Lycopodium

2020 Annual Financial Report

This Financial Report is the Consolidated Financial Report of the Company consisting of Lycopodium Limited and its subsidiaries. The Financial Report is presented in the Australian currency.

Lycopodium Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lycopodium Limited
Level 5, 1 Adelaide Terrace
East Perth
Western Australia 6004

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report, which is not part of this Financial Report.

The Financial Report was authorised for issue by the Directors on 25 August 2020.

Via our website, we have ensured that our corporate reporting is timely and complete. All announcements, Financial Reports and other information is available in the Investor Relations section of our website:

lycopodium.com

Contents

Directors' Report

The Directors present their report to the members, together with the Audited Consolidated Financial Statements of Lycopodium Limited (the 'Company') and its subsidiaries, for the financial year ended 30 June 2020 and the Statement of Financial Position of the Company as at 30 June 2020.

Directors

The following persons were Directors of Lycopodium Limited during the whole of the financial year and up to the date of this report:

Michael John Caratti
Peter De Leo
Rodney Lloyd Leonard
Robert Joseph Osmetti
Bruno Ruggiero
Peter Anthony Dawson
Lawrence William Marshall
Steven John Micheil Chadwick

Mr Peter Anthony Dawson resigned as an Executive Director on 28 July 2020

Principal Activities

The principal activities of the Company during the financial year consisted of the provision of engineering and project delivery services in the Resources, Infrastructure and Industrial Processes sectors. There were no significant changes in the nature of the Company's principal activities during the financial year.

Dividends

Dividends paid to members during the financial year were as follows:

	2020 $	2019 $
Final fully franked dividend for the year ended 30 June 2019 of 15.0 cents (2018: 18.0 cents) per fully paid share paid on 11 October 2019 (2018: 12 October 2018).	**5,959,856**	7,151,827
Interim fully franked dividend for the year ended 30 June 2020 of 15.0 cents (2019: 15.0 cents) per fully paid share paid on 7 April 2020 (2019: 12 April 2019)	**5,959,856**	5,959,856
	11,919,712	13,111,683

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a final fully franked dividend of $1,987,011 (5.0 cents per fully paid share) to be paid on 9 October 2020 (2019: $5,959,856). This brings the total dividend declared for the year ended 30 June 2020 to 20.0 cents (2019: 30.0 cents).

Review of Operations

Full Year Results

For the financial year ended 30 June 2020 (FY2020), Lycopodium generated revenue of $211.1 million and a net profit after tax of $11.8 million. The Directors have resolved to pay a final dividend of 5 cents per share, which is in line with the dividend policy. The total dividend for the year is 20 cents fully franked.

Activities for the Past Year

Operating within our core sectors of Resources, Infrastructure and Industrial Processes, we have continued to service a cross-section of clients with broad geographical reach across Australia, Africa, Asia, Europe, the Americas and Canada.

Within the Resources sector we are delivering projects via a range of contracting models, including further developing our engineering, procurement and construction management (EPCM) capability in the delivery of major gold projects in Africa. The market positioning of Mondium Pty Ltd, our incorporated joint venture with Monadelphous Limited, as a leading EPC contractor was further established during the year, with the award of a significant project from Rio Tinto.

Committed to a culture of continuous improvement in how we operate our business and service our clients, focus over the past 12 months has been on developing and implementing initiatives to support improved organisational connectedness, to facilitate greater collaboration across the Company, globally.

Review of Operations (continued)

This has included the development of a Corporate Shared Services model to standardise processes and operating platforms across the business for key functions, including Finance, HR, Travel, IT, Legal, Marketing and Communications, and Corporate Development.

We have also been firmly focused on our people, with the development and implementation of a People Strategy and People Plan, which provides the business with a strategic framework for attracting and retaining talent. This framework guides the management of our people across a number of areas, including leadership and succession planning, upskilling, global mobility and talent management, client-centred design and delivery, and knowledge management. Our ultimate goal is to foster a working environment that attracts, engages, inspires and retains a high-performing, global, professional workforce.

