



Runge Limited

Annual Results Presentation

2011

David Meldrum: Managing Director

Kieran Wallis: Chief Financial Officer



- The material in this presentation is a summary of the results of Runge Limited ('Runge') for the year ended 30 June 2011 and an update on Runge's activities and is current at the date of preparation, 25 August 2011. Further details are provided in the Company's full year accounts and results announcement released on 25 August 2011.
- 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 Runge and its Directors and officers) which may cause the actual results or performance of Runge to be materially different from any future results or performance expressed or implied by such forward-looking statements.
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- This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Runge is available on our website, www.runge.com

- 1 Highlights
- 2 Business overview
- 3 Financial performance
- 4 Operational review
- 5 Focus and Outlook

1 Highlights



Financial highlights



A significant improvement in financial results for the year

- Revenue up 19% to \$94.2 million (FY10 \$79.0 million)
- EBITA up 60% to \$9.3 million (FY10 \$5.8 million)
- Underlying NPAT* up 87% to \$4.3 million (FY10 \$2.3 million)
- Reported NPAT \$3.6 million (FY10 \$2.3 million), inclusive of \$1.0 million write-down of internally developed software assets
- Solid growth in revenue and profits underpinned by strong second half contributions from consulting services and technology products
- EPS up 57% to 2.9 cents per share
- Net Cash \$3.8 million at year end
- Final dividend 1.0 cent per share, unfranked

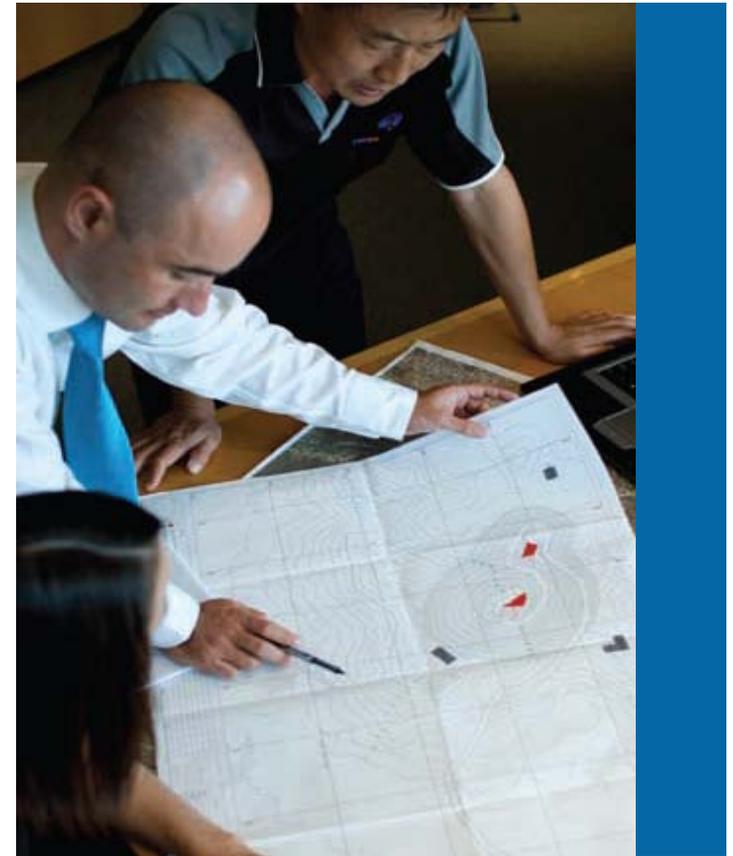


* Underlying NPAT - Net profit after tax prior to impairment of intangible software assets

Operational highlights



- **Significant increase in demand for consulting services**
 - Consultant utilisation has returned to pre-GFC levels
 - Increased activity reflected in growing consulting book of work
- **Solid performance in established operating regions**
 - Australian regional revenue up 13%
 - American regional revenue up 27%
- **Strong growth in emerging operating regions**
 - Asian revenue up 29%
 - GeoGAS revenue up 31%
- **Expansion of laboratory gas testing facilities and commensurate growth in demand**
- **Refocus on software product strategy**
 - Revenue from software sales and support up 13% to \$18.7 million
- **New management team in place**



