

ASX RELEASE

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ANNUAL GENERAL MEETING – GUIDANCE UPDATE

Lycopodium has been providing record level services into the market for the last couple of years, however in the last 6 months there has been a progressive change in market conditions. This guidance update is provided to shareholders in order to convey our view of the likely impact of that change.

For the current 2012/13 financial year we expect the results to be in line with the previous record year when turnover was \$232.2M (36% growth on 2010/2011) and NPAT was \$22.4M. The current guidance is based predominantly on committed work which has flowed through from the peak of market activity in 2011/2012. As per our normal practice, an updated forecast for this financial year will be issued as part of the release of our mid-year financial results.

As a Board, we normally limit financial guidance to the current financial year where we have reasonable visibility. However, with the changing market conditions, we believe there is a need to inform shareholders of our views for 2013/14. On the pessimistic side the recent deferral of projects by the major miners, the progressive completion of the iron ore expansion in the Pilbara and the challenging market conditions for junior miners has removed a base load of work in Perth and will, we believe, increase competition in the sector. Additionally three large projects are due for completion by Lycopodium in 2013. On the positive side concerted marketing efforts are ongoing, with a number of recent studies and minor projects awarded domestically and internationally. We are also seeing the emergence of opportunities in brownfield optimisation and expansion studies and would expect a number of these to progress into implementation over time.

Considering both the market movements and identified opportunities, on balance, the Lycopodium Limited Board advises that it is unlikely sufficient work will be secured in the timeframe required to maintain the record revenues of 2011/12 and 2012/13 through the financial year 2013/14. The Board is of the current view that there will be a modest pull back and is anticipating a turnover of \$180-200M for the 2013/2014 financial year. We will progressively provide greater clarity against this guidance through releases as part of our semi-annual results and forecasts. Nevertheless, as a Board, we are conveying the early trends we are seeing beyond the 2012/13 financial year for your information.

For further information:

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