In the age of COVID-19, supporting and effectively communicating with our geographically dispersed workforce has been more important than ever. Our response to the crisis has been managed by a dedicated internal taskforce, with actions aligned with the advice provided by the various governments and authorities within the locations in which we operate globally. Throughout this extremely dynamic period, the health and wellbeing of our people, clients and partners, and the broader communities in which we operate, has remained our priority as we have worked together to maintain business continuity and a pipeline of future work.

Outlook

The measures implemented to contain the coronavirus pandemic are likely to continue to constrain global economic activity for an extended period. While we have been able to continue to safely manage and progress the delivery of our projects, the pandemic has significantly impacted the award and commencement of new opportunities coming to market, with projects around the world delayed or suspended.

With the uncertainty presented by COVID-19, our forward strategy is to stay focused on our established relationships to secure ongoing works with key clients. This includes supporting clients to progress through the various stages of project development, from initial scoping studies through to project delivery. Our philosophy of establishing long-term client partnerships, based on mutual trust and respect, will continue to serve us well in securing opportunities that do come to market during what is likely to be a highly constrained environment in FY2021.

In the resources sector, our proven experience and multidisciplinary capability across a range of commodities and geographies is advantageous. This diversity enables us to respond agilely to opportunities across a broad cross-section of the market. Particularly working to our experience and strengths, the current global economic outlook is driving up the price of gold, with gold generally seen as a safe investment in times of economic uncertainty, historically moving in the opposite direction of falling interest rates and the US dollar. Within the resources sector, we also see some opportunity in the domestic Australian market to support clients embarking on sustaining capital works projects, given the prospect of new developments potentially being delayed for some time. Additionally, as clients focus on streamlining their operations to curtail costs, we will leverage our asset management capability, pursuing opportunities to establish recurring revenue streams for the business.

Working within our core service offering, we have rationalised our target markets in the infrastructure sector, focusing on the provision of rail infrastructure management, non-process infrastructure and infrastructure related asset management. Again, much of this work is acquired on the basis of having established long-term partnerships with a core client base. This is particularly pertinent in difficult economic times, when clients turn to delivery partners they know and can trust to provide them with a quality, value-for-money service.

Review of Operations (continued)

In the industrial processes sector, we will continue to provide our specialist expertise in emerging markets, such as cannabinoids, light metals and water purification. Our ability to support renewable energy and sustainability related projects, focused on energy efficiency and clean energy generation, ensures we are well positioned to capitalise on opportunities as businesses seek to operate smarter and leaner in response to current economic pressures.

Operational Highlights

Throughout the year, our focus remained steadfastly on the ongoing delivery of our projects. Despite the growing impact of COVID-19 as events unfolded during the first half of 2020, the progress of our projects in delivery was generally unaffected, as we adjusted our approach to manage the potential implications of the pandemic on our operations.

Resources

During FY2020 we successfully completed two significant EPCM projects in Burkina Faso, being the Sanbrado Gold Mine for West African Resources and Teranga Gold Corporation's Wahgnion Gold Mine, both of which were completed safely, ahead of schedule and within budget.

Delivery of the Yaouré Gold Mine for Perseus Mining is ongoing in Côte d'Ivoire, with our scope on this significant project including the process design, detailed engineering and drafting for the process plant and associated facilities. Completion of the design and procurement scope and commencement of construction work on site was achieved ahead of schedule and within budget as at June 2020. We would especially like to acknowledge our Yaouré team members, who in the early days of COVID-19 were faced with the decision to stay on site or return to their home base, and chose to stay and keep delivering the project for our client. This commitment has ensured Yaouré remains on track to achieve the contracted schedule.

Having established a long-term partnership in the delivery of projects for B2Gold over recent years, including at its Fekola, El Limon, Masbate and Otjikoto sites, in 2019 we completed the engineering design for the process plant expansion at the Fekola Mine in Mali, to further increase capacity throughput to 7.5 Mtpa. B2Gold subsequently awarded Lycopodium the contract to provide the engineering and procurement (EP) services for the infrastructure expansion of the Mine Services Area, with this scope completed during FY2020.