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2 Business overview

What we are about



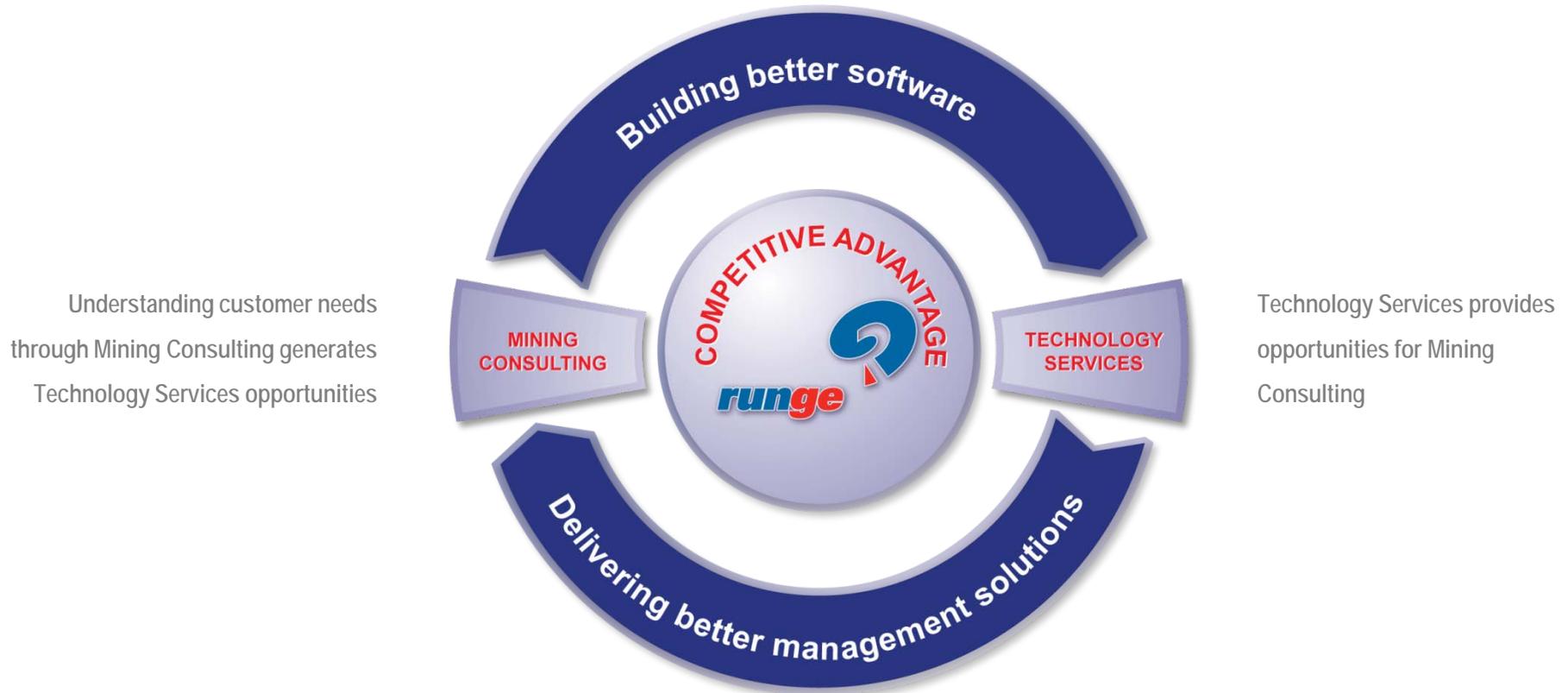
Runge's vision is to be **pre-eminent** in our chosen fields due to our **breadth** of understanding of our client's business environment, our **depth** of understanding of technical issues, our global support and **dedication to meeting customer needs.**

Our mission is to assist our **customers to create value for their stakeholders** by **optimising** the value of their natural resource assets, help them identify and **manage risk** and support their high levels of corporate governance and internal, regulatory and ethical compliance

Competitive advantage



Runge's integrated Technology Services and Mining Consulting activities are a key point of differentiation and competitive advantage



What we do

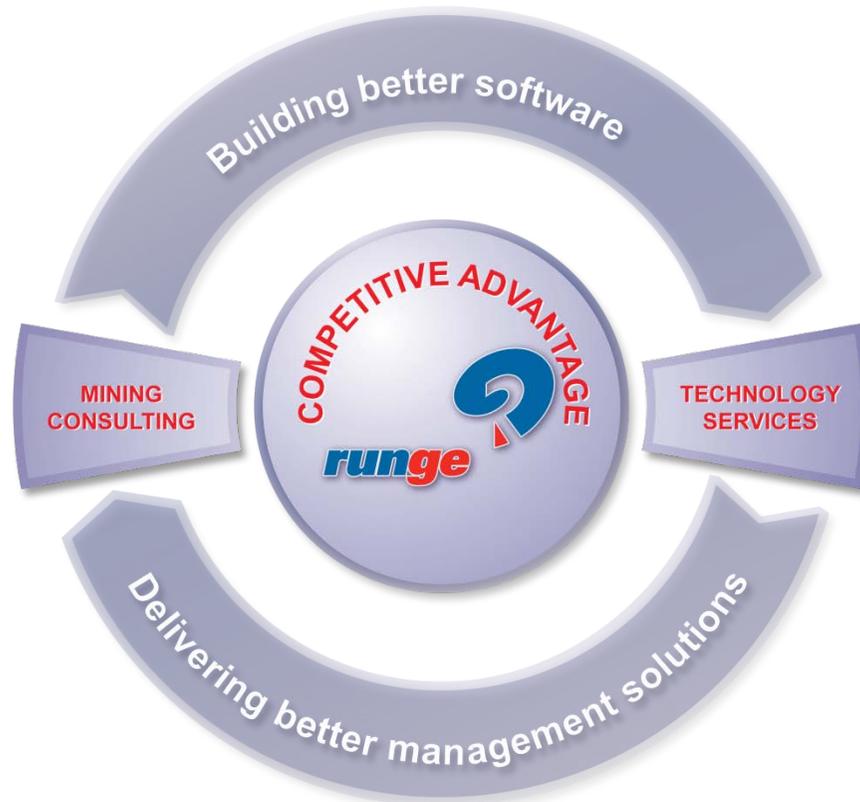


ADVISORY CONSULTING

- Feasibility and due diligence
- Mine planning and production
- Professional development
- Corporate advisory and investment

