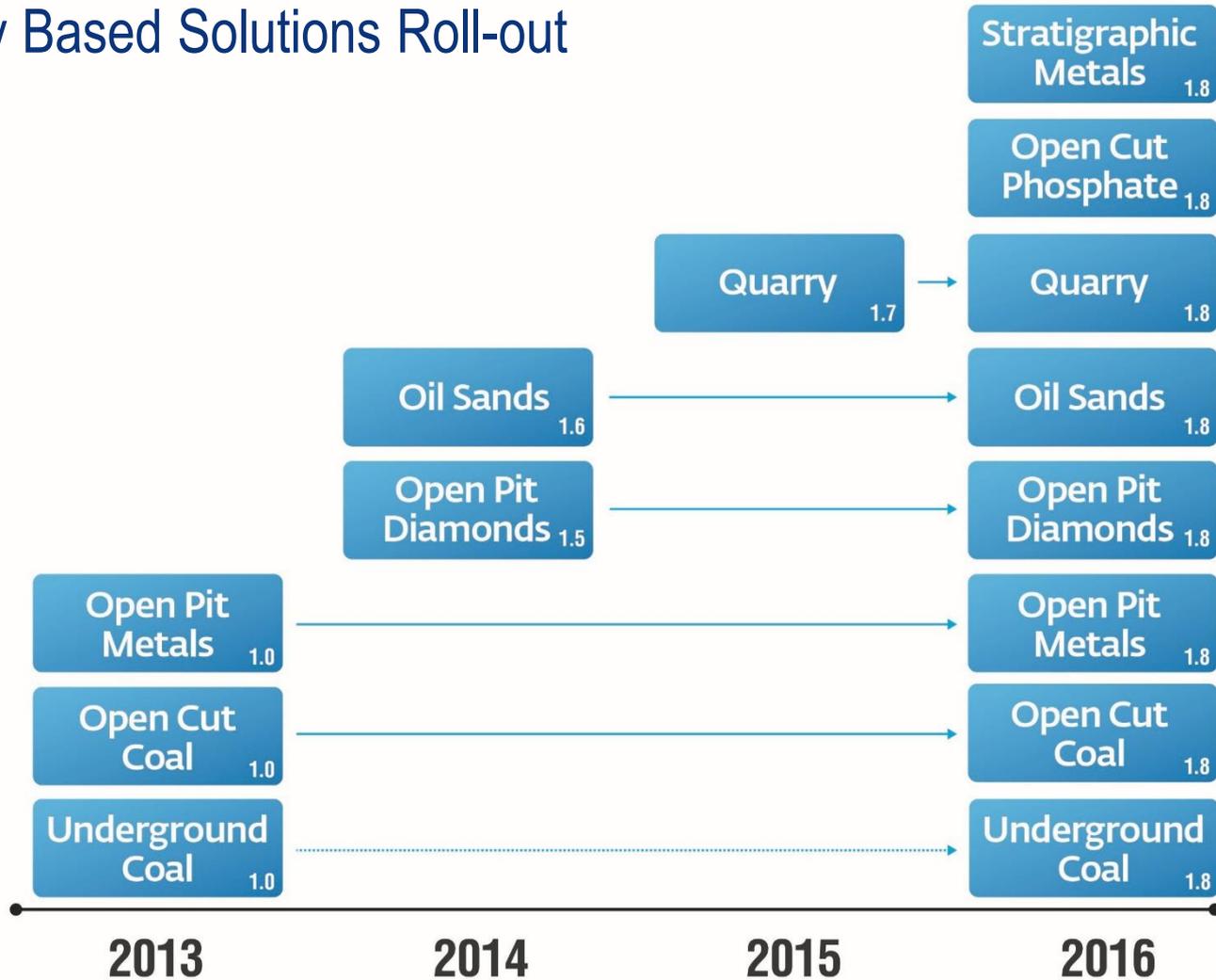
For personal use only



- Organisational Visibility
- BI Solution
- Data Visualisations
- Financial Consolidation Solution

# Commodity Based Solutions Roll-out

For personal use only



# New Product Adoption - 2016 Financial Year Only

## Global Framework Agreement

## GLENCORE

Enterprise Planning Framework



GLENCORE



ArcelorMittal



GLENCORE



NEWMONT



OCEANA GOLD



NEWMONT



GLENCORE



AngloAmerican



NEWMONT



DE BEERS GROUP OF COMPANIES



DE BEERS GROUP OF COMPANIES

Downer Relationships creating success



АРХАНГЕЛЬСКГЕОЛДОБЫЧА





# Outlook for FY2017

---

- The iSolutions transaction (which closed on July 1) is expected to provide RPM with annual revenue of \$10m of which \$4.8m is recurring in nature and EBITDA of \$4.8m in FY2017.
- The reception to this acquisition by the customers and partners of both companies has been exceptionally positive. Management remain extremely enthusiastic about the opportunities unlocked by this transaction and look forward to releasing its first integrated RPM and AMT products in Q2.
- The response and early market acceptance to the recent release of Open Cut Coal by two of the largest coal miners in the industry leads the Company to believe that this product may well over time be universally adopted by the industry.
- The Company expects to enter into a Global Framework Agreement with another international mining company during FY2017.
- The positive momentum built by the new business partners in Russia and Turkey is expected to continue as they become more familiar with RPM's products and services.
- The early weeks in FY2017 have seen a marked increase in debt funding enquires and project studies along with an increase in coal exploration testing which bodes well for our Advisory and GeoGAS businesses which have the capacity to increase revenue without increasing their cost base.
- The Company has invested heavily in Research and Development over the last two years and the fruits of this labour are now there for the industry to see. With seventeen new software products and an experienced enterprise sales force we are looking forward to the year ahead.

## DISCLAIMER

*The material in this presentation is a summary of the results of RungePincockMinarco Limited (RPM) for the 12 months ended 30 June 2016 including historical financial information from prior year's results as announced to the market and an update on RPMs business, products, services and activities and is current at the date of preparation, 21 August 2016. Events (including changes to any of the data and information that RPM used in preparing this presentation) may have occurred since that date which may impact on the information contained in this presentation and make them unreliable. RPM is under no duty to update this presentation though it reserves the right to do so.*

*This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.*

*No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of RPM and its Directors and Officers) which may cause the actual results or performance of RPM to be materially different from any future results or performance expressed or implied by such forward-looking statements.*

*Due care and consideration should be undertaken when considering and analysing RPM's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.*

*To the maximum extent permitted by law, neither RPM nor its related corporations, Directors, Officers, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it. This presentation should be read in conjunction with other publicly available material including but not limited to RPM's RPM's Appendix 4E and Annual Report for the full year ended 30 June 2016 released on 22 August 2016 and RPM's Appendix 4D - Half Yearly Results - 31 December 2015 released on 22 February 2016. Further information including historical results and a description of the activities of RPM is available on our website, [www.rpmglobal.com](http://www.rpmglobal.com).*

*RungePincockMinarco and the RPM software products and services referenced in this presentation are the registered and unregistered trademarks of RungePincockMinarco Limited. The material in this presentation is the copyright of RungePincockMinarco Limited and may not be re-used in whole or in part without the prior consent of RPM.*

Runge Pincock Minarco