With ongoing work on projects for Newmont Ghana Gold Limited since 2003, including the study and project execution stages for the Ahafo Gold Mine and the Akyem Gold Mine, both located in Ghana, we were again engaged by Newmont to undertake the Ahafo North Project Stage 3 study (equivalent to Definitive Feasibility Study), related to the process plant, tailings storage facility (except design) and site infrastructure for this greenfield development. The scope included the advancement of engineering design to prepare for the procurement of long lead items and to enable the award of early contracts to support Stage 4 (execution).

During the second half of FY2020, Mondium, Lycopodium's incorporated joint venture with Monadelphous, commenced its EPC scope on Rio Tinto's Western Turner Syncline Phase 2 iron ore project in the Pilbara region of Western Australia. Engineering and procurement services are well advanced and the team has mobilised to site, with delivery ongoing into FY2021. Mondium also completed the engineering and procurement services scope and is well advanced with earthworks and concrete works of its EPC contract for Talison Lithium's Tailings Retreatment Project in Western Australia.

Review of Operations (continued)

Fekola Gold Mine, Mali

Throughout the year we completed, within schedule and budget, numerous Definitive Feasibility Studies (DFS) across a spectrum of commodities including gold, copper, lead, zinc, silver, lithium graphite, mineral sands and sulphate of potash.

Successful completion of these studies has led to the award of further scope on a number of the projects which will support our project pipeline moving into FY2021. This includes the award of the front end engineering and design (FEED) scope for the Lake Wells Sulphate of Potash Project in Western Australia and the FEED to support long lead procurement and early works site packages for the Motheo Copper Project Processing Plant in Botswana.

Further extending our reach in the Americas, we are continuing to support Equinox Gold in the expansion of the Los Filos Gold Mine in Mexico, with the completion of a Feasibility Study (FS) for the optimised design, subsequent to our delivery of an earlier FS.

Completing the Feasibility Study for the Boto Gold Project in Senegal with client IAMGOLD in October 2018, Lycopodium commenced work on a study update in May 2019 looking at further optimisation of the mine's plant and infrastructure, and we were subsequently awarded the first phase of the EP contract on the project.

Infrastructure

Our work in the Infrastructure sector is focused on maximising opportunities across our core services, including the provision of rail infrastructure management, non-process infrastructure and infrastructure related asset management.

Rail infrastructure management services provided during the year included condition surveys and design services for the Australian Rail Track Corporation (ARTC) and the Country Regional Network (CRN), and rail inspection services for various clients including Pacific National, BHPB and Southern Ports Authority.

Review of Operations (continued)

Yaouré Gold Mine, Côte d'Ivoire

We are playing a pivotal role on the Armadale Road to North Lake Road Bridge Project, currently under construction in the Perth metropolitan area, providing resources to oversee the stakeholder engagement, land acquisition, approvals, procurement, detailed design and construction of this significant project. Construction began in late 2019 and is due for completion in late 2021.

Utilising our infrastructure asset management expertise, we were engaged by the Cape Preston Port Company, operators of the port stockyard and marine section of CITIC Pacific Mining's magnetite mining operation, the largest magnetite operation in Australia, to optimise the maintenance for a number of critical assets at the port facilities located in the Pilbara region of Western Australia.

Industrial Processes

Our Industrial Processes business continues to leverage its expertise in the provision of projects and engineering services in the areas of specialty chemicals, pharmaceutical and heat/mass transfer.

In December, we completed our scope on the Geo40 Silica Extraction Plant in New Zealand, for the design and commissioning of a new facility for the extraction of silica from geothermal fluids. During the year, we also provided services on the Kawasaki Heavy Industries' Hydrogen Energy Supply Chain (HESC) project, a world-first pilot project to safely and efficiently convert locally-produced, clean hydrogen for international transport.

Continuing to focus on emerging opportunities in renewable energy and sustainability related projects, we provided independent expert advice on energy efficiency and clean energy generation opportunities for the Victorian Government's Agriculture Energy Investment Plan (AEIP). Engaged for more than two years on this project, we provided specialist advice and input across the more complex areas of the study, including equipment and controls upgrades, renewable energy, waste to energy, energy recovery and process optimisation.