TECHNICAL CONSULTING

- Software implementation
- Software customisation
- Software training



SOFTWARE SALES & SUPPORT

- Planning and scheduling solutions
- Equipment simulation
- Financial modelling and analysis
- Integrated management reporting

LABORATORY TESTING

- Underground compliance testing
- Coal Seam Gas 'CSG' testing
- Greenhouse gas assessment

ONLINE TRAINING DELIVERY

- Smartminer

Client engagement - pre production



CONSULTING ENGAGEMENT

- ▶ Conceptual mine planning
- ▶ Short term and long term mine planning and scheduling
- ▶ Geological consulting

- ▶ Reserve estimation to international standards
- ▶ Mine planning
- ▶ Financial modeling
- ▶ Feasibility studies

- ▶ Bankable Documents
- ▶ Independent expert reports for public disclosure documents
- ▶ Due diligences on behalf of financiers

Minimise time to production

Maximise asset valuation

Lower cost of capital

EXPLORATION

PROJECT
FEASIBILITY

PROJECT FUNDING

Higher demand in commodity up-cycle



Financial modeling and analysis



Mine scheduling software



Laboratory gas testing

TECHNOLOGY ENGAGEMENT

Client engagement - production



CONSULTING ENGAGEMENT

- ▶ Advising on exploration plans and strategies
- ▶ Detail design
- ▶ Contract structuring and negotiation

- ▶ Short term and long term mine planning and scheduling
- ▶ Ongoing financial modeling
- ▶ Optimisation studies

