

ASX RELEASE

LYCOPODIUM LIMITED SIGNS NON-BINDING INDICATIVE TERM SHEET TO ACQUIRE MAJORITY INTEREST IN AFRICAN ENGINEERING BUSINESS

24 January 2014

Lycopodium Limited has entered into a non-binding heads of agreement to acquire a majority interest in ADP Holdings (Pty) Limited, a South African based engineering business. Lycopodium is currently undertaking due diligence on the business and a decision to acquire will be taken prior to the end of the first half of 2014.

The target business has a strong track record in the African market and its expertise across a range of mineral commodities, coupled with its regional skills base, would be complimentary to Lycopodium. Lycopodium has entered into these discussions as the considerable synergies between the businesses would significantly enhance Lycopodium's commodity expertise and project capabilities within Africa and internationally.

The potential transaction would be funded from cash reserves and there would be no additional equity or debt required. Completion of the potential transaction will enhance Lycopodium's revenue in the longer term given the potential for growth of the African business and the broadened commodity expertise. However no material impacts are forecast for the current financial year.

It should be noted that the heads of agreement is non-binding and indicative only. There is no guarantee that a formal agreement in respect to the potential acquisition will be concluded.

The Company will provide an update in due course.

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