



2015

Financial Snapshot

(As at 30 June 2015)

39,732,373

Shares on Issue

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136.9 cents

Net tangible assets per share

\$122.8 million

Revenue

\$1.0 million

Net loss after tax

(2.3) cents

Earnings per share after tax

0 cents

Dividend per share (fully franked)

Cover: Otjikoto Project, Namibia

Modular Tailings Treatment Plant, Botswana



Chairman's Report



My name is Mick Caratti. I am one of the founders and presently chairman of Lycopodium. This publication is designed to introduce you to the company, telling you who we are, what we do and how we see our future. This report does not replace the statutory financial statements but is designed to provide an informative insight into Lycopodium in an easier to read layout.

2014/15 has been a second tough year for Lycopodium and has resulted in the first full year loss since listing in 2004, driven by the reduction in the available work, the high level of competition and the cost of downsizing.

As per previous years I would like to provide some thoughts on the mining industry and the major trends as we see them.

- During the period metal prices have fallen materially with nickel down 50%, copper and aluminium down 30% and iron ore fines down 40%.
- Major iron ore companies have dropped expansion plans and are targeting cost and debt reductions.
- Exploration companies are down to maintaining leases.
- Junior and mid tier miners with cash flow from existing operations can undertake projects but with prices at such low levels few have done so.
- The only bright spot in the world economies is the US but that is not likely to increase demand materially.

The 2014/15 year has seen a continuation of the decline in the minerals industry that began in 2013/14 and was initially driven during the period by fears of the effect of debt default on the Euro and later by the stock market crash in China which has continued through July and August. The uncertainty in Europe and China was visible last year but the recent instability in China means that the turn around point for the industry is further away than what was envisaged a year ago.

Our strategy therefore is to maintain our relationships with long term and major clients, to target niche areas where our technical expertise provides a high chance of winning work and to thereby maintain our core team for when the turn around occurs.

While the outlook is not positive for a significant uplift in metal prices, some projects have managed to obtain funding and some projects for the major companies will proceed regardless of market conditions or sentiment. We have begun EPCM work on some projects in this category such as the Bissa Gold Project in Burkina Faso and the Mako Project in Senegal. These projects require a technically innovative and cost effective approach and our reorganisation has allowed us to win this work on the basis of the teams and approach we have offered.

I have focussed so far on the minerals industry but it is important to also look at our other subsidiaries that service manufacturing and infrastructure, including rail. There has been an upturn in spending in these areas that may be driven by increased government spending or possibly by the realisation that costs have come down with the reduction in demand from mining projects. The result is that these subsidiaries have been operating profitably and have good prospects for the coming year.

Last year we announced the acquisition of ADP, an engineering company in South Africa. The Southern Africa minerals industry has been adversely impacted as elsewhere including the diamond market, however ADP has won work with established and new clients based on its proven technical expertise in diamonds and is well placed for 2015/16. A major attraction for the acquisition was the synergy to be gained by combining the ADP diamond skills with Lycopodium's project management skills. Progress has been made in building a combined team to undertake larger projects in diamonds than were possible for ADP alone and this is expected to show results in the medium term.

As always the Board has maintained its conservative policy on debt and we remain debt free.

I commend and thank the staff, managers and directors of Lycopodium for their contribution in a second difficult year.

I hope you find the following information of interest and if you have any questions please call me.

A handwritten signature in cursive script that reads "Mick Caratti". The ink is dark and the signature is fluid and legible.

M J Caratti
Chairman



Managing Directors Report

The 2014/15 financial year has been one of the most challenging periods that Lycopodium has experienced since commencing operations in September 1992. Depressed commodity prices have continued to adversely impact the mining sector resulting in a further deterioration in the demand for our services. As a result Lycopodium has reported its first operating loss since listing on the ASX in December 2004. The company has continued to react to these difficult market conditions and during the period has implemented further re-structuring initiatives to reduce costs and applied additional resources to identifying and securing new opportunities.

The poor result for 2014/15 has primarily resulted from a material deterioration in demand for the services provided by Lycopodium's Australian and Canadian based minerals business units located in Perth, Brisbane and Toronto. Notwithstanding that these minerals business units comprise a material part of Lycopodium's overall operations, Lycopodium is a diversified company and the majority of the other business units continue to operate profitably. This includes Lycopodium Process Industries, Lycopodium Rail, Orway Mineral Consultants, Lycopodium Infrastructure, 50% owned Pilbara EPCM and 74% owned ADP Holdings. An operational overview of these business units is included in this report.

During the year Lycopodium finalised acquisition of a controlling interest in Cape Town South Africa based ADP Holdings (ADP) and has been progressively integrating ADP's business units into the Lycopodium group. This acquisition is a strategic initiative to further diversify and strengthen our overall business operations in Africa. Not only does ADP offer access to cost effective additional resources it also opens up new markets, particularly in diamonds, to Lycopodium. Significant effort has been applied to this initiative and new opportunities are being identified.

The efforts of Lycopodium's Australian and Canadian based minerals business units have been rewarded with the recent award of a number of studies and projects and with the successful integration of ADP the company is confident that it will be able to continue to offer competitive world class engineering services in what is, and is expected to remain for the foreseeable future, a highly competitive market.

Operational Highlights

Lycopodium Minerals Pty Ltd, based in Perth and Brisbane, and Lycopodium Minerals Canada Ltd, based in Toronto, collectively Lycopodium Minerals, continued to build their track record as the preeminent international engineer in terms of West African projects with the award and completion of feasibility studies for many of the most prospective near term projects. These included Newmont Mining's Ahafo North Project in Ghana, Perseus's Sissingué Project in Côte D'Ivoire, B2 Gold's Fekola Project in Mali, Toro Gold's Mako Project in Senegal, Endeavour's Houndé Project in Burkina Faso and Gryphon Mineral's Banfora Project in Burkina Faso.

Lycopodium Minerals continues to be the preferred engineer for First Quantum Minerals with good progress having been achieved during the year on the 70 Mtpa Mina De Cobre Panama Project in Panama and ongoing commissioning support being provided to their Sentinel Project in Zambia.

During the year design and commissioning services for Kalgoorlie Consolidated Gold Mines' (KCGM) Emissions Reduction Project at their Fimiston and Gidgi sites were successfully completed. These projects have been acknowledged as being of significant value to KCGM in achieving the ever increasing level of environmental compliance standards.

Lycopodium Minerals also provided commissioning support to B2 Gold for their Otjikoto Project in Namibia and the project is now in commercial production. Lycopodium Minerals previously provided engineering and design services for this greenfield 2.4 Mtpa processing plant. The plant design includes provision for major expansion.

Lycopodium Minerals completed the feasibility study for Red Eagle Mining Corporation's Santa Rosa Project in Colombia. Lycopodium Minerals were subsequently awarded the EPCM for this greenfield gold project which is now in progress.

Lycopodium Minerals strengthened its relationship with Nordgold and its subsidiary Bissa Gold through the award of the design and procurement of the 7 Mtpa Bouly Heap Leach Project in Burkina Faso. These services are currently progressing.

Through the 50:50 Pilbara EPCM Joint Venture with AECOM, Lycopodium Minerals continued with construction of the permanent infrastructure for Rio Tinto's Nammuldi Project in Western Australia. This project is now in the advanced stages with the progressive handover of the remaining infrastructure.

ADP Holdings Pty Ltd (ADP), based in Cape Town South Africa, operates a diversified group of companies predominately servicing the diamond mining industry. ADP Marine and Modular (ADP M&M) focuses on developing modular process plants and marine technology solutions. ADP Projects specialises in studies, EPCM services and project management services with a strong focus on developing the optimal techno-economic solutions through innovative process engineering and fit for purpose project execution. ADP Africa is based in Johannesburg South Africa and offers logistics, spares supply and general support services to mines throughout Africa. Other companies within the ADP group include ADP Namibia (a 100% owned company registered in Namibia), ADP Kukama (a 50% owned company registered in Botswana) and Underwater Mining Solutions (UMS) (a 50% owned company registered in South Africa servicing the niche marine mining market).

ADP M&M has a long standing partnering agreement with Namdeb, a Namibian company 50% owned by De Beers and 50% owned by the Namibian Government. ADP M&M recently completed a new state of the art Final Recovery Plant to treat all Namdeb diamond production together with offshore diamond production from De Beers Marine and diamond production from the new 800 tph Senderlingsdrift process facility. ADP M&M also delivered a 0.5 Mtpa modular Kimberlite plant to Lipari in Brazil, two modular DMS plants to Debswana in Botswana, an alluvial plant to a client in Angola and have recently been awarded a contract to deliver a modular sampling plant to Lucara Diamonds for their Karowe mine.



