

## ASX RELEASE

28 May 2015

### GUIDANCE UPDATE

Lycopodium provides ongoing advice on the challenges in our sector and the constrained demand for our services. These challenges have persisted with the Company now forecasting an operating loss for the financial year of the order of \$1-2M.

The operating result is attributable to the prevailing market factors and operating conditions:

- Deferral, delays and further scaling back of projects by clients.
- Ongoing delays in governmental approvals for new projects.
- Ongoing difficulties to secure funding for new projects.
- Continued austerity measures by the major mining companies.
- Difficulties in closing out projects with clients.
- A diminished number of opportunities in the minerals sector, both domestically and internationally. This has translated into a highly competitive tendering environment, a reduction in conversion of tenders to new work, as well as a reduction in margins as new work is secured.
- Additional redundancy costs of \$2.4M in the second half associated with the further downsizing of the business to align with the available workload.

Marketing activities are a key focus within the business and we have seen some evidence of increased opportunities being presented in the Americas which is a positive sign.

We have previously advised that these difficult conditions are anticipated to remain in the near term and we will continue to adjust our business in order to remain competitive through this period. Our balance sheet and cash position remains strong.

For further information:

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