

# Announcement

## Full year Software Sales update and proposed acquisition of Mine Design Software

3 July 2014

RungePincockMinarco Limited (ASX: RUL) [RPM] has today provided an update on software license sales for the FY2014 year, achieving a 43% increase on prior year license sales to finish at \$9.7 million (FY2013; \$6.8 million).

RPM has also entered into a conditional agreement to acquire a non-exclusive right to the software code of the Mine2-4D mine design application from South African mining technology company MineRP.

Commenting on the announcement, Managing Director Mr Richard Mathews said "We are thrilled to have been able to deliver on the commitments we made to our shareholders over the last 18 months, both in terms of releasing seven new products to the market and in delivering license sales from these new products in the final quarter of the year. A 43% increase in this revenue line, in what has again been a very challenging year for the mining services sector, is very pleasing. The momentum that these initial deals have created and the current pipeline of license opportunities positions us extremely well for strong software license growth in FY2015. The acquisition of the Mine2-4D software code will enable us to release a mine design product in the first half of the FY2015 year that is fully integrated with our scheduling and simulation products. This new mine design product will complete our suite of general mine planning solutions and enable us to provide a full software service offering to our customers".

RPM is reviewing its provisioning of doubtful debts as a result of the difficult trading conditions experienced by many of its exploration advisory clients, particularly in developing markets. The Group is also finalising the impact on financial results of movements in foreign exchange rates but is expecting Operating EBITDA, prior to restructuring costs, for FY2014 to finish towards the bottom end of its previously advised range of circa \$1.0 million loss.

### Software Highlights

Software license sales for the year of \$9.7 million represented a 43% increase on prior year sales of \$6.8 million. As expected, the fourth quarter of the year was the strongest in terms of license sales with deals in the quarter of \$3.3 million, up 153% on the prior comparative quarter of \$1.3 million.

License sales for the year included \$4.0 million from new products released over the last 12 months, with deals in the fourth quarter including sales of XERAS for Enterprise<sup>®</sup>, XPAC Open Pit Metals Solution<sup>®</sup>, HAULSIM<sup>™</sup>, XPAC Oil Sands solution (OSS)<sup>™</sup> and XPAC Open Pit Diamonds Solution (OPDS)<sup>™</sup>.

RPM's aggressive development strategy has seen the release of seven new products over the last 12 months. These new releases included the Company's first enterprise ready software application, XERAS for Enterprise, the haulage simulation product HAULSIM, and a series of commodity specific scheduling solutions built upon the XPAC<sup>®</sup> scheduling platform.

Launched with the support of global ERP powerhouse SAP AG (SAP), XERAS for Enterprise seamlessly integrates SAP's Financial and Maintenance Management modules with the financial modelling capabilities of XERAS<sup>®</sup>. This integration allows for unprecedented levels of financial visibility and cost control, from individual mine sites through to corporate management reporting systems. Sales of XERAS for Enterprise have now been made across all of RPM's regional operations and include deals with leading mining companies BHPB, Chinalco, Suncor, Yancoal and Sasol.

RPM's haulage simulation solution, HAULSIM, was launched in February 2014. HAULSIM aggregates RPM's experience of haulage networks and equipment productivity into a software application that gives users the ability to accurately model complex mine haulage systems visually. HAULSIM models and visually represents the impact of potential changes to the haulage environment so that productivity and financial consequences can be identified. Customers of this new product in the fourth quarter include Newcrest Mining, Iluka Resources and Southern Peru Copper.

In May 2014 RPM launched its Oil Sands Solution (OSS) and Open Pit Diamond Solution (OPDS) both of which now have foundation customers in Canadian Natural Resources Limited (CNRL) and a world leader in diamond mining.

Canadian mining conglomerate CNRL is a global leader in oils sands mining and, after acquiring an initial license of OSS, is working with RPM to further develop and tailor the product for the oil sands industry.

Similarly to CNRL, RPM is now working with a global leader in diamond mining, who has purchased an initial license of OPDS and, like CNRL, sees the benefits of being involved in the development and future direction of such a market leading product.