ADP Projects has completed a feasibility study and commenced detailed engineering for a new marine processing plant for De Beers Marine. This plant will be installed on an ultra-modern, dynamic positioning sampling vessel that is currently under construction in Europe. ADP Projects also designed and commissioned a world first XRT based Final Recovery Plant for Gem Diamond's Letseng Diamond Mine in Lesotho, completed a study for Rio Tinto's Bunder Mine in India, commissioned a 2.5 Mtpa tailings plant for Debswana's Jwaneng Mine in Botswana, provided EPCM services for plant expansions at the Navachab Gold mine and Kao Diamond Mine and is currently providing process design services for the new De Beers Canada Ghacho Kue Mine in Canada.

UMS completed a study for a major Southern African client to evaluate the viability of using sub-surface hard rock mining technology to mine an existing open pit Kimberlite pipe.

Lycopodium Process Industries (LPI), based in Melbourne Victoria, provides services predominately to the chemicals, renewable and pharmaceutical sectors with the following highlights:

- Construction of a facility for integrated waste treatment and resource recovery for the Renex Group in Victoria was completed with engineering support supplied by LPI. LPI is currently assisting with final commissioning and product trials of the plant, which is designed to accept and treat contaminated soils and other prescribed industrial wastes using a pyrolysis rotary kiln technology from Germany.
- LPI completed the detailed design for a weak nitric acid storage facility and an acid buffer storage facility for Thales Australia and was subsequently awarded the construction contract for the project. The project is under construction and forms part of the facility upgrade at the Thales Propellant and High Explosive Manufacturing Facility in NSW.
- LPI has been engaged to provide engineering design services for an off-gas treatment system treating radioactive and chemical species evolving from various release points in the new ANSTO SyMo Facility for the Nuclear Medicine Program.
- LPI also provided engineering design services to long standing clients for three major pharmaceutical facilities during the year.

Orway Mineral Consultants (OMC), based in Perth and Toronto, provided metallurgical consultancy services to the global mineral processing market. OMC has operated since 1983 and has a reputation for delivering high quality studies and practical solutions in the areas of comminution, beneficiation and hydrometallurgy.

During the year OMC delivered comminution circuit design and optimisation services to a wide range of commodities, predominately in copper, gold, iron ore and base metals. In the current depressed market a large portion of the services rendered are associated with plant optimisation where OMC is able to help clients maximise cash flow at a time of low commodity prices.

OMC's hydrometallurgical team specialises in the process design of copper, cobalt, nickel and uranium circuits. During the year this team developed a process for removing radionuclides from copper concentrates and a demonstration plant utilising this patented technology is scheduled to commence operations towards the end of 2015.

Lycopodium Rail (LR), based in Newcastle NSW, experienced a highly productive year across all business sectors, with its design team delivering major projects for Roads and Maritime, John Holland Rail and Australian Rail Track Corporation. LR's asset management team expanded their market into Sydney Trains and further consolidated themselves as market leaders in the area of rail infrastructure management services by expanding services to major industrial clients and port owners including Port of Newcastle, Whitehaven Coal, Indemitsu, Crawford Freightlines and Ettamogah Rail Hub.

Lycopodium Infrastructure (LI), based in Perth, continued to strengthen the Lycopodium brand as a supplier of urban infrastructure providing engineering and architectural services to a growing number of local governments. New business activities included the provision of expanded support services to state government departments and design services to private sector small subdivision land developers. LI also continued to provide design services to the minerals sector albeit the demand for these services has tapered off in line with the reduced activity level in this sector.

Lycopodium Asset Management (LAM), based in Perth, continued to provide services to long term clients throughout the year including reliability and maintenance engineering briefs for Woodside Energy in the oil and gas sector, BHP Billiton, and Citic Pacific - Cape Preston Port in the minerals sector and Orica Mining Chemicals in the manufacturing sector. LAM also expanded its market through the provision of asset management services to West Australian Local Governments for infrastructure assets.

Corporate Overview

On 1 October 2014 Lycopodium finalised the acquisition of a 74% controlling ownership in ADP Holdings Pty Ltd (ADP), a South African based engineering company. ADP has a number of wholly owned South African operating subsidiaries of which the principal entities are ADP Marine and Modular Pty Ltd, and ADP Projects Pty Ltd. ADP also has subsidiaries established in Namibia and Botswana to support business in the respective countries. Lycopodium holds options to acquire the balance of shares in ADP. As part of integrating ADP in to the Lycopodium group it was agreed on 1 July 2015 to change the name of ADP Projects Pty Ltd to Lycopodium ADP Pty Ltd in order to reinforce the synergies and increased capabilities of the combined entities.

Managing Directors Report (Continued)

On 6 October 2014 Lycopodium exercised an option it held to acquire the remaining 25% of issued shares in Lycopodium Rail Pty Ltd. This acquisition was funded 50% in cash and 50% in shares. Lycopodium Rail Pty Ltd is now a wholly owned subsidiary of Lycopodium.

On 6 October 2014 Lycopodium exercised an option it held to acquire the remaining 15% of issued shares in Lycopodium Americas Pty Ltd. This acquisition was funded 50% in cash and 50% in shares. Lycopodium Americas Pty Ltd is now a wholly owned subsidiary of Lycopodium. Lycopodium Americas Pty Ltd holds all the issued shares in Lycopodium Minerals Canada Ltd.

HSE and Community

Notwithstanding that the past year has seen a reduced level on activity on construction and commissioning services Lycopodium has maintained a high level of focus on health, safety and the environment.

In 2014/15 there were 1.9 million manhours worked across the Lycopodium managed projects with a LTIFR of 1.6 against an 8.5 construction industry average.

On the community side, Lycopodium continued as an active sponsor and supporter of:

- The Clontarf Foundation, a charitable not-for-profit organisation improving the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men.
- B.A.S.I.C.S based in Accra, Ghana, an organisation committed to improving the quality of life for children living in some of the poorest areas of that city.

Additionally Lycopodium was an active participant in a number of Industry Engagement Panels and targeted educational initiatives in association with both the University of Western Australia and Curtin University and continued to provide support to a number of charitable initiatives championed by staff.

Full Year Results

For the financial year ended 30 June 2015, Lycopodium derived revenues of \$122.8 million and a net loss after tax of \$1.02 million. During this period Lycopodium incurred non-recurring restructuring costs of \$2.5 million.

Basic earnings per share were -2.3 cents. The Directors have resolved not to declare a final dividend in accordance with our dividend policy. The total dividend for the year is therefore 1.5 cents fully franked.

Outlook

As previously discussed, the 2014/15 financial year has been a very challenging period driven in the main by depressed commodity prices across a wide range of commodities.

This has resulted in major mining companies continuing to reduce investment across their operations, optimising existing assets and limiting capital expenditure to minor brownfield optimisations rather than major greenfield project developments.

Junior mining companies continue to find it difficult to raise capital for studies and projects.

The market place has seen increased competition between service providers which has led to increased appetite for risk and the lowering of margins.

On the positive side we have seen the green shoots of recovery in the manufacturing and infrastructure sectors with a steady increase in activity in these sectors during the year. It is however uncertain as to whether this recovery can be maintained.

With respect to the minerals sector we are yet to see any signs of recovery. Lycopodium believes that we are at the bottom of the cycle given that activity levels are the lowest that we have seen in 22 years of operation but at this time we cannot identify any signs of recovery in commodity prices which is the key to increased activity in the minerals sector.

Lycopodium has restructured its operations to accommodate this reduced level of activity and is focused on working with our clients through these leaner times. Through innovation and collaboration we are confident we will maintain our hard earned relationships with our clients and be ready to take up opportunities when they eventually crystallise.

As a result of ongoing initiatives we are of the view that the company is well positioned to turn around the poor 2014/15 result and return to profitability in the forthcoming financial year. Our balance sheet remains strong with substantial cash reserves and no debt and we believe that the benefits and opportunities to flow from the ADP Holdings acquisition further strengthen the company. While visibility into the future remains limited our view is that the company will be able to return to profitability in the 2015/16 financial period albeit the quantum may be small in comparison to previous years.

We will continue to actively monitor our forecasts, particularly given the uncertainty which remains in the market at this time.

Acknowledgement

Lycopodium sincerely thanks our personnel for their effort and support during what has been a challenging year. The Board of Directors acknowledges that the company's ability to continue to deliver world class services to our clients and to maintain and enhance the company's performance and capacity is dependent on the continued commitment and support of our personnel.

We would also like to thank our clients for their continued trust in Lycopodium to deliver services to their projects and studies. We will as always work hard to maintain these valued relationships.