Review of Operations (continued)

Left: Tailings Retreatment Project, Western Australia

Above: Sanbrado Gold Mine, Burkina Faso

During the year, we were also approached by ZECO Energy, seeking our engineering expertise in the development of a new portable, industrial light tower design. The photovoltaic (PV) solar-powered light trailer, known as the Solar Owl, operates with a reduced carbon footprint by utilising battery storage instead of the traditional hydrocarbon powered generator.

Innovation

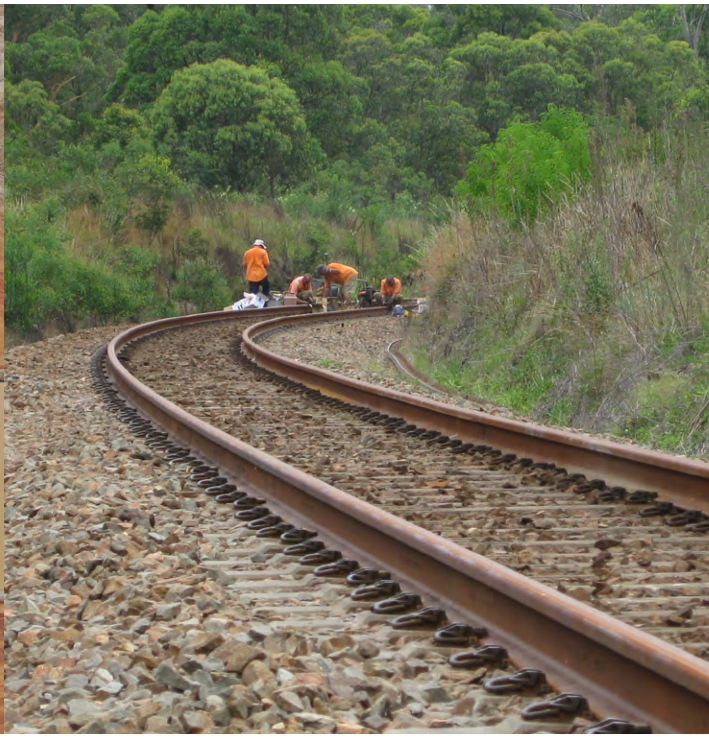
As leaders in our field, we are always seeking new and better ways of doing things, continually improving our services and embracing innovation to provide our clients with industry-leading solutions. Over the past 12 months, we have progressed a number of innovation initiatives and business improvement opportunities.

Digital Twin

We have accelerated our digital transformation strategy during the past year, with the development of a significant initiative being undertaken by ADP Marine & Modular (ADP), our specialist subsidiary in Cape Town. ADP is supporting a Tier 1 client for both brownfield optimisation work as well as greenfield plant design, using advanced digital technology and engineering for process simulation and control. We are working collaboratively with the client to develop a connected digital twin using dynamic simulation software. Additionally specialist applications (apps) have been generated which are tailored to specific minerals of interest.

The connected digital twin approach is intended to facilitate efficient remote operation of the plant. It involves engineering the plant as a static digital twin (a digital replica of the asset). The use of augmented reality and virtual reality technology facilitates the static digital twin as the primary interface for operations as well as plant maintenance, linked to the connected digital twin running in the background.

Review of Operations (continued)



Rail infrastructure management services

It will enable operator training via a simulator (similar to the aviation industry) and thereafter be connected into the live operational data via the client's Internet of Things global platform. Artificial intelligence software is used on live operational data to optimise the predictive capability of the simulator, which is able to run predictive models many times faster than real-time. The simulator is dynamically linked to the mine plans and utilises geometallurgical data to predict and optimise plant performance and blending. This enables the client to maximise return on capital over the life of the mine, taking market considerations into account when optimising mine plans based on high fidelity plant constraint modelling.

