

ASX RELEASE

26 February 2016

FIRST HALF 2015/2016 FINANCIAL YEAR RESULTS AND OPERATIONS UPDATE

The Directors of Lycopodium are pleased to report the results from the first half for the 2015/2016 financial year, achieving \$61.1 million of revenue, net profit after tax of \$0.55 million and a strong cash balance of \$34 million.

The Directors have resolved to pay an interim dividend of 1.5 cents per share fully franked, payable on 15 April 2016.

Corporate Overview

The Board has previously advised of the challenging markets within which we operate and the resultant lower level in demand for Lycopodium's services.

As previously noted Lycopodium has materially adjusted the business to match the requirements of the prevailing market conditions. The associated costs have continued to impact on our profitability. Whilst it is not possible to accurately determine when a marked and sustained upswing will occur we have the sense that we have seen the worst of conditions and consider a gradual improvement will be seen across the sectors within which we operate.

Entering into the second half of the financial year we highlight the following:

- The design of the Cobré Panama Project in Panama for First Quantum Minerals will continue through this second half in line with the project schedule.
- The construction of the Bouly Heap Leach Project in Burkina Faso for Bissa Gold is progressing well and as per plan.
- The construction of the Santa Rosa Project for Red Eagle Mining in Colombia is progressing well and forecast to be completed in the latter part of this calendar year.
- Our majority owned subsidiary, ADP has progressed the ARDC project for De Beers Marine with the design of the topside ore processing and diamond recovery facility well advanced.
- The initial scope for the Port Botany Rail Line Upgrade Project was successfully completed and further work has subsequently been awarded by the Australian Rail and Track Corporation (ARTC).
- Assistance is ongoing to MBD Energy as they progress the first commercial Astaxanthin Project in Australia.

- A number of significant feasibility studies have been progressed encompassing a range of commodities, which will ultimately lead to projects in the future.
- We have finalised the purchase of a strategic interest in electrical engineering group, ECG.
- Tendering activity is expected to remain at a reasonable level and the Company is looking at new and alternate opportunities to strengthen its pipeline of studies and projects.
- Tight management of costs whilst also looking at opportunities for increasing efficiency will continue to remain a high priority.

In our Annual Report we forecast that we would return to profit in 2015/16 which has been confirmed by our half year results. We expect to remain profitable but will not be providing specific guidance at this time.

Further detail on Lycopodium's financial results during the first half can be found in the attached ASX Half Year Information. The first half results are also supplemented by our historical segment reporting format, which is appended to this update.

On behalf of the Board of Directors I would like to extend our appreciation to Lycopodium's management and staff for their continued contribution to the company.

We will continue to keep you informed of the Company's activities through the year and you can visit us through our website at www.lycopodium.com.au or feel free to call us if there is anything about the company and its activities you would like to discuss.

For further information:

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MANAGING DIRECTOR

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Lycopodium Ltd
Segment reporting (unaudited)
December 2015

	Segment revenues		Segment results	
	Dec-15	Dec-14	Dec-15	Dec-14
EPCM	16,355,355	6,879,631	1,277,328	935,105
Design & construct (lump sum)	11,879,877	9,392,403	461,305	677,596
Study services	7,951,489	9,152,167	256,332	159,719
Project services	23,674,165	32,979,962	3,903,636	6,817,337
	<u>59,860,886</u>	<u>58,404,163</u>	<u>5,898,601</u>	<u>8,589,757</u>
Unallocated revenue	1,207,706	1,461,404	0	0
	<u>61,068,592</u>	<u>59,865,567</u>	<u>5,898,601</u>	<u>8,589,757</u>
Unallocated revenue less unallocated expenses			(4,477,838)	(7,057,158)
Profit before income tax expense			1,420,763	1,532,599
Income tax expense			(763,676)	94,347
Profit for the half-year			657,087	1,626,946
Profit attributable to non-controlling interests			(102,569)	10,194
Profit attributable to owners of Lycopodium Ltd			<u>554,518</u>	<u>1,637,140</u>