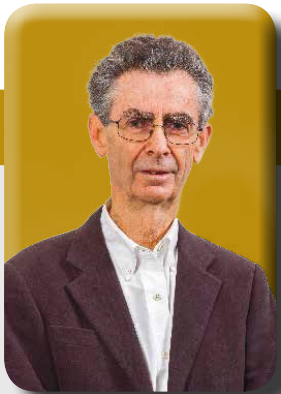
On behalf of my fellow Directors I take this opportunity to sincerely thank all personnel, both past and present, for their highly valued contribution over the past year.



Rod Leonard
Managing Director



Board of Directors



Michael (Mick) Caratti
NON EXECUTIVE CHAIRMAN

Mick has over 37 years' experience in the mineral processing industry with involvement in conceptual evaluation, engineering, commissioning and study management for new and existing projects in Australia and overseas.

Mick has extensive experience in company management having been a director and shareholder of a successful engineering consulting company from 1982 to 1987, and then as a director and shareholder of Lycopodium from its formation in 1992.

Mick's primary role as Chairman is to take a global view of the engineering industry and Lycopodium's place in it whilst maintaining the Company's founding philosophies and strategies. However, Mick continues to be involved at a project level as a Senior Consultant as required.



Rodney (Rod) Leonard
MANAGING DIRECTOR

Rod has been the Managing Director of Lycopodium Limited since January 2010.

One of the founding partners of Lycopodium and an Executive Director of Lycopodium Limited since listing in 2004, Rod has been a Director and Chairman of Lycopodium Minerals and a Non Executive Director of Orway Mineral Consultants.

His management roles within Lycopodium Minerals have included that of Technical Director for the Risk Management Group, Managing Director, General Manager of Operations and Manager of Metallurgy.

Rod has nearly 30 years' experience in a variety of roles in the operation and project development of major projects in North and South America, Africa, Asia and Australia and has been involved in many aspects of the mineral processing industry from process development, feasibility studies, and design assignments as well as commissioning of projects.



Lawrence (Laurie) Marshall
NON EXECUTIVE DIRECTOR

Laurie was Lycopodium Limited's Managing Director until early 2010 when, with the appointment of Rod Leonard, Laurie took up the positions of Non Executive Director and Consultant. He is also a Non Executive Director of Lycopodium Process Industries, Lycopodium Rail, ADP Holdings and Metco Global.

As a founding partner and Certified Practising Accountant with over 40 years' experience in corporate, financial operational and risk management, Laurie has been instrumental in the development of Lycopodium from its early days as a privately owned engineering consultancy to that of a public company.



Robert (Bob) Osmetti
EXECUTIVE DIRECTOR

Bob is a Civil Engineer with over 36 years' experience in the project management and construction management of projects in an EPCM role and has worked for major construction contractors in the mining sector.

He brings direct experience in all aspects of project implementation, estimating, scheduling and construction management as well as the management of a number of feasibility studies for major resource projects in Australia and overseas.

Bob is one of the founding partners of Lycopodium and has held diverse positions within the group and continues to apply his expertise across the group companies as Director – Projects.

Bob is currently the President and Director – Projects of Lycopodium Minerals Canada Ltd.



Bruno Ruggiero
EXECUTIVE DIRECTOR

Bruno is a Mechanical Engineer with nearly 30 years' experience in the minerals industry and a founding partner of Lycopodium.

Currently the Technical Director for Lycopodium Minerals, Bruno guides the technical direction and standards for new project initiatives that the company undertakes.

Bruno is an Executive Director of Lycopodium Minerals and a Non Executive Director of Lycopodium Asset Management.



Peter De Leo
EXECUTIVE DIRECTOR

Peter has been Managing Director of Lycopodium Minerals Pty Ltd since 2009. Peter has previously held the roles of General Manager – Operations, Manager of Projects and Project Director within the organisation.

Peter is a Civil Engineer with over 26 years' experience within the construction and engineering industries. Peter possesses strong business management and project implementation skills and has been responsible for the successful delivery of many of Lycopodium's pioneering and large scale projects.

A Fellow of the Institute of Engineers Australia, Peter maintains an active involvement with industry associations and tertiary education institutions both as a representative of the organisation and of industry.



Keith Bakker
COMPANY SECRETARY /
CHIEF FINANCIAL OFFICER

Keith has been with Lycopodium for 18 years and in that time has carried out the roles of Commercial Manager and General Manager Finance.

A Fellow of the Certified Practising Accountants of Australia, he brings to his role of Company Secretary and Chief Financial Officer, over 30 years' experience in company secretarial and finance roles within the airline, human resource management and mining services sectors.










About Lycopodium

Our Company

Lycopodium is an innovative and value driven process, engineering and project management consultancy.

Our multidiscipline services are provided through our subsidiaries, which specialise in their industry segment. Through our focused approach Lycopodium is able to consistently meet our clients' expectations and develop long term relationships.

Lycopodium Limited

MINERALS	ADP	PROCESS INDUSTRIES & RENEWABLES	INFRASTRUCTURE	RAIL	ASSET MANAGEMENT	ORWAY MINERAL CONSULTANTS
						
<ul style="list-style-type: none"> • Mineral Processing • Materials Handling • Plant and Mine Infrastructure 	<ul style="list-style-type: none"> • Diamond Processing • Mineral Processing • Fixed and Modular Process Plants • Underwater Mining 	<ul style="list-style-type: none"> • Specialty Chemicals • Pharmaceuticals • Research & Development • Food & Beverage • Manufacturing • Renewable Energy • Energy Recovery 	<ul style="list-style-type: none"> • Power Generation & Distribution • Commercial & Industrial Buildings • Water Supply, Treatment, Disposal • Accommodation & Townships • Agriculture 	<ul style="list-style-type: none"> • Heavy Haul Bulk Freight Networks • Private Owned Rail Lines & Sidings 	<ul style="list-style-type: none"> • Maintenance Strategy Development & Implementation • Criticality Analysis • Maintenance Optimisation Audits 	<ul style="list-style-type: none"> • Comminution Circuit Design, Modelling & Optimisation • Hydrometallurgy • Process Plant Consulting & Commissioning

Established in 1992, Lycopodium is headquartered in Perth, Australia and is listed on the Australian Stock Exchange. Lycopodium has offices nationally in Brisbane, Melbourne, Newcastle and Perth and internationally in Canada, South Africa and the Philippines.

Our Business

Lycopodium's business model is based on consistently delivering quality services to clients through feasibility studies, projects, operations and maintenance advice which are fit for purpose, objective and reliable. In this way Lycopodium adds value to a client's business leading to long term beneficial relationships.

We work closely with our clients to evaluate, develop and implement engineering solutions for their projects and our involvement starts from the early conceptual planning moving through the feasibility phases to the completion of design, construction, commissioning and handover, continuing with optimisations, reliability engineering and maintenance services on operational sites.

Our contracting model is flexible and always aligned to meet a client's requirements. We deliver projects on the basis of reimbursable and lump sum EPCM basis (Engineering, Procurement, Construction Management), which relates to professional services only, and on an EPC basis, also referred to as lump sum turn key or design and construct, which encompasses professional services as well as plant and equipment. We can also incorporate partial or fully integrated teams together with a client to best align with a client's internal capabilities.

Our work, reflecting diversity in not only client background, but commodity, technology, scale of operation and geographic location, falls into key industry segments:

- **Mineral Processing**

Our Mining and Mineral Processing clients range from major multinational producers through to junior exploration companies. Their projects involve a wide range of commodities: gold, copper, nickel, diamonds, iron ore, cobalt, zinc, lead, manganese, uranium, tin, tantalum, rare earth minerals and platinum group metals.

Projects, undertaken in diverse environments including tropical, arid, arctic and high altitude conditions, range in scope from large greenfield and brownfield projects involving process plant and equipment, civil and building works, control systems and supporting infrastructure to small skid-mounted, transportable plants.

- **Infrastructure**

Lycopodium has wide-ranging experience managing the assessment, design, planning and implementation of a variety of infrastructure elements. Infrastructure elements include power supply, water supply and treatment, housing, commercial and industrial buildings, roads, aerodromes and general infrastructure.

About Lycopodium (Continued)

- **Process Industries**

Our Process Industries clients, many of them household names, produce a wide variety of products in the manufacturing, pharmaceutical, chemical, food and beverage, healthcare, oil and gas and petrochemical sectors.

With this diversity of sectors, Lycopodium's expertise is wide, ranging from greenfield production facilities through to cutting-edge biotechnology and scientific research projects.

- **Rail**

Lycopodium provides rail infrastructure asset management services, feasibility study and detailed design services to the heavy rail industry. These services are often complimentary in nature to larger projects undertaken within the group which include a rail component.

- **Renewables**

Lycopodium is at the forefront of developments in renewable energy and energy efficiency including the implementation of projects in solar, biofuels, waste to energy and heat energy recovery.