This software technology acquired during the past year, combined with the specialist in-house skills developed in its use, will provide Lycopodium with the added benefit of facilitating far more extensive and cost-effective options analysis and scenario planning during the project study phases. This initiative will therefore provide many of our clients with a vast array of project whole-of-life benefits that will lead to better designs and more efficient operations in the future.

The software technology provider is partnering with both ADP and the client along this exciting and ground-breaking journey and we are looking forward to sharing with our clients the significant benefits this advanced technology will bring to the industry in the future.

Orway IQ

Orway IQ Pty Ltd (OIQ), a collaboration between Process IQ Pty Ltd and Orway Mineral Consultants (OMC) Pty Ltd (a wholly-owned subsidiary of Lycopodium Limited), was incorporated in February 2019. The Company was formed to provide remote optimisation consulting services to the minerals processing industry, initially focused on comminution circuits. It leverages OMC's expertise in comminution circuit design, modelling and optimisation and Process IQ's expertise in the IIoT (Industrial Internet of Things), cloud-based computing, process control, automation and instrumentation.

Review of Operations (continued)

Orway IQ utilises a product called MillROC (Mill Remote Optimisation and Consulting), which was jointly developed by the two parent companies. MillROC is an online platform providing customised dashboards, specialist metallurgical consulting and advanced process control consulting, delivered in real-time. OIQ received a METS Ignited development grant to commercialise the product. METS Ignited is an industry-led, government funded initiative working with industry to improve the global competitiveness and productivity of the Australian Mining Equipment, Technology and Services (METS) sector.

Over the past 12 months OIQ has been providing services on three foundation projects implementing the MillROC platform. These initial projects have met all technical goals, with client feedback indicating use of the product has resulted in increased productivity, improved staff skill levels, and renewed focus on continual improvement. Based on the success of these foundation projects, MillROC is now being implemented across ten projects (as at August 2020), with three of these new projects coming from two of the foundation clients, demonstrating confidence in the benefits the service provides.

Patents

Over the past 12 to 18 months, we have lodged a number of patents that relate to various aspects of our design work in the area of minerals processing. The establishment of these patents is important, as they protect our intellectual property and ensure we maintain our competitive advantage in the market for the innovative solutions we deliver for our clients. The various innovations developed provide tangible benefits across the fundamental project metrics of cost and schedule, from both an operations and maintenance perspective.

Business Improvement

This past year, we have implemented a technical assurance and continuous improvement initiative within the Company to formalise and document the systems, processes and procedures that we use, with the aim of increasing efficiency and facilitating work and knowledge sharing between our offices across the world.

This consistency and alignment in approach enables Lycopodium to have a truly global, mobile workforce that can work, physically or virtually, across any of our projects, regardless of where they are located. With this flexibility, we can fully leverage the specialist expertise of our people to ensure they are working to add the most value across our entire portfolio of projects.

HSE and Community

Given the scale of projects in delivery during FY2020, across disparate and often challenging locations, our exemplary safety performance is a credit to our people and reflective of their commitment to achieving a safe working environment.

During FY2020 there were 2.5 million manhours worked across Lycopodium managed projects, with a zero Lost Time Injury Frequency Rate (LTIFR) against a 7.5 Australian construction industry average.

From a community perspective, we are committed to positively contributing to the communities in which we live and work.

Undoubtedly, the most pressing issue of FY2020 has been the onset of COVID-19 and the devastating health and economic impact this has had around the world. Wanting to contribute in some way in the fight against the virus, we have designed an electrically operated ventilator, known as LycoVent, for use as an emergency backup in the event of a shortage resulting from the pandemic. The portable unit, which is independent of piped oxygen supply, delivers breaths

Review of Operations (continued)

by compressing an O_2 reservoir bag with a pivoting cam arm, eliminating the need for a human operator. It is based on a concept developed by MIT in 2010 and was developed locally in Perth, Western Australia, in collaboration with ECG Engineering (which is partly owned by Lycopodium) and our long-term industry partner, Alloytech. We are in the process of applying to the Therapeutic Goods Administration (TGA) under the COVID-19 Emergency Exemption for possible use in Australia. We also intend to seek the appropriate listing to allow it to be used to support the communities where Lycopodium operates in Africa, including Ghana or Burkina Faso.