Commenting on the strength of new product license sales Mr Mathews said, "We were always confident that our software strategy was in line with industry needs but it is still very pleasing to see such an early take up of our new product releases."

"In many cases the license sales in FY2014 represent pilot or initial license purchases with further sales to the customer groups expected in FY2015 based on go-lives, product rollouts and incremental features and functions being introduced into future releases of the products themselves. In fact the momentum from our new product releases will see us start FY2015 with a software pipeline which is over five times larger than our pipeline at the same time last year. Of course, with the ongoing support of our customers, we see some really exciting opportunities for additional software enhancements and even more new products over the next financial year".

## Acquisition of Mine Design software

Mine design tools are primarily used to plan the physical layout of mine excavations, haul routes, stockpiles and activities related to earth movement. 3D graphical design capability is at the core of mine design tools and is why mine design activities have been more closely aligned with graphically intensive geological and surveying software applications in the past.

The activity known as "reserving" allows mine operators to track movements in ore quality during the mining process. Reserving involves the interaction of geological data with the physical mine design to provide information required for mine scheduling. RPM has historically provided export/import functionality to the design tools of multiple third-party vendors to allow feedback between the design and scheduling processes and it will continue to do so. However, the full integration of a RPM specific design tool with RPM's scheduling and simulation applications will greatly enhance the mine planning process and allow a complete planning solution, including design functionality, geological reserving, and operational scheduling to be delivered to our customers. This integrated offering will enable customers to immediately evaluate the impact on scheduled activities of changes in the physical environment and allow them to optimise equipment deployment and production targets.

RPM undertook a review of the alternatives (build, buy, partner) to obtain mine design capability, including diligence on a number of trading entities. The Mine2-4D design tool is well known across the mining industry and has recently undergone a complete rewrite, using next generation development tools, to provide superior levels of enterprise integration and processing capacity. The opportunity to fast track a specific RPM design solution, by building upon the foundations of Mine2-4D, provided the lowest risk and quickest approach to progressing RPM's software roadmap. The acquisition of a copy of the Mine2-4D software code will allow RPM to develop its own mine design capability.

It is expected that the first release of this new RPM design product would be available in the second quarter of FY2015.

## Mine2-4D

Mine 2-4D is a mine design and reserving software application widely used in the mining industry and in particular in the underground metals market. The product was developed by MineRP, a leading South African mining technology company with over 18 years' experience in building mining technology products.

MineRP's strategic focus has shifted from the development of discrete mine design tools and as such RPM approached MineRP and has subsequently entered into a conditional agreement to acquire a copy of the new release of the Mine 2-4D software code on a non-exclusive basis. The terms of the acquisition agreement grant RPM unrestricted rights to rebrand, commercialise and exploit the Mine2-4D software code and any successor products developed by RPM.

RPM's intention is to build upon the foundations of the Mine2-4D software code and fully integrate it with RPM's scheduling and simulation solutions. The price of the acquisition is confidential however RPM will increase the size of its development team to support this acquisition and accelerate the release of an RPM branded mine design product.

Mr Mathews concluded by saying "We have spent a lot of time and energy over the last year working through the various options available to us to expand the reach of our software offering. Adding integrated design capability to our software stable will complete our suite of general mine planning solutions and is a significant step forward in the execution of our software strategy".

## **Operating EBITDA Result FY2014**

As a result of the difficult trading conditions for many advisory clients involved in exploration activities, the company is reviewing its provisioning of doubtful debts and in particular amounts receivable from smaller advisory clients based in emerging and developing markets. The Group is also finalising the impact of movements in foreign exchange rates on financial results for the year. Operating EBITDA (earnings before interest, tax, depreciation, amortisation and restructuring costs), for FY2014 is expected to finish towards the bottom end of its previously advised range of circa \$1.0 million loss.

## **For further information please contact:**

James O'Neill  
Company Secretary  
+61 7 3100 7200  
[companysecretary@rpmglobal.com](mailto:companysecretary@rpmglobal.com)

## **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.