- ▶ Mine closure and rehabilitation plans
- ▶ Post closure audits

Minimise time to production

Maximise asset valuation

Lower cost of capital

MINE DEVELOPMENT

MINE OPERATION

MINE CLOSURE

Higher demand in commodity down-cycle



TECHNOLOGY ENGAGEMENT

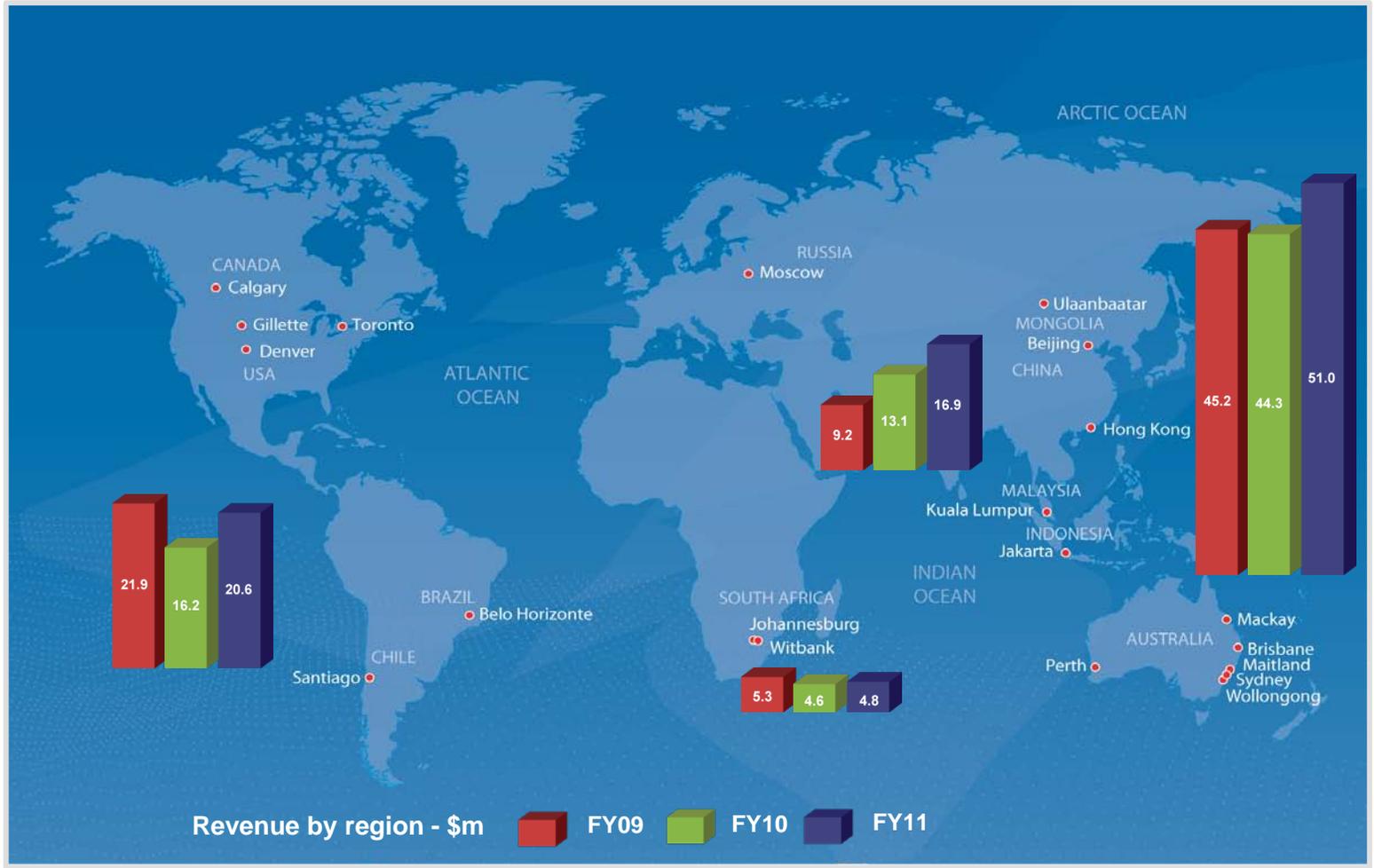
Global Footprint



Over 420 Employees

20 offices across 12 countries

Customers including the world's largest multinational resource companies



Regional business model



Local engagement

- Client management
- Advisory consulting
- Technical consulting

Regional management

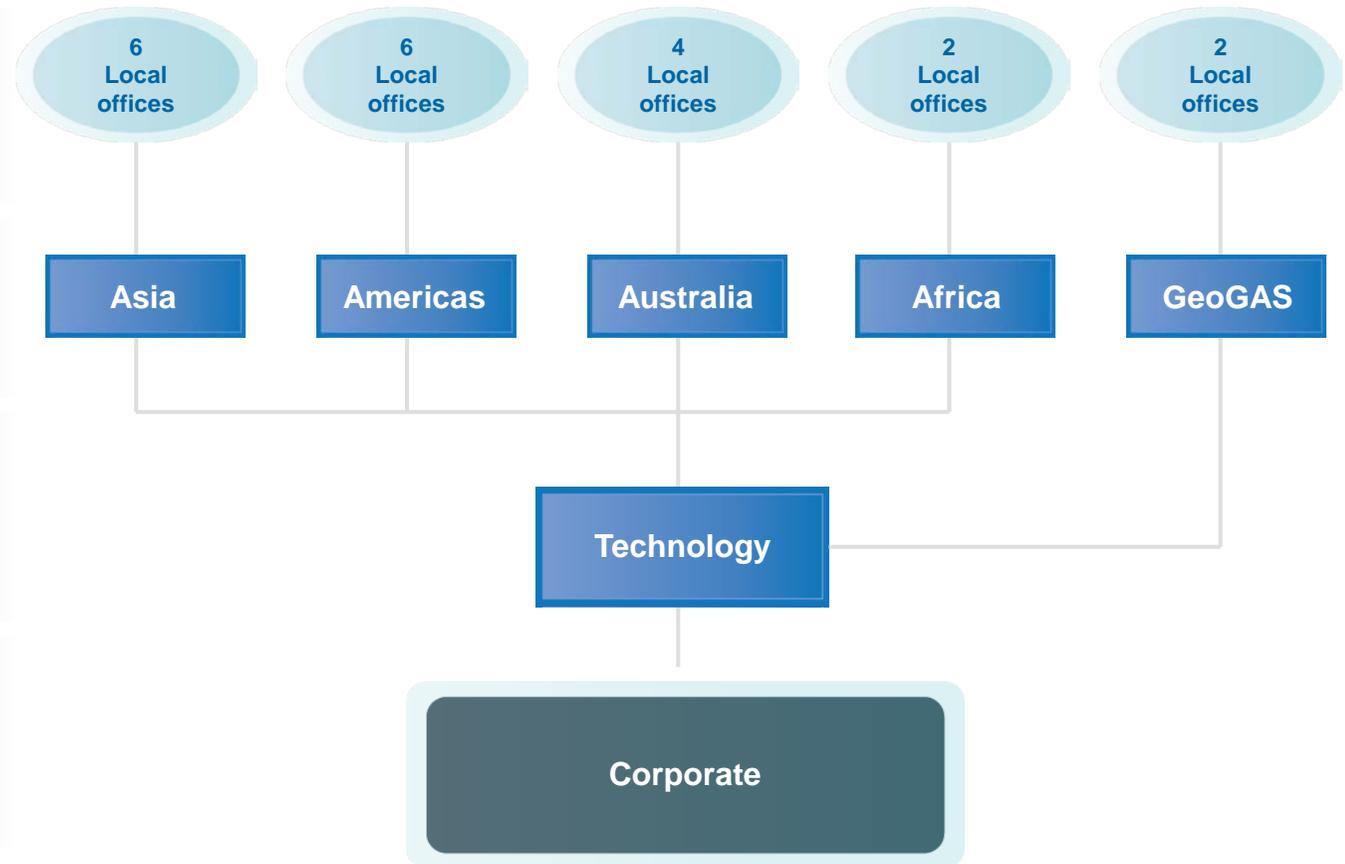
- Account management
- Product sales
- Technical support

Technology management

- Product strategy
- Innovation management
- Software development
- Specialist client sales support

Corporate support

- Corporate strategy
- Operations management
- Business development
- Corporate services



Executive leadership



David Meldrum – Managing Director

Appointed July 2011

- Mining engineer with 26 years experience in the resources sector specialising in consulting, operations and valuation. Joined Runge in 2007 to manage business expansion in China, Hong Kong, Indonesia, Mongolia and Russia.