Recognising the impact of the pandemic on the lives of everyday Australians, we also provided financial contributions to the Salvation Army and St Vincent de Paul Society, with both organisations launching campaigns specifically to support people in need during these difficult past few months.

We have continued to provide community support at a grass-roots level, focused on education. This includes our long-term partnership with the Clontarf Foundation, whose remit is to improve the education, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander men. Furthering our commitment to local indigenous engagement, we now also support the Murlpirrmarra Connection, a not-for-profit organisation that delivers programs to support Aboriginal youth in the remote communities of Wiluna, Leonora and surrounding regions in Western Australia throughout their years in secondary school, ensuring these young men and women are prepared for the transition beyond school, into tertiary studies, training and employment. In Africa, we continue to support BASICS International, an NGO based in Ghana, which is committed to protecting the basic human rights of children to education, shelter, food and safety, through the implementation of comprehensive, holistic and systematic poverty intervention programs targeting both in-school and out-of-school children.

Throughout the year, the Company also supported various charitable initiatives championed by our staff.

In terms of industry engagement, Lycopodium's support of the Australia-Africa Minerals & Energy Group (AAMEG), the peak body representing Australian companies engaged in the development of Africa's resource industry, is ongoing.

Acknowledgement

There is no doubt the past year has been challenging, with the onset of the pandemic in early 2020 significantly impacting how we live and work.

We sincerely thank our people for their continued focus, commitment and resilience in maintaining the level of professionalism and quality of service our clients know they can expect from us.

To our clients, thank you for your enduring confidence in Lycopodium to partner with you in the delivery of your projects and studies.

At this time, more than ever, the relationships we have established with our people, our clients and our communities are critical – we are all in this together, and together we will succeed.

Review of Operations (continued)

A summary of consolidated revenues and results for the year by significant reporting segments is set out below:

	Segment revenues		Segment results	
	2020 $	2019 $	**2020 $**	2019 $
Minerals – Asia Pacific	**144,757,210**	81,606,278	**19,890,050**	21,951,933
Minerals – North America	**27,417,590**	26,492,806	**(1,256,590)**	1,368,624
Minerals – Africa	**30,232,067**	31,712,530	**(1,642,603)**	371,783
Project services – Africa	**6,371,702**	6,451,670	**3,612,893**	2,101,063
Process Industries	**5,361,958**	5,800,985	**237,766**	158,922
Other	**27,737,493**	23,756,745	**607,601**	(777,625)
Intersegment eliminations	**(31,270,530)**	(22,490,221)	**-**	-
Unallocated	**526,820**	702,616	**(2,998,978)**	(1,630,948)
Total	**211,134,310**	154,033,409	**18,450,139**	23,543,752
Income tax expense			**(6,773,513)**	(7,144,537)
Profit for the year			**11,676,626**	16,399,215
Less: Loss/(profit) attributable to non-controlling interest			**127,327**	108,163
Profit attributable to owners of Lycopodium Ltd			**11,803,953**	16,507,378

Matters Subsequent to the End of the Financial Year

Since year end the Directors have recommended the payment of a final dividend on ordinary shares in respect of the 2020 financial year. The total amount of dividend is $1,987,011 which represents a fully franked dividend of 5.0 cents per fully paid ordinary share.

With the exception of the above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Company will continue to provide engineering and project delivery services in the Resources, Infrastructure and Industrial Processes sectors as detailed above.

Refer to the Review of Operations section within the Directors' Report for information regarding the likely developments and expected results.

Environmental Regulation

The Company's operations are not subject to significant environmental regulation under a law of the Commonwealth or of a State or Territory in respect of its consulting activities.