- **Agriculture**

Given our extensive technical capabilities, we have had an increasing involvement in the agricultural sector. This has included large irrigation systems, food handling and processing facilities, food and animal by-product processing to generate energy as well as new value adding by-products. Often these agricultural projects encompass other industry segments in which Lycopodium operates.

- **Maintenance and Reliability**

Maintenance and reliability engineering clients come from the oil and gas, petrochemical, power and water utilities, infrastructure, mining and minerals processing and marine industries.

In this sector, there is significant experience in re-engineering existing systems for brownfield operations as well as developing and implementing new maintenance management systems for greenfield operations.

Project examples of the various commodities and industry sectors in which Lycopodium has worked during the recent year follow later in this shareholder report.

Our Services

Throughout our 20+ year history, Lycopodium has developed a reputation for providing technically innovative and cost effective engineering solutions and delivering projects which exceed the client's project criteria and performance targets.

Lycopodium operates with well established systems and processes to ensure consistency in our approach across all aspects of project delivery.

Our services fall generally into four areas of expertise:

Process

Lycopodium's process group has a wide range of experience to undertake the development of new processes and determine the viability of new and existing processes, including:

- Planning, design, supervision and interpretation of laboratory, bench-scale and pilot-scale test programs.
- Flowsheet development, mass and energy balances, process modeling, process design specification.
- Management and coordination of necessary skills in the production of studies. These studies are done at different levels of confidence depending on the stage of investigation and are usually defined as concept study, pre-feasibility study and detailed or bankable feasibility study.
- Evaluation and selection of new and alternative processes at the conceptual and pre-feasibility study stages to determine the viability of new and existing processes.
- Comminution circuit design using specialist database and in-house software to design crushing and grinding circuits and predict their performance.
- Hydrometallurgy for base metals, uranium and rare earths.
- Commissioning, training and operations services.
- Design, construction management and operation of pilot plant installations.
- Plant audits, debottlenecking evaluations and staged development planning.
- Environmental compliance processes, for example cyanide recovery and destruction, arsenic fixation and disposal, metal precipitation and water management.



Engineering

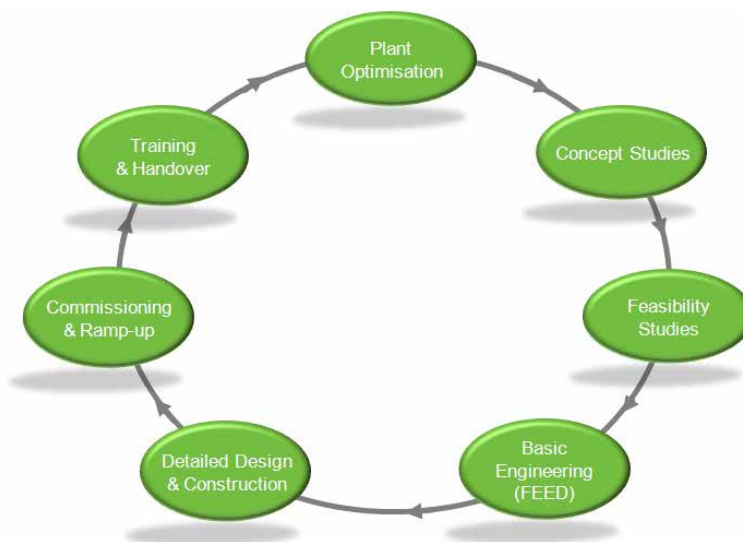
Lycopodium's engineering group can offer a wide range of capabilities for the development of a project, including:

- Conceptual and detailed design of processing plants.
- Conceptual and detailed design of infrastructure including earthworks, roads, drainage, power supply and transmission systems, buildings and, accommodation villages with amenities, water and wastewater systems.
- Design expertise covering all relevant disciplines including:
 - Architectural
 - Civil
 - Structural
 - Mechanical
 - Piping
 - Electrical
 - Instrumentation
 - Process Controls
- Design, program, test and commission plant automation control systems.
- Plant refurbishment and relocation.
- Conceptual and detailed design of large modular and panelised plants for major projects down to small transportable and skid-mounted plants.
- Plant debottlenecking, upgrading and improvements.
- Troubleshooting and modification of mechanical and electrical installations.
- Design expertise in tropical, arid, arctic and high altitude locations.
- General engineering consulting services including due diligence reports, project valuations and debottlenecking studies.

Project Delivery

Lycopodium undertakes the project and construction management of clients' projects, including:

- Full project and construction management to deliver complete projects.
- Health, safety, environmental, community relations, quality management services.
- Project controls including cost control and scheduling.
- Tender preparation and evaluation.
- Procurement, expediting and inspection services.
- Logistics and transport management.
- Plant evaluations and assessments for insurance or sales purposes.
- Capital and operating cost estimates.
- Financial evaluation of projects.
- Client representation.
- Development and implementation of project accounting services.
- Development and implementation of project maintenance and reliability engineering services.



About Lycopodium (Continued)

Maintenance and Reliability Engineering Services

Lycopodium can assist plant site operators to reduce operating costs and increase productivity, whilst complying with statutory regulations and duty of care obligations, by refining or re-engineering their operating methods, maintenance management practices and implementing the required change processes.

These services fall within the following areas:

- Maintenance System Development – the preparation of work instructions to provide comprehensive maintenance actions.
- Optimisation – the fine tuning of systems, procedures and processes to cost effectively provide the highest productivity, availability and reliability for an operational site.
- Materials Management and Optimisation – encompasses all aspects of identifying, categorising and organising equipment in a facility or system.
- Operational Readiness – the provision of services to assist clients to initiate operation of new projects.
- Planning – the detailed processes and practices that form the maintenance planning cycle.

Our People

Engineering consulting is a service industry and Lycopodium is dependent on its people for the quality of service it provides. Lycopodium is proud of the professionalism and loyalty of the team it has developed and their achievements in the innovative and cost effective design and construction of projects in diverse industries and regions.

Lycopodium uses a team approach to its work where each project has a team drawn from the disciplines required and is led by a project manager. Each discipline is headed by a discipline manager who is responsible for monitoring and controlling the quality of work within the discipline and ensuring each project manager has sufficient resources to run the project team. Regular formal management meetings are held to review progress, cost and quality and ensure all projects are fully resourced, on time and on budget.

Lycopodium provides a team of respected professionals in each of the disciplines required in a process, engineering and project delivery business.

Our Projects

Lycopodium, while Australian headquartered, operates both nationally and internationally. Through our subsidiaries, Lycopodium has undertaken over 5,000 projects, studies and consulting briefs in over 50 countries spanning Australia, Africa, Asia, North America and South America. Projects have ranged from small, prototype facilities to demonstrate new processes or technologies through to world class, greenfield and brownfield projects incorporating the largest equipment items in the world. Many projects have been delivered into remote locations with limited existing infrastructure and services.

Our Clients

Lycopodium services a wide range of organisations headquartered throughout the world including large international companies, mid tier and emerging companies, and junior and start up companies. The majority of our services are the result of long standing relationships with our clients, built over years of high quality services specific to their requirements. Lycopodium's highly customer focused approach and ability to deliver tailored, value adding solutions has been fundamental to our success.

Lycopodium focuses on achieving each client's aims as its primary objective and its success is demonstrated by the high level of client satisfaction and repeat business the company enjoys. Lycopodium continues to deliver innovative and fit for purpose outcomes, tailored to the needs of individual clients.

Our Goals

Lycopodium's aim is to be the best in its field through the delivery of techno-economic solutions which optimise a project's returns to each of our clients. We believe our success is intimately tied to the success of our clients' projects.

Lycopodium has a proven track record of meeting budgets and schedules and achieving project performance criteria on both large and small projects and in greenfield (new) and brownfield (existing operating plant) environments.

A successful process, engineering and project management consulting company doesn't stand still – it grows through consistency and reliability in project delivery, accepting new challenges and resetting goals, which for Lycopodium reflects in larger, more complex projects and work in new areas, be they technical or geographic.

Long Term View

Lycopodium continues to focus on the longer term horizon. Our growth has always been the product of delivering excellence to our clients on a consistent basis. In turn we are rewarded through repeat work, references to new clients and industry recognition for technical and project delivery excellence. This approach has enabled the business to expand through organic growth in alternative geographic locations and through strategic acquisition where clear added value to the business can be demonstrated.

Project Reviews

Project: Otjikoto Project

Location: Namibia

Client: B2Gold Namibia (Pty) Ltd

Sector: Minerals - Gold



On 10 March 2015 President and Chief Executive Officer of B2Gold Corporation (B2Gold), Clive T Johnson declared to the market: "B2Gold is pleased to announce the Company's new Otjikoto Gold Mine in Namibia achieved commercial production, ahead of schedule, on February 28, 2015. The ramp up of production continues well ahead of budget.