Kieran Wallis – Chief Financial Officer

Appointed October 2010

- Chartered Accountant with significant public company experience, has held CFO roles with listed technology company GBST Holdings Ltd and mining product and services company, Industrea Limited. Substantial international and capital markets experience.

Peter Olsen – Corporate Development and Operations

Appointed August 2010

- Extensive resources sector experience spanning over 30 years. Held senior executive roles with Bechtel Corporation and Leighton Contractors with extensive management experience throughout North and Latin America, Europe, Australasia, Asia and Middle East

Christian Larsen – Technology

Appointed 1996

- Over 20 years experience in mining services. Has been instrumental in Runge's software product strategy and business model as well as its global expansion through mergers and acquisitions. Executive Director since 1996.

Ken Lewis – Group General Counsel

Appointed March 2008

- Commercial lawyer with private practice and corporate experience, was inaugural General Counsel and Company Secretary at Dominos Pizza Enterprises Limited, wherein he assisted with their Initial Public Offering in May 2005 and subsequent European expansion. Solicitor of the Supreme Court of Queensland and the High Court of Australia

Michael Scott – Human Resources

Appointed February 2006

- 20 years experience in management, ownership and executive roles in the Human Resource and Recruitment Media and marketing fields. Qualified in Psychology and business with experience in both Australian and International corporations.

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3 Financial performance

Financial performance



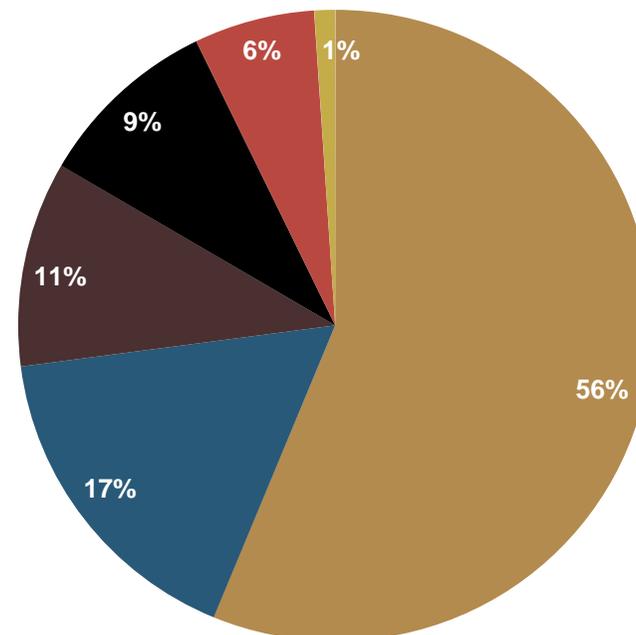
	1H \$m	2H \$m	FY10 \$m	FY11 \$m		Change
Revenue	45.2	49.0	79.0	94.2	□	↑ 19%
EBITA	3.7	5.6	5.8	9.3	□	↑ 60%
Underlying NPAT *	1.5	2.8	2.3	4.3	□	↑ 87%
Reported NPAT	1.5	2.1	2.3	3.6	□	↑ 57%
Earnings per share (cents)	1.2	1.7	1.8	2.9	□	↑ 57%
Dividends per share (cents)	1.0	1.0	1.0	2.0	□	↑ 100%
Net Cash / (Net Debt)			(1.3)	3.8	□	

* Underlying NPAT - Net profit after tax prior to impairment of intangible software assets