Information on Directors

Michael John Caratti BE (Elec) (Hons)

Non-Executive Chairman

Experience and expertise	Former Managing Director of Lycopodium Minerals Pty Ltd, Mr Caratti has over 40 years' experience in the mineral processing industry and has had a major role in the development of the Company's risk management and quality control programs. Mr Caratti is a Director of Orway Minerals Consultants (WA) Pty Ltd.
Length of service	25 October 2001 to present
Other current directorships	None
Former directorships in last three years	None
Special responsibilities	Chairman of the Board Chairman of the Corporate Governance Committee Member of the Remuneration Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 9,104,637

Peter De Leo BE (Civ), CPEng, FIEAust

Managing Director

Experience and expertise	Mr De Leo has over 30 years' experience in the construction and engineering fields. Mr De Leo is the Managing Director of Lycopodium Limited and was previously the Managing Director of Lycopodium Minerals Pty Ltd.
Length of service	01 February 2007 to present
Other current directorships	Non-Executive Director of Mondium Pty Ltd Director of Australia-Africa Minerals and Energy Group Limited
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee Member of the Audit Committee Member of the Risk Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 963,771

Information on Directors (continued)

Rodney Lloyd Leonard BE (Hons), MSc, MAusIMM

Non-Executive Director

Experience and expertise	Mr Leonard has in excess of 30 years' experience in the mineral processing industry and was the Managing Director of Lycopodium Minerals Pty Ltd until 30 June 2019 and is a Non-Executive Director of ADP Holdings (Pty) Limited and Lycopodium Minerals Canada Ltd.
Length of service	25 October 2001 to present
Other current directorships	Non-Executive Director of West African Resources Limited
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee Member of the Audit Committee Chairman of the Risk Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 1,154,215

Robert Osmetti BE (Civ), MIEAust, CPEng

Non-Executive Director

Experience and expertise	Mr Osmetti has over 38 years' experience in the project management and construction of minerals, oil refining and manufacturing projects. Mr Osmetti is a Non-Executive Director of Lycopodium Minerals Canada Ltd, Lycopodium Infrastructure Pty Ltd and was previously the Managing Director of Mondium Pty Ltd.
Length of service	25 October 2001 to present
Other current directorships	Non-Executive Director of Quantum Graphite Limited Non-Executive Director of Mondium Pty Ltd
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 308,148

Information on Directors (continued)

Bruno Ruggiero BE (Mech), Grad Dip Min Sc, Grad Cert Eng Tech, MIEAust

Executive Director

Experience and expertise	Mr Ruggiero has over 30 years' experience in the minerals industry. He currently serves as the Group Technical Director for Lycopodium Limited having overarching responsibility for the Company's technical knowledge base, capabilities and direction. Mr Ruggiero is a Director of Lycopodium Minerals Pty Ltd.
Length of service	25 October 2001 to present
Other current directorships	Non-Executive Director of ECG Engineering Pty Ltd Non-Executive Director of Quantum Graphite Limited
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee Member of the Risk Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 3,167,332

Peter Anthony Dawson BSc (Hons)

Executive Director

Experience and expertise	Mr Dawson has over 30 years' experience in the resources sector, initially in operations and subsequently in corporate roles, including as an Executive Director of listed public companies and as a Partner in the Corporate Finance division of KPMG. Mr Dawson is a Director of Lycopodium Process Industries, Lycopodium Infrastructure Pty Ltd and ADP Holdings (Pty) Limited.
Length of service	18 September 2017 to 28 July 2020
Other current directorships	RISC Advisory Pty Ltd Murlpirrmarra Connection Limited
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee
Interests in shares and options	None

Information on Directors (continued)

Lawrence William Marshall B.Bus (Acc), CPA

Non-Executive, Independent Director

Experience and expertise	Mr Marshall, in his role as the former Managing Director of Lycopodium Limited and with over 40 years' experience, has played a major role in the development of the Company's information, accounting, management and risk management systems.
Length of service	25 October 2001 to present
Other current directorships	None
Former directorships in last three years	None
Special responsibilities	Chairman of the Audit Committee Member of the Corporate Governance Committee Chairman of the Remuneration Committee Member of the Risk Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 992,332