The open pit Otjikoto Gold Mine poured first gold on December 11, 2014, one week ahead of schedule. In January 2015, the Project continued its strong ramp up to commercial production ahead of schedule and produced 8,587 ounces against a budget of 8,267 ounces. Better than budgeted performance was attributed to additional mill availability (89.6% versus budget of 70%) and better than anticipated throughput (34% above budget). February 2015 also saw gold production ahead of budget (10,228 ounces produced versus 8,863 ounces budgeted)."

Lycopodium has been working with this project since January 2013, completing the EP (engineering / procurement) contract with a design scope for the process plant plus plant infrastructure (administration and mine services buildings, sewage, water and power distribution). Also, during the plant construction phase, Lycopodium provided on-site construction scheduling, technical support, site drafting support and engineering technical expertise for plant commissioning.

The process flowsheet encompasses primary crushing, milling, a gravity circuit which takes 100% of the process flow, pebble return circuit with provision for future crushing, leaching, CIP (carbon-in-pulp) and then a standard desorption and electrowinning circuit before smelting. Design layout also made provision for future leach and CIP circuit expansion to allow an increase in plant throughput to 3 Mtpa.

Expansion of the Otjikoto mill from 2.5 Mtpa to 3 Mtpa is now underway with the installation of the first additional leach tank during 1Q2015. Major additional work to be completed includes installation of a second leach tank, construction of a pebble crusher and associated piping and pumping components and it is anticipated that this work will be completed by 3Q2015. Lycopodium again completed the engineering design and procurement activities for the plant expansion scope, and continues to provide office based technical support for construction as work progresses.

B2Gold is a Vancouver based gold producer with four operating mines (two in Nicaragua, one in the Philippines and now the Otjikoto Mine in Namibia) and a portfolio of development and exploration assets in Nicaragua, Mali, Burkina Faso and Colombia.



Project Reviews (Continued)

Project: Nammuldi Below Water Table

Location: Western Australia

Client: Rio Tinto

Sector: Minerals - Iron Ore



Rio Tinto, a leading international business involved in each stage of metal and mineral production. In the Pilbara area of Western Australia, operations comprise 15 mines, four independent port terminals, a heavy freight railway and supporting infrastructure, including the Operations Centre in Perth some 1,500 km away.

Rio Tinto has a project called The Nammuldi Below Water Table (NBWT) that extends existing mining below the water table.

Lycopodium has been working on this project since 2007 when a number of scoping reports and reviews were undertaken.

A Preliminary Engineering Study (2009) and a Definitive Engineering Study (2011) were completed and in January 2012 Lycopodium, in joint venture with URS Australia, was awarded the EPCM contract for the implementation work for the stockyards and train load out and associated project infrastructure.

In the past year, engineering and procurement activities were finalised, and activities were then largely focused on completing the construction management and commissioning of various operational components.

In order to ensure the commissioning phase was managed effectively, an integrated commissioning team was utilised. The team comprised a number of stakeholders including several Rio Tinto business units, EPCM groups and construction contractors who all worked together to successfully deliver the overall Nammuldi project commissioning requirements.

In late 2015, the focus now shifts towards making the site fully operational including the finalisation of the remaining handover requirements of the plant facilities, and the completion of construction management of the project's non-process infrastructure.

Project: Red Area Complex

Location: Namibia

Client: Namdeb

Sector: Minerals - Diamonds



ADP was commissioned by Namdeb for the design and implementation of the Red Area Complex (RAC) project in Oranjemund, Namibia. The final objective of the facility was to produce an export diamond product from all of the Namdeb production sites, as well as final sorting and treatment of De Beers Marine Namibia concentrate product.

The RAC is the culmination of 10 years of effort between Namdeb and its partner ADP incorporating learnings from several earlier diamond recovery projects, resulting in a design that is both fit for purpose and world class with regard to diamond recovery plants.

The existing Recovery and Sorthouse located at #4 Plant within Mining Area 1, was built during the 1950's and despite several upgrades over the years, was no longer able to perform to specification.

A breakdown of the project objectives is as follows:

- Provide a Red Area Facility that is able to handle diamondiferous concentrates (recover, sort and despatch) from all of the Namdeb production areas for the projected life of mine.
- Conform to De Beers Group Diamond Value Management Criteria with regard to "Red Areas", with particular emphasis on diamond control guidelines and loss prevention. The overall recovery efficiency must be increased above historically achieved by Namdeb across the entire product size range for all sources.
- Provide a separate sorting area within the complex for the De Beers Marine final concentrate sorting and diamond preparation.
- Extend the land-based resource, by converting currently un-pay mining blocks into payable resource with the increase in recovered grade

ADP was the appointed EPCM contractor and mainly Namibian subcontractors were used to construct the facility.



Project: Emissions Reduction Project – Gidji UFG

Location: Western Australia

Client: Kalgoorlie Consolidated Gold Mines

Sector: Minerals - Gold



Kalgoorlie Consolidated Gold Mines (KCGM) operates the Fimiston Open Pit, Mt Charlotte Underground Mine and Fimiston and Gidji Processing Plants on behalf of Joint Venture Owners, Barrick and Newmont.

A large proportion of the gold ore is refractory, meaning sulphide minerals trap the gold making it difficult to extract by direct cyanidation and carbon adsorption processes. For this ore type, roasting – which produces off-gas emissions, is the most efficient and cost-effective method of recovering the gold.

KCGM initiated the \$98M Emissions Reduction Project (ERP) which has eliminated sulphur dioxide and significantly reduced mercury emissions from its Gidji and Fimiston Processing Plants. The project saw commissioning of a 30 tph Ultra Fine Grinding (UFG) Mill at Gidji to replace the roasting process and significant upgrades for the Carbon Kilns and in the Gold Room at Fimiston.

For the ERP, Lycopodium undertook a Pre-feasibility Study, Definitive Feasibility Study and Front End Engineering Design, whilst to develop the Gidji UFG, Lycopodium completed a Scoping Study, Pre-feasibility Study and Definitive Feasibility Study.

Lycopodium completed the detail design for the Gidji component of the ERP in December 2014. Additional works associated with the ERP included implementation of an upgrade of the Gidji to Fimiston water supply system.

KCGM opened the new UFG Mill in June 2015, completely replacing roasting and eliminating atmospheric emissions from the Gidji Processing Plant.

Project: Endex Reactor

Location: Victoria, Australia

Client: Calix Limited

Sector: Processing Industries



Calix Limited, a Sydney-based company, is focussed on the staged technical development and commercialisation of various calcining technologies.

Calcining is an industrial process that uses very high temperatures to change the physical and chemical properties of various solid materials, such as minerals, metals and ore.

Calix has developed and operates a commercial production facility at Bacchus Marsh in Victoria utilising their ground breaking Catalytic Flash Calcination (CFC) process. Instead of the traditional direct heating of minerals for calcination, the Calix process utilises an indirect heating process. This separates the calcination process from combustion gases, delivering benefits in terms of mineral properties and carbon emissions. The Bacchus Marsh plant already provides a range of high quality calcined minerals to the building and construction, agriculture, water and power industries.

As part of ongoing research and development, Calix has extended the CFC technology into its Endex (endothermic–exothermic) Reactor, with the intention to reduce carbon emissions during energy generation by extraction of carbon dioxide from fossil fuels prior to reduction, through capture and sequestration.

Applications for the Endex Reactor include CO₂ sequestration, gasification of lignite, coal gas to hydrogen and natural gas to hydrogen. Development work of a demonstration plant is being supported by grant funding from the Australian and British Governments.

Lycopodium has provided Front End Engineering Design (FEED) studies to Calix for both 2 MW and 10 MW Endex Reactor demonstration plants. Lycopodium has also continued to provide mechanical engineering support to the Bacchus Marsh facility to extend the operating envelope and throughput capacity of the CFC process.

Project Reviews (Continued)

Project: Carrapateena Hydromet Concentrate Upgrade
Location: South Australia
Client: Oz Minerals
Sector: Metallurgical and Comminution



Australian based miner OZ Minerals owns and operates the high quality Prominent Hill copper-gold mine and Carrapateena advanced copper-gold exploration project, both located in South Australia.

Purchased in 2011, Carrapateena is an iron-oxide copper-gold deposit located approximately 130 km north of the regional centre of Port Augusta. In August 2014, a Pre-feasibility Study was completed which confirmed that Carrapateena is a technically and financially viable project.

OMC has been involved with this project since the inception of the prefeasibility study in early 2013, and provided assistance with both the comminution front end design, through major crushing and grinding equipment sizings, as well as the hydrometallurgical concentrate treatment process following the copper flotation. Hydrometallurgical work has seen the successful completion of a pilot scale concentrate treatment plant, progressing into a larger scale demonstration plant targeted for completion in early 2016.