FY2011 Revenue mix



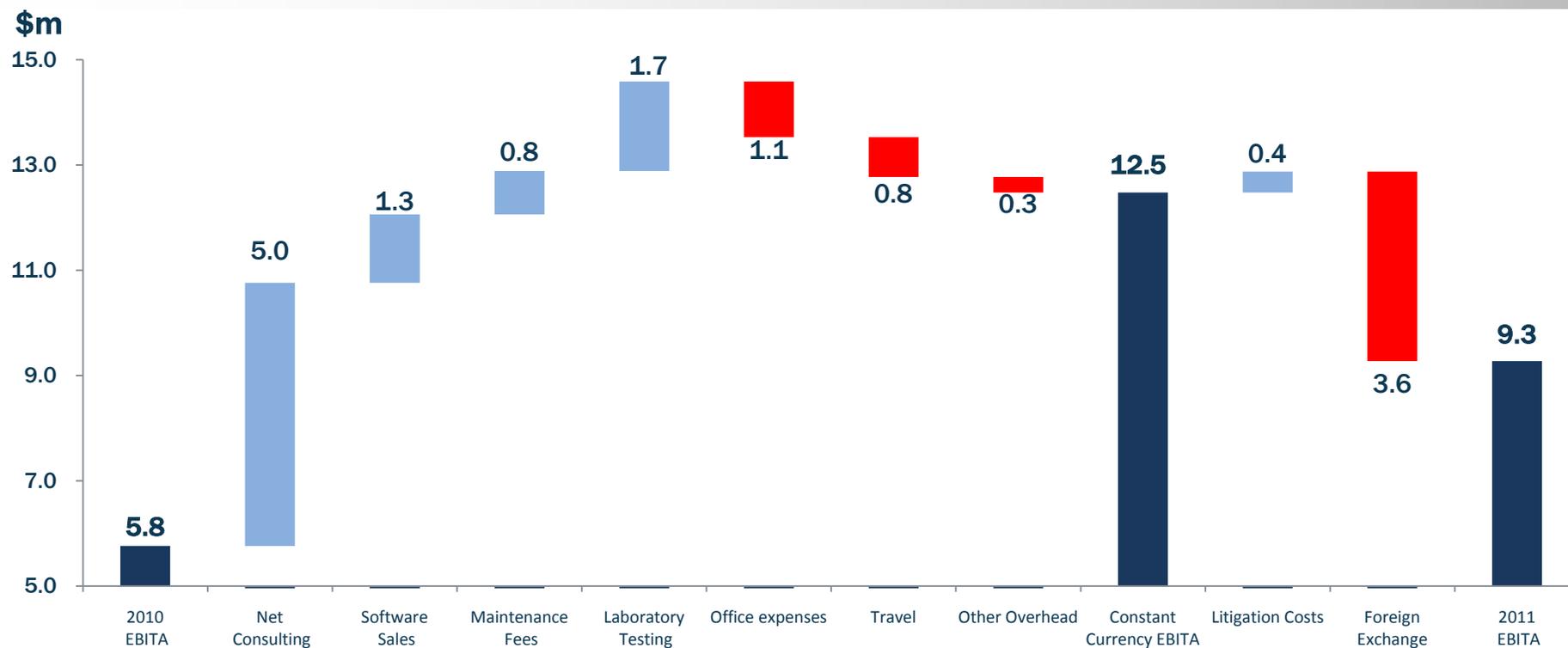
Revenue	FY10 \$m	FY11 \$m	Change
Consulting fees	57.5	68.7	
<i>Advisory</i>	43.1	53.0	23%
<i>Technical*</i>	14.4	15.7	9%
Technology fees	16.6	18.7	
<i>Licence</i>	8.6	9.9	15%
<i>Maintenance</i>	8.0	8.8	10%
Laboratory testing	4.0	5.8	45%
Other	0.9	1.0	11%
Total revenue	79.0	94.2	19%



- Advisory Consulting
- Licence fees
- Laboratory testing
- Technical Consulting
- Maintenance fees
- Other miscellaneous

* Technical consulting comprises fees directly related to the implementation, customisation and training of clients on software and technology products.

EBITA bridge



- **Constant currency EBITA of \$12.5 million at FY2010 average foreign exchange rates.**
 - Average USD exchange rate in FY2011: \$1.02 (FY2010: \$0.87)
- **Improved consultancy utilisation and management added \$5.0 million on constant currency basis**
- **Increase premises costs of \$1.1 million**

Cash flow



Cash flow	1H \$m	2H \$m	FY10 \$m	FY11 \$m
Operating cash flow	1.9	9.9	3.6	11.8
Capital expenditure	(2.4)	(2.1)	(3.7)	(4.5)
Proceeds from borrowings / (Repayment)	(0.4)	(4.8)	7.2	(5.2)
Dividend	-	(1.2)	(4.3)	(1.2)
Effects of exchange rate changes	(0.9)	-	(0.1)	(0.9)
Total cash inflow / (outflow)	(1.8)	1.8	2.6	-
Closing Cash Balance			9.3	9.3
Debt			(10.6)	(5.5)
Net Cash / (Net Debt)			(1.3)	3.8

- Significant increase in operating cash flow to \$11.8 million, strong 2H includes annual maintenance fee collections
- Capital expenditure includes \$1.5 million on GeoGAS laboratory refits, \$0.5 million of developed software and \$1.0 million on acquired operational software tools and systems
- Net Cash position improved to \$3.8 million from Net Debt of \$(1.3) million in prior year

Financial position



	FY10 \$m	FY11 \$m
Cash and deposits	9.3	9.3
Receivables	20.6	20.4
Inventory	2.7	2.3
Property, plant & equipment	8.3	9.1
Intangible assets	32.2	29.7
Other assets	7.8	6.7
Total assets	80.9	77.5
Trade and other creditors	6.8	7.7
Borrowings	10.6	5.5
Provision	6.0	6.9
Other liabilities	12.8	12.7
Total liabilities	36.2	32.8
Net assets	44.7	44.7

- **Strong balance sheet, Net Cash of \$3.8 million**
 - No change in net assets, \$44.7 million
 - Low level of debt, interest cover of 12 x EBITA

- **Intangibles of \$29.7 million, post \$1.0 million impairment of developed software**
 - Goodwill, \$24.6 million
 - Developed software, \$1.7 million
 - Other software, \$3.4 million

- **Other assets decreased by \$1.1 million**
 - Investment in Yinfu Gold revalued down to \$103,000 (FY10: \$1.6 million).

