

Announcement

Acquisition by RPM of iSolutions

17 May 2016

RungePincockMinarco Limited (ASX: RUL) [RPM] has, today announced it has entered into an agreement to acquire 100% of the issued share capital of iSolutions, a leading global Asset Management software company with over 20 years' experience in the provision of asset management, life cycle costing and budgeting software solutions to the mining industry.

The transaction is funded by an upfront payment on completion of \$8 million from cash reserves (upon completion iSolutions is expected to have supplementary cash reserves of \$3 million), followed by further post completion earn out payments over a three year period of approximately \$6.5 million based on a combination of successful collections and ongoing retention and growth in sales of software and annuity revenue from iSolutions' customers.

RPM will also issue 9,166,666 shares in RPM to the outgoing shareholders of iSolutions which will be held in escrow for 12 months. As a key component of the transaction, these shares were agreed to be valued for consideration at a price of 60 cents per share (\$5.5 million) as recognition by the Boards of both RPM and iSolutions that the future growth opportunities of the combined product suites are significant and the belief that the current RPM share price substantially undervalues the business.

This transaction is expected to close on 1 July 2016 subject to customary completion events.

The acquisition of iSolutions is expected to provide RPM with the following benefits:

- Annual revenue of approximately \$10.0 million of which \$4.8 million is recurring in nature;
- Forecast EBITDA in the 2017 financial year of \$4.8 million after realising synergies of approximately \$1.8 million;
- Accretive earning per share in 2017;
- Significant increase in the breadth of its software/services offering and customer base.

iSolutions is a global software company headquartered in Sydney, Australia with over 45 employees based across offices in Sydney, Brisbane, Santiago and Johannesburg.

iSolutions' flagship AMT software tracks or manages the repair and maintenance of over 50% of the world's large mining equipment (Loading units, Haul Trucks, Dozers, Graders etc.) from the world's largest mining Original Equipment Manufacturers (OEMs) and their dealer networks including Caterpillar, Komatsu, Hitachi, Michelin and Atlas Copco.

The use of the AMT software isn't limited to just the OEMs with large mining companies utilising iSolutions software to manage their equipment maintenance and to extend the functionality of their Enterprise Resource Planning (ERP) asset management systems. Glencore, Newmont, Anglo American and Newcrest are just some of the large mining companies who use iSolutions software along with the world's top mining contracting companies including Downer, HSE Mining and Moolmans.

The addition of iSolutions software products will extend RPM's leadership in the areas of mine planning, scheduling, execution, simulation and financial costing and budgeting.

The combined RPM and iSolutions offering will create the only single vendor production and maintenance enterprise execution system in the market. This system will reduce the cost of mining as both the production and maintenance teams will be using the same software application to maximise the operational efficiency and productivity of their mobile mining equipment.

Commenting on this acquisition, RPM CEO and Managing Director Richard Mathews said, "Mining is a very capital intensive industry and mobile mining equipment that moves material makes up a large proportion of the capital and operational spend for every mining company. Today as companies push

to drive capital and operating costs down, it's this area that presents the best opportunity for additional savings. With the combined expertise of iSolutions and RPM, there is no software company in the world that has a better in-depth knowledge of the real costs associated with maintaining these essential pieces of equipment and the optimisation of the maintenance strategies by which these costs can be minimised within mining."

iSolutions has been a trusted supplier of technical solutions to the mining industry for the last 20 years. The company's first customer was Caterpillar (CAT), who iSolutions worked closely with to develop a comprehensive equipment life cycle costing application for their dealers to support their sales and services businesses. iSolutions' applications are used every day by the largest CAT dealers including Finning, Westrac, Barloworld, Trakindo and Hastings Deering. This innovative suite of products helps dealers manage quotes, Maintenance and Repair Contracts (MARC), Customer Support Agreements (CSAs), Preventative Maintenance Contracts (PM), Rental Agreements and most importantly, the equipment maintenance strategies that drive component forecasts, profitably analysis and reporting.

At the heart of the iSolutions suite of products is their Dynamic Lifecycle Costing (DLCC) engine. DLCC is the process of forecasting (in real time) every maintenance event for an asset to the end of its useful life including the expected future cost and performance of the asset. This functionality enables asset managers to easily identify potential issues and take action early, saving money and avoiding costly down time.

Being SAP, Oracle and JDE certified, AMT extends and complements the capabilities of traditional Enterprise Resource Planning (ERP) systems in the asset management space. RPM already works very closely with SAP and, as such, this transaction strengthens what is already a very complementary working relationship.

While there are many economic variables mining executives cannot control, like global exchange rates and commodity prices, one cost they are firmly in command of is the maintenance and life cycle management of their large mining equipment and the productivity they derive from them. This represents the largest cost to a mining operation.

Mr Mathews continued by saying "RPM leads the industry in Mine Planning and iSolutions leads the market in equipment maintenance planning and cost control. We believe that by bringing these two product sets together into one integrated real time offering, we can finally deliver the nirvana of Production and Maintenance planning in harmony which will significantly reduce the cost of mining. We see this as an industry step change which will redefine mining execution."

"For the last three years our mining customers have been very clear with us. They want to safely maximise the productivity, utilisation and efficiency of their mining equipment and they know that the best way to do this is by having the production and maintenance teams using the same information in a collaborative way."

"RPM has invested heavily in new innovative products including our ultra-short-term production execution system (XECUTE), our planning systems (XPAC Solutions) and our haulage simulation product (HAULSIM). These enterprise products really do complement iSolutions' maintenance strategy and execution applications."

"The value proposition for XERAS Enterprise will also be significantly strengthened now that maintenance managers will be able to accurately predict the capital and operational saving of different maintenance options and strategies, as well as utilising the latest in Condition Based Monitoring (CBM) technologies. The founders of iSolutions have taken the same enterprise software path as RPM except that whilst we have been focused on production they have focused on maintenance. The bringing together of these two enterprise solutions to a company's ERP is exactly what managers and executives are striving to achieve."

"We can't wait to bring our fully integrated production, maintenance, simulation and costing offering to market. This will be a real game changer for us as nobody else can provide this offering which we know will fundamentally redefine the way planning is done and will deliver large financial benefits to the industry."

Co-founder and Managing Director of iSolutions, Graeme Elgie said “For the last 20 years we have worked tirelessly building software solutions for companies that sell, manage, repair and maintain large mining equipment. We have always wanted our products to be integrated with the industry’s leading production, costing and simulation systems and this transaction does exactly that.”

“We have been very impressed with RPM’s vision for the industry and the investment they are making in their products in what has been a difficult period for suppliers to the mining industry. We are convinced that the iSolutions product suite will benefit from increased investment and the sales and marketing support which RPM can offer it right around the world. As evidenced by the structure of this deal and the consideration we have accepted for RPM shares, we firmly believe in this complementary combination of the two product suites and management teams.”

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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.

About iSolutions:

iSolutions is the leading provider of asset management solutions to mining and mining related companies. iSolutions’ flagship software package, AMT, utilises their Framework methodology and is recognised as a market leader in life cycle costing, budgeting and maintenance strategy optimisation.

Established in 1997, iSolutions specialise in providing mining companies, construction companies, earthmoving equipment OEMs, dealers and contractors with the know-how, processes, systems and training to achieve asset management excellence. With offices in Australia, South America, North America and Africa, iSolutions provide solutions used across the mining value chain (mobile, fixed plant, rail, ports and infrastructure) to improve equipment uptime and long term productivity, and to reduce life cycle costs.