The concentrate treatment process leaches iron from the concentrate, decreasing its weight by 45% with no loss of copper. This reduces the concentrate mass to be transported representing a significant freight and smelter treatment charge cost reduction. The leaching of iron increases the copper content up to 60% and significantly reduces the impurity contents in the concentrate (particularly uranium), which potentially could open up additional markets for the concentrates as well as further de-risking the project.

The demonstration plant aims to prove the process and generate valuable engineering data for scale up. OMC has patented this novel process with a view that it could be used to treat similar copper concentrates in the Gawler Craton and across the globe.

Project: Modular Tailings Treatment Plant
Location: Botswana
Client: Debswana Diamond Company Ltd
Sector: Minerals - Diamonds

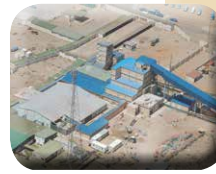


Debswana Diamond Company Ltd, known as Debswana, is located in Botswana and currently the world's leading producer of diamonds by value through four operating diamond mines in central Botswana.

ADP was commissioned in 2009 by Debswana for the design of a modular tailings treatment plant with a 2.4 Mtpa name plate for its Jwaneng mine.

The 37 million tonne tailings resource is exceptionally high grade largely because the plant was not initially designed to liberate all locked diamonds below the top size of 25 mm.

Concept, Feasibility and Value engineering studies were conducted by ADP from 2009 until 2011 upon which a contract for the detailed Engineering and Procurement was awarded to ADP. The Engineering and Procurement phases of the project were completed in Q3 2013 and were followed by the construction of the plant. Debswana elected to manage the construction and commissioning of the plant, while ADP provided technical support. The project was commissioned in Q4 2014 and is currently in its ramp up phase.



Project: Fimiston Goldroom Retort and Kiln Offgas Cleaning

Location: Western Australia

Client: Kalgoorlie Consolidated Gold Mines

Sector: Minerals - Gold



Project: Integrated Waste Treatment & Resource Recovery Facility

Location: Victoria, Australia

Client: RENEX Group

Sector: Process Industries



Kalgoorlie Consolidated Gold Mines (KCGM) operates the Fimiston Open Pit, Mt Charlotte Underground Mine and Fimiston and Gidji Processing Plants on behalf of Joint Venture Owners, Barrick and Newmont.

The Fimiston Processing Plant at KCGM processes ore from the Fimiston Open Pit and Mt Charlotte Underground Mine, and also recovers gold from loaded carbon from the Gidji Processing Plant. The Fimiston Plant consists of crushing, grinding, flotation, carbon in leach (CIL) and gold recovery circuits.

An objective of KCGM's \$98M Emissions Reduction Project (ERP) is to reduce gaseous mercury emissions from the Fimiston Plant. The project involves installation of a new retort oven in the Gold Room and an off-gas scrubber, regenerative thermal oxidiser and a Sulphur Impregnated Carbon (SIC) filter bed system on a new Carbon Regeneration Kiln, and a Mercury Storage Facility.

Originally, in January 2012, Lycopodium was engaged to perform the design of a 'takeout package' from the ERP consisting of the gold room retort and kiln off-gas cleaning works, including the addition of a third carbon regeneration kiln at Fimiston. In November 2013, the scope of work was extended to include the detail design, specification of equipment and vendor coordination.

Additionally, in October 2014, Lycopodium was engaged to assist with the preparation of documents for the formal approval of gas supply to the site. Detailed design works associated with this task including the specific gas code requirements with statutory approvals by the Office of Energy were completed in March 2015. Commissioning gas was formally approved for supply to the new plant in May 2015.

KCGM has installed all the associated equipment to complete the works and commissioning was completed in June 2015.

Soil contamination or soil pollution is caused by the presence of xenobiotic (human-made) chemicals or other alteration in the natural soil environment. It is typically caused by industrial activity, agricultural chemicals, or improper disposal of waste.

The concern over soil contamination stems primarily from health risks, from direct contact with the contaminated soil, vapours from the contaminants, and from secondary contamination of water supplies within and underlying the soil. Soil contamination also causes harmful consequences for ecosystems.

Victoria's first permanent facility for the thermal treatment of contaminated soils and other PIW's (prescribed industrial wastes) commenced receiving contaminated soil in November 2013. The plant, built and developed by Australian company RENEX, with the support of major investors including Cleantech Ventures, Macquarie Bank and OPTrust, will treat up to 70,000 t/y of contaminated soils and other PIW's, otherwise destined for landfill.

Located in Dandenong South, the plant will use a pyrolysis kiln, an advanced thermal treatment technology designed and proven in Germany, to thermally decompose organic contaminants in soils, including polyaromatic and petroleum hydrocarbons and organic pesticides. The plant is also capable of treating mercury impacted soils and wastes.

Pyrolysis is the chemical decomposition of organic materials by heating in the absence of oxygen or any other reagents. The design concept of the RENEX plant is to recover the energy from the contaminants in gaseous phase to provide fuel for the thermal oxidation unit.

Construction of the process plant was completed in November 2014 with cold and hot commissioning of the Pyrolysis Rotary Kiln Technology beginning December 2014. Proof of Process started in June 2015 after successful cold and hot testing. After EPA approvals and licensing are completed the plant will commence processing contaminated soils.

Lycopodium's role with this project was the Australianisation of the technology (technology from Germany, manufactured in multiple countries and then transported to site) and detailed design of the balance of the plant. Lycopodium's recent role included the management of the commissioning of the plant and assistance in completing the proof of process testing to allow EPA licensing to be obtained.

Project Reviews (Continued)

Project: Sendelingsdrif
Location: Namibia
Client: Namdeb
Sector: Minerals - Diamonds



ADP Marine and Modular were commissioned by Namdeb to determine and implement a complete economically viable and sustainable solution to mine the Sendelingsdrif alluvial deposit located in Namdeb's Orange River Mines Mining License Area (ML42) on the Namibian side of the Orange River.

The Sendelingsdrif area has a tourism-based land end use and as such the full design of the project was done with that end state in mind. A full Environmental Impact Assessment was conducted and included various specialist studies as identified by the team and Interested and Affected Parties (I&AP) during the stakeholder engagements.

The Sendelingsdrif project team (a partnership between ADP and the Namdeb Owners team) executed the detail design and construction of the Sendelingsdrif Treatment Plant (STP) and the associated infrastructure.

Seamless transition between the current Daberas operation and the Sendelingsdrif operation was seen as one of the biggest challenges of the project as the same mining equipment had to be utilised as was currently in operation at Daberas.

All on-mine infrastructure had to be provided to cater for all necessary support services, including water, power, earthmoving and treatment maintenance facilities, administration buildings, etc.

The Sendelingsdrif Treatment Plant was designed to treat 850 tph of head feed from seven separate alluvial mining zones.

The plant is divided into two distinct areas – a dry front-end comprising main tip with rotating barrel screen feeding dry primary and de-sanding screening sections. The de-sanded stockpiled material is then fed to a wet screening section where after it goes through a dense-medium separation plant and large stone recovery plant.

A feature of this plant was substantial re-use of re-furbished second hand plant from the client, which served to reduce the capital costs significantly.

The construction period spanned two summer periods where temperatures regularly exceeded 50 degrees centigrade. 750,000 million injury free manhours was a major achievement on this project.

Project: Maules Creek Rail Infrastructure Management
Location: New South Wales, Australia
Client: Whitehaven Coal Limited
Sector: Rail



From its headquarters in Sydney, Whitehaven Coal Limited (Whitehaven) manages the operations of mines at Werris Creek, Tarrawonga and Rocglen, the Narrabri North underground mine and the Maules Creek Project, all in New South Wales. The company also owns interests in various other exploration and potential development projects in Queensland and New South Wales.

Maules Creek is located in the heart of the Gunnedah Basin and is within close proximity of critical infrastructure. It is approximately 18 km north-east of Boggabri and only 16 km from the main railway line servicing the coal terminals at the Port of Newcastle, 360 km south-east of the Project. The Project is considered to be one of only a few remaining Tier 1 undeveloped coal assets in Australia and with 362 Mt of recoverable reserves, is one of the largest coal deposits in Australia.

The Maules Creek Rail project required the construction of 30 km of new railtrack servicing two coal load points, one being Whitehaven's Maules Creek coal mine, the other being Indemitsu's Boggabri Coal mine.