- **Borrowings of \$5.5 million at 30 June 2011 (FY10 \$10.6 million)**
 - Due for refinance in November 2011

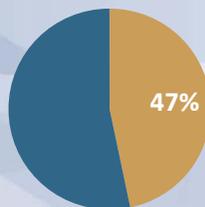
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4 Operational review

Regional revenue overview



	Australia		Americas		Asia		Africa		GeoGAS		Consolidated	
	\$m	% Rev	\$m	% Rev	\$m	% Rev	\$m	% Rev	\$m	% Rev	\$m	% Rev
Consulting		75%		77%		91%		49%		28%		73%
Advisory	25.7		11.7		14.9		0.7					53.0
Technical	7.3		4.1		0.5		1.6		2.2			15.7
Technology		23%		23%		9%		51%				20%
Licence	5.0		3.0		1.2		0.7					9.9
Maintenance	5.0		1.8		0.3		1.7					8.8
Laboratory										72%		6%
Testing									5.8			5.8
Other	1.0											1.0
Total	44.0		20.6		16.9		4.7		8.0			94.2
Total Rev %	47%		22%		18%		5%		8%			100%



Performance

- Record revenue, up 13% on FY10
- Advisory consulting up 22%
 - Higher industry demand , improved client engagement
 - Stable staff environment – better utilisation
 - Highly competitive market for mining professionals
- Technology revenue up 16%
 - Licence sales constrained by sales resources

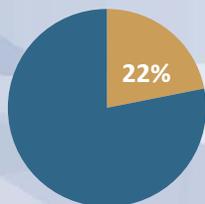
Outlook

- Targeted expansion of WA office
- Steady growth in NSW
- Consolidation in Qld
- Technology consolidation with refocus

Revenue \$'m



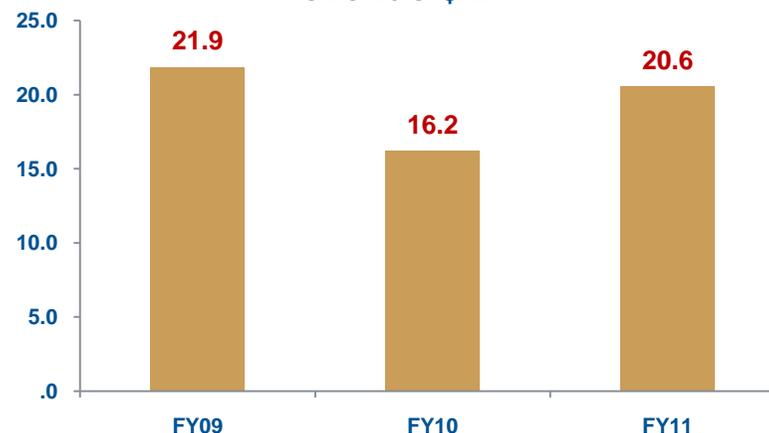
Revenue mix \$m	FY10	FY11	Change
Consulting fees			
Advisory	21.1	25.7	22%
Technical	8.5	7.3	-14%
Technology fees			
Licence	4.3	5.0	16%
Maintenance	4.3	5.0	16%
Other	0.9	1.0	11%
Total revenue	39.1	44.0	13%



Performance

- Revenue growth 27%
 - Adversely impacted by strengthening AUD
- Major software sales
- 24% Staff growth to 73 FTE's
- South American offices building technology capability

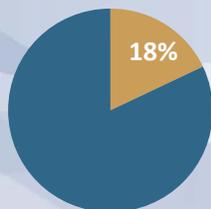
Revenue \$'m



Outlook

- South American market outlook
 - Steady growth in consulting
 - Positive outlook for software
- North American Market outlook
 - Growing software presence
 - Steady growth in consulting services
 - Toronto expansion

Revenue mix \$m	FY10	FY11	Change
Consulting fees			
Advisory	10.7	11.7	9%
Technical	2.4	4.1	71%
Technology fees			
Licence	1.3	3.0	131%
Maintenance	1.8	1.8	0%
Total revenue	16.2	20.6	27%



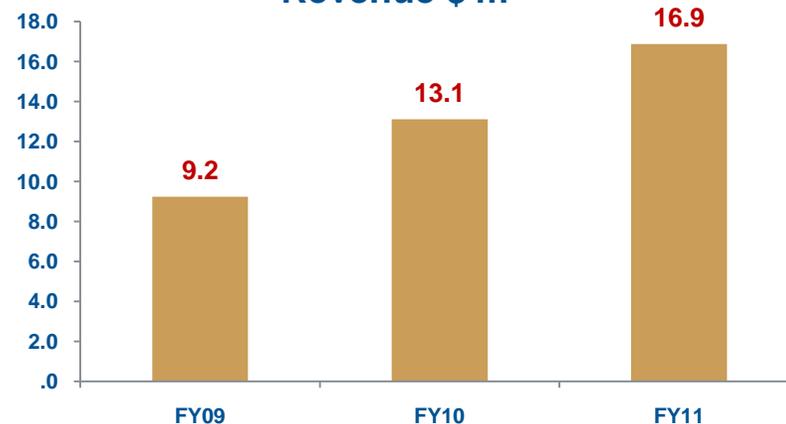
Performance

- Growth driven by;
 - Beijing – Hong Kong capital markets compliance requirements
 - Indonesia – new coal project developments and optimisation
 - Staff growth 72 FTE's (FY10: 48)
- Investment in sustainability and efficiency of regional offices
- Growing recognition and strength of brand

Outlook

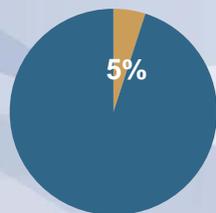
- Improved margins through internal technology adoption
- Mongolia – growth in technology and advisory opportunities
- Russia – progress on technology strategy
- Continued growth in Indonesia and China

Revenue \$'m



Revenue mix \$m	FY10	FY11	Change
Consulting fees			
Advisory	11.5	14.9	30%
Technical	0.1	0.5	400%
Technology fees			
Licence	1.4	1.2	-14%
Maintenance	0.1	0.3	200%
Total revenue	13.1	16.9	29%

Africa



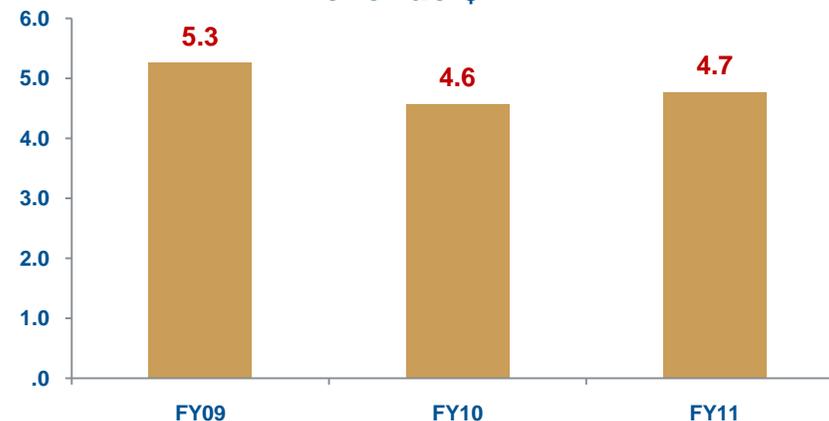
Performance

- New management
- Moving to new offices
- Significant investment in mine planning and reporting software
- Software sales and support capacity rebuilding

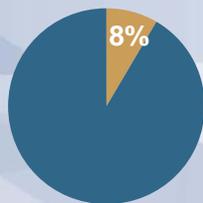
Outlook

- Expansion into regions of high demand
- Improved margins with some growth in revenue
- Restoration of licence sales to previous levels

Revenue \$'m



Revenue mix \$m	FY10	FY11	Change
Consulting fees			
Advisory	0.1	0.7	600%
Technical	0.9	1.6	78%
Technology fees			
Licence	1.7	0.7	-59%
Maintenance	1.8	1.7	-6%
Total revenue	4.5	4.7	4%



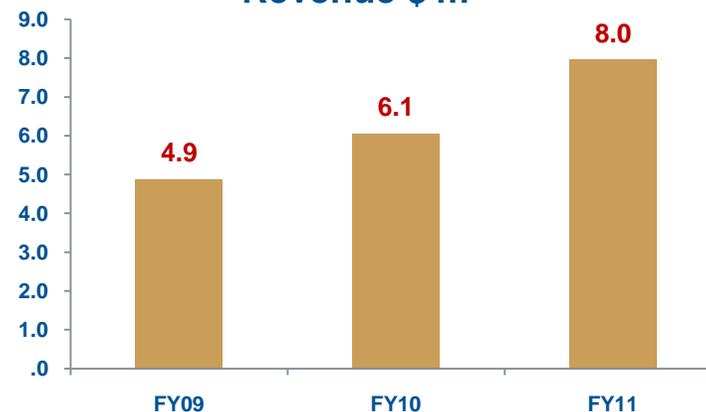
Performance

- Continuing to grow – 31% increase in revenue
- Flood effected in 3rd quarter of the year but rebounded in 4th quarter
- New management
- Refit facilities – Wollongong, Mackay (in progress)

Outlook

- Growth from expanded tested facilities
- International partnering relationships under development
- Growing presence in CSG testing market, creates opportunity to expand planning and scheduling services
- Greenhouse gas assessment opportunity

Revenue \$'m



Revenue mix \$m	FY10	FY11	Change
Consulting fees			
Advisory			
Technical	2.1	2.3	10%
Laboratory testing			
Testing	3.3	4.5	36%
Canister hire	0.7	1.2	71%
Total revenue	6.1	8.0	31%

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5 Focus and Outlook

- **Customer focus**
 - Regional focus
 - Excellence in engagement, delivery and service

- **People**
 - Accountability and Transparency of Leadership
 - Knowledge management
 - Communication and performance management

- **Innovation**
 - Systems and Processes linking Consulting and Software Development
 - Evolution of Products defined by clear software product strategies Evolution of Products

- **Profitable Growth**
 - Regional Capabilities
 - Growing Business
 - Pricing Strategy
 - Utilisation

▪ **Market outlook**

- Mature markets in Australia and North America are showing resilience to general financial market volatility
- Asia is exposed to financial market volatility. Any softening in financial market driven consulting activities will see a shift to operational optimisation work
- Whilst commodity demand remains high, demand for our products and services in emerging markets will continue

▪ **Business development outlook**

- Significant investment in Technology Sales infrastructure and client engagement
- Investing in systems and training in Asia. Building software implementation and support capacity to meet expected increase in demand
- Building relationships with parties to enhance our sales and delivery capacity in Russia and Central Asia
- Building of permanent presence in regions of high demand in Africa
- GeoGAS partnering arrangements to lead expansion offshore

▪ **Software and technology outlook**

- Re-establishment of nexus between technology and consulting
- Modernise our current suit of products through client driven evolution