Construction work at Maules Creek started in January 2014 and within the year, in December 2014, Whitehaven announced that coal railings from Maules Creek had commenced. Marking the milestone, Paul Flynn, Whitehaven's Managing Director and CEO, said: "The railing of the first coal from Maules Creek is a significant achievement for Whitehaven Coal. Railing first coal less than a year from when construction started is a fantastic outcome and I congratulate all those involved in this very successful project."

Lycopodium contributed to two areas of the Project, the first being the design and construction verification of the new railway connection to the ARTC Hunter Valley Rail Network, the other being the provision of ongoing engineering services with regard to the routine Inspection and Assessment of the new private railway.

Work also included providing a 10 year asset management plan and maintenance budget plus a preventative maintenance service schedule for the rail assets.



Project: Hexham Train Support Facility

Location: New South Wales, Australia

Client: Aurizon

Sector: Rail



Each year, Aurizon, Australia's largest rail freight operator, transports more than 250 Mt of Australian commodities, connecting miners, primary producers, and industry with international and domestic markets. It provides customers with integrated freight and logistics solutions across an extensive national rail and road network, traversing Australia. The company also owns and operates one of the world's largest coal rail networks, linking more than 50 mines with three major ports in Queensland.

Construction is currently underway on the development of the A\$186 million Hexham Train Support Facility (TSF) to service Aurizon's growing Hunter Valley coal freight business and capacity pressures in the coal supply chain. Located in the Hunter Valley of NSW, a few kilometres from the Port of

Newcastle and the Kooragang and Carrington Coal Terminals, Aurizon is redeveloping approximately 38 hectares of zoned industrial land it owns into a TSF.

The TSF will provide for the operational management of Aurizon trains including statutory and routine maintenance inspections. It will enable Aurizon locomotives and wagons to be attached and detached; provisioned with fuel, water and other supplies and to be serviced or temporarily stored. Completion of construction is expected mid 2015.

Lycopodium has been appointed the Independent Project Verifier to the Project. The role of the independent verifier, an organisation that is free from project obligation, is to conduct investigation into the validity and preservation of contractual requirements and adherence with required standards and guidelines. Lycopodium was originally engaged by Aurizon to independently assess the design and construction to ensure the site will interface correctly with the Hunter Valley Coal Network. Typically, the scope of work in all phases of the Project includes:

- Design: Track and Civil Detail Design, Risk Management, Design Principles and Design Certificate.
- Construction: Specifications, QA plans, Construction Methodology, Design Changes, Due Diligence Inspections, Possession related completed QA, Possession Certificate/s.
- Closeout: Review As Builts, Final Site Inspection, Review an assessment of any non standard items, Treatment of any residual risks, Issue of Notice of Completion, Issue of Close Out Report.

In January 2015 Lycopodium was engaged by Aurizon to provide project management services in addition to Independent verification.



Project Reviews (Continued)

Project: 100 kW Skid Mounted Sodium Cyanide Plasma Reactor

Location: Tasmania, Australia

Client: Synergen Met Pty Ltd

Sector: Process Industries



Formed seven years ago, Synergen Met Pty Ltd (Synergen Met) is an Australian-owned and operated business made up of a team of scientific minds with more than 80 years of experience in the global mining industry.

After six years of development and testing, Synergen Met has produced a world-first, modular process plant that can manufacture sodium cyanide (NaCN) at a mine site. Located at a mine in Australia, the Synergen NaCN Plant is a 100 kW skid-mounted, stand-alone production unit, the size of a standard 40 ft shipping container and readily transportable.

Cyanide, one of the most critical, but hazardous, reagents used in the global mining industry has been used in gold production for more than 120 years, but its transport, storage and handling can pose significant risk to people and the environment, with the EU classifying it as 'very toxic'. The Synergen NaCN Plant has the potential to change not only the global cyanide production and supply industry, but the way toxic chemicals are manufactured and delivered to end use customers.

The new process differs from existing cyanide production by using nitrogen instead of ammonia as a source material. Nitrogen, the most abundant gas in the earth's atmosphere, can be extracted from the air for cyanide production using existing, off-the-shelf technology.

Lycopodium's involvement has been in the design development of, initially, a 10 kW plant, then a 100 kW plant, starting from pilot plant data provided by Synergen Met. There is also a larger plant under development. Using process simulation software, Lycopodium has developed the plant design to:

- simulate the mixture of gases exiting the plasma arc, from a mixture of feed gas, consisting of nitrogen and a hydrocarbon gas
- absorb the HCN gas formed in the plasma arc into sodium hydroxide solution, to form sodium cyanide
- filter out the carbon (soot), a by-product of the plasma reaction
- scrub out residual HCN gas from the gases released to the atmosphere.

Lycopodium also developed the piping and instrumentation diagrams to define the overall process as well as the necessary mechanical design of the individual equipment elements and associated electrical and process control systems, including 3D equipment and piping layouts. Data sheets and specifications to enable Synergen Met to procure all equipment were also delivered by Lycopodium.

In November 2014, the Australian team's production unit took out the top prize at the Institution of Chemical Engineers' Global Awards in the UK, by winning the 2014 Award for Outstanding Achievement in Chemical and Process Engineering as well as winning the Core Chemical Engineering category. The invention also won the 2014 Institution of Engineers Australia, Queensland Division, Engineering Excellence Award for Research and Development and Innovation.



Project: Santa Rosa
Location: Columbia
Client: Red Eagle Mining Corporation
Sector: Minerals - Gold



In a press release to the market dated 17 March 2015, Red Eagle Mining Corporation (Red Eagle) announced the appointment of Lycopodium as the EPCM contractor for Red Eagle's 100% owned San Ramon Gold Mine.

"We are very pleased to have engaged Lycopodium as EPCM contractor for the San Ramon Mine," comments Bob Bell, Chief Operating Officer. *"Lycopodium is very familiar with San Ramon, having worked on the Project from an early stage, including leading the Feasibility Study and engineering design work. We have been impressed with their innovative design concepts resulting in improved efficiencies and cost savings that have been reflected in the Feasibility Study and the ongoing detailed engineering."*

Red Eagle will commence development with the fully-permitted San Ramon deposit in the south eastern part of their Santa Rosa Gold Project which comprises a total area of approximately 33,000 hectares. The Project is located 73 km northeast of the Antioquia department capital Medellin in northern Colombia.

In October 2014 Lycopodium completed the Feasibility Study which outlined a 1,000 tpd underground mining operation producing an average annual production of 50,000 ounces over an eight year mine life. The Project comprises an underground decline accessing the San Ramon mine, processing plant and plant infrastructure. Processing incorporates single-stage crushing, SAG milling and flotation with concentrate re-grinding followed by conventional carbon-in-leach processing the combined float tails and reground concentrate to produce gold dore with 96% recoveries.

Award of the EPCM contract earlier this year ensures that Lycopodium will continue to fast track this project. With project financing and licensing now completed by Red Eagle, site construction is expected to commence in 3Q2015 with commercial production anticipated during 2016. Once constructed, San Ramon will be the largest modern gold mine in Colombia and the first gold mine operating under recently introduced environmental permitting legislation.

Since the completion of the Feasibility Study, Lycopodium has been advancing the engineering with most of the basic engineering deliverables being complete and released for detailed design. Major long lead items (SAG mill, Verti-mill and filter press) have been ordered, tender documents for all the other major contracts are being developed and most of the key procurement packages are in an advanced stage of completion. The Earthworks contract is near completion, and will soon commence in parallel with the collaring on the mine decline access.

The Lycopodium scope, is currently on budget and ahead of schedule, and is being executed primarily from the Toronto office with support coming from the Manila office and a local Colombian engineering group. The team will peak to approximately 40 people including a site based construction management team.

Project Reviews (Continued)

Project: Flynn Drive Stage 2

Location: Western Australia

Client: City of Wanneroo

Sector: Infrastructure



The City of Wanneroo is a local government area with city status in the rapidly developing northern suburbs of Perth, Western Australia.

In 2008, the City of Wanneroo initiated the 'Flynn Drive Realignment and Upgrade Project' as part of its commitment to upgrade major road networks within its region. The Project's master plan provides for the realignment and upgrade of Flynn Drive to a 4-lane dual carriageway. Flynn Drive, classed as a District Distributor (B) road, is a two lane single carriageway that intersects with Wanneroo Road, a Primary Distributor Road and a major throughway in the area. Land use abutting Flynn Drive is undeveloped bushland with access being provided to material quarries whilst the land use to the east is light industrial.

The City adopted a staged approach to the upgrade. Stage 1, completed in October 2014, involved approximately 800 m of new Flynn Drive road alignment from its new intersection with Wanneroo Road to the tie-in with existing Flynn Drive. It also included all roadworks on Wanneroo Road associated with the construction of the new Wanneroo Road / Flynn Drive intersection and minor roadworks on Flynn Drive / Tranquil Drive intersection.

In February 2014, Lycopodium was awarded the contract to provide contract administration and construction supervision services for the construction of the Flynn Drive Stage 1 Project.

Stage 2 called for approximately 1.4 km of new Flynn Drive road alignment from the tie-in with Stage 1 to the existing carriageway alignment east of the Flynn Drive / Tranquil Drive intersection.

In April 2014, Lycopodium was awarded the contract to provide engineering services for the design and documentation of Stage 2. Lycopodium's deliverables included detailed road design, stormwater drainage designs, street lighting design, modelling of existing service, and consultation with utility service providers.

Lycopodium completed this work in 4Q2014 with the commencement of construction awaiting the allocation of government funding.

Project: Port Botany Rail Line Upgrade

Location: New South Wales, Australia

Client: Australian Rail Track Corporation

Sector: Rail



The Australian Rail Track Corporation Ltd (ARTC) was created in 1997 after the Commonwealth and State Governments agreed to the formation of a 'one stop shop' for all operators seeking access to the national interstate rail network. ARTC plays a major role in the transport supply chain and in the overall economic development of Australia as its network is used to move a range of commodities including general freight, coal, iron ore, other bulk minerals and agricultural products. Its network is also important in providing access for interstate and inter-city passenger services.

ARTC has invested billions of dollars to build, extend and upgrade its network to improve safety, reliability and transit times, and to allow for the capacity that the Interstate market and Hunter Valley coal chain that is required.

Lycopodium's involvement with the Port Botany Rail Line Upgrade has been the detailed design of track and supporting formation and supporting structures associated with the proposed asset upgrades of the Metropolitan Freight Network. These upgrades involved track and civil construction and associated design to upgrade sections of the network to heavier rail, concrete sleepers, upgraded ballast condition, improved drainage and associated geotechnical and structure enhancement works.



Project: Kingsway Baseball / Softball Club Rooms
Location: Western Australia
Client: City of Wanneroo
Sector: Infrastructure



The City of Wanneroo is a rapidly expanding outer metropolitan local government on the northern fringe of the Perth metropolitan area, located approximately 12 km from the Perth CBD at its nearest point and 62 km at its furthest point.

The City is the fastest growing local government in Western Australia and the fifth fastest growing in Australia. The State Government's draft sub-regional planning framework has identified the City as a major supplier of land and employment expected to accommodate three-quarters of the population growth in the north-west sub-region.

In January 2014 the City awarded Lycopodium the contract for the detailed design, contract documentation, tender assistance and contract administration for the construction of clubrooms at the Kingsway Regional Sporting Complex, a major sporting area providing multipurpose sporting and recreation facilities. These clubrooms include change and toilet facilities, kitchen, canteen / servery, several store rooms, first aid room, umpires room, main hall and large covered spectators area.

The Project, currently under construction, is progressing ahead of schedule and on budget.

Project: Landsdale Subdivision
Location: Western Australia
Client: Urban WA Development Pty Ltd
Sector: Infrastructure



Landsdale is a northern suburb of Perth, Western Australia located within the local government area of the City of Wanneroo. In the late 1990s, Landsdale began to develop from market gardens and small rural lots into residential development. Today it is registered as mixed use, with residential, commercial and light manufacturing areas and identified as an area for strategic growth and market diversification.

Through its engagement by Urban WA Development Pty Ltd, Lycopodium has successfully entered the land development market sector with a contract to undertake the engineering design and construction supervision for the subdivision of Lot 9005 Landsdale into 51 Green Title Lots.

Lycopodium's scope includes the following:

- Geotechnical and utility services investigations.
- Civil designs and documentation for roads, earthworks, retaining walls and stormwater management.
- Utility service designs and documentation for water, sewer, power, street lighting, and communication services.
- Liaison with Water Corporation, Western Power, NBN Co, ATCO Gas and the Local Authority for design approvals.
- Tender documentation and tender assessments.
- Construction supervision and contract administration.
- WAPC clearances.

Lycopodium commenced the project in November 2014 with construction scheduled for completion in February 2016.

Financial Results

	Consolidated	
	2015	2014
	\$	\$
Revenue	122,811,322	154,765,985
Employee and contractors expense	(88,032,378)	(128,008,025)
Depreciation and amortisation expense	(1,753,905)	(2,340,068)
Other project expenses	(4,630,594)	(2,967,808)
Administration and management costs	(15,598,610)	(16,086,803)
Share of net profit of joint ventures	2,840,323	3,343,605
Equipment and materials	(16,875,139)	(872,001)
Other	(381,087)	(152,293)
(Loss) / Profit before income tax	(1,620,068)	7,682,592
Income tax benefit / (expense)	604,655	(3,973,206)
(Loss) / Profit for the year	(1,015,413)	3,709,386
Dividend (fully franked) (cents)		
Interim	1.5	5.0
Final	0	1.5
Total Dividend	1.5	6.5
Shares on issue	39,732,373	38,965,103
Share price as at 30 June (\$)	1.26	2.10
Earning per share (cents)	(2.3)	10.0
Price earnings ratio	(54.0)	21.0
Net tangible assets per share (cents)	136.9	143.8



Balance sheet

	Consolidated	
	2015	2014
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	32,440,938	33,302,348
Trade and other receivables	24,573,180	22,069,393
Inventories	255,211	-
Current tax receivables	4,561,762	3,908,711
Other current assets	1,708,221	1,990,291
Total current assets	63,539,312	61,270,743
Non current assets		
Property, plant and equipment	2,776,265	3,485,811
Investments	2,789,527	4,349,205
Other assets	739,041	875,653
Deferred tax assets	5,331,787	4,693,362
Intangible assets	8,858,308	6,861,301
Total non current assets	20,494,928	20,265,332
Total assets	84,034,240	81,536,075
LIABILITIES		
Current liabilities		
Trade and other payables	19,854,442	15,914,353
Borrowings	288,513	554,259
Current tax liabilities and provisions	89,725	848,020
Total current liabilities	20,232,680	17,316,632
Non current liabilities		
Borrowings	-	351,167
Provisions	568,634	988,923
Total non current liabilities	568,634	1,340,090
Total liabilities	20,801,314	18,656,722
Net assets	63,232,926	62,879,353
EQUITY		
Contributed equity	20,823,772	18,999,317
Reserves	754,422	911,737
Retained profits	38,718,003	42,390,395
Non-controlling interest	2,936,729	577,904
Total equity	63,232,926	62,879,353

Shareholder Information

The shareholder information set out below was applicable as at 18 September 2015.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Total Holders
1	-	1,000	421
1,001	-	5,000	547
5,001	-	10,000	164
10,001	-	100,000	167
100,000+			23
			1,322

There were 174 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed as:

Name	Number Held	Percentage of Units
1 Reesh Pty Ltd	9,104,637	22.91
2 HSBC Custody Nominees (Australia) Limited	7,345,577	18.49
3 Luala Pty Ltd	3,167,332	7.97
4 Caddy Fox Pty Ltd	2,612,332	6.58
5 Selso Pty Ltd	2,058,148	5.18
6 Accede Pty Ltd	1,942,332	4.89
7 JP Morgan Nominees Australia Limited	1,172,327	2.95
8 De Leo Nominees Pty Ltd	830,366	2.09
9 Citicorp Nominees Pty Ltd	802,796	2.02
10 Citicorp Nominees Pty Ltd (Colonial First State Inv A/C)	667,068	1.68
11 Mr David James Taylor	484,389	1.22
12 Lycopodium Share Plan Pty Ltd	385,000	0.97
13 Mr Peter De Leo & Mrs Tiana De Leo	333,405	0.84
14 Botech Pty Ltd	305,405	0.77
15 Kensington House Nominees	247,635	0.62
16 Dr Gregory O'Neil	195,174	0.49
17 Rubi Holdings Pty Ltd	175,000	0.44
18 Nancris Pty Ltd	175,000	0.44
19 Tobaka Pty Ltd	142,291	0.36
20 De Bruin Securities	135,000	0.34
Total	32,281,214	81.25

C. Substantial holders

Substantial holders in the company are set out below:

Name	Number Held	Percentage of Units
1 Reesh Pty Ltd	9,104,637	22.91
2 HSBC Custody Nominees (Australia) Limited	7,345,577	18.49
3 Luala Pty Ltd	3,167,332	7.97
4 Caddy Fox Pty Ltd	2,612,332	6.58
5 Selso Pty Ltd	2,058,148	5.18

Corporate Directory

Directors

Michael (Mick) John Caratti
Rodney (Rod) Lloyd Leonard
Lawrence (Laurie) William Marshall
Robert (Bob) Joseph Osmetti
Bruno Ruggiero
Peter De Leo

Company Secretary

Keith Bakker

Registered and Principal Office

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