Steven Chadwick BASc (Metallurgy), MAusIMM

Non-Executive, Independent Director

Experience and expertise	Mr Chadwick has over 40 years' experience in the mining industry, incorporating technical, operating and management roles, as well as a strong metallurgical background. Mr Chadwick is now a metallurgical consultant specialising in project management with a range of local and international clients. He was a founding Director of BC Iron and a former Managing Director of Coventry Resources, PacMin Mining and Northern Gold.
Length of service	11 January 2016 – to present
Other current directorships	Non-Executive Director of Quantum Graphite Limited Non-Executive Director of Liontown Resources Limited
Former directorships in last three years	None
Special responsibilities	Member of the Corporate Governance Committee Member of the Remuneration Committee
Interests in shares and options	Ordinary shares of Lycopodium Limited – 10,000

Information on Directors (continued)

Company Secretary

Ms Justine Campbell B.Bus (Acc and Fin), Chartered Accountant

Ms Campbell is the Chief Financial Officer of Lycopodium Limited and was appointed to the position of Company Secretary on 30 September 2019. She has a strong track-record of finance leadership and transformation in ASX-listed companies.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2020, and the numbers of meetings attended by each Director were:

		Board Committees		
	Board	Audit	Remuneration	Risk
Number of Meetings Held	12	2	1	1
	Number of Meetings Attended			
Michael Caratti	12	*	1	*
Peter De Leo	12	2	1**	1
Rodney Leonard	12	2	*	1
Robert Osmetti	12	*	*	*
Bruno Ruggiero	10***	*	*	1
Peter Dawson	12	*	*	*
Lawrence Marshall	11	1	1	1
Steven Chadwick	12	*	1	*

* Not a member of the Committee.

** By invitation.

*** Absent from meetings due to business-related travel.

Remuneration Report – Audited

The Directors present the Lycopodium Limited 2020 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

Directors and Key Management Personnel Disclosed in this Report

Name	Position
Michael Caratti	Chairman, Non-Executive Director
Peter De Leo	Managing Director
Rodney Leonard	Non-Executive Director
Robert Osmetti	Non-Executive Director
Bruno Ruggiero	Executive Director
Peter Dawson	Executive Director (resigned on 28 July 2020)
Lawrence Marshall	Non-Executive, Independent Director
Steven Chadwick	Non-Executive, Independent Director
Keith Bakker	Company Secretary, Chief Financial Officer (resigned on 30 September 2019)
Justine Campbell	Company Secretary, Chief Financial Officer (appointed on 30 September 2019)

Role of the Remuneration Committee

The Remuneration Committee is primarily responsible for making recommendations on:

- Remuneration levels of Executive Directors and other key management personnel,
- The over-arching Executive Remuneration Framework and operation of any incentive plan, and
- Key Performance Indicators and performance hurdles for the executive team.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Director Remuneration Policy

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board to ensure that they are appropriate and in-line with the market.

Non-Executive Directors are also paid an hourly rate for ad hoc services, as required.

Directors' Fees

The current base fees were last reviewed with effect from 1 July 2019. The fees are inclusive of committee fees. Details on Directors fees are disclosed under service agreements on page 22.

Remuneration Report – Audited (continued)

Executive Remuneration Policy and Framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent,
- Aligned to the Company's strategic and business objectives and the creation of shareholder value,
- Transparent, and
- Acceptable to shareholders.

The Executive Remuneration Framework has three components:

- Fixed annual remuneration, including superannuation,
- Service bonus, and
- Equity.

Fixed annual remuneration is structured as a total employment cost package which is delivered as a combination of salary and prescribed non-financial benefits partly at the executive's discretion. Fixed annual remuneration is reviewed at a minimum annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

A service or senior management bonus may be provided to certain senior salaried employees payable annually, at the discretion of the Company.

Voting and Comments Made at the Company's Annual General Meeting

The Remuneration Report for the 2019 financial year was unanimously approved by shareholders during the AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Company Performance

The profit after income tax expense and basic earnings per share for the Company for the last five years is as follows:

	2020	2019	2018 (^)	2017	2016
Revenue ($)	211,134,310	154,033,409	194,531,157	216,616,442	124,460,218
Profit before income tax ($)	18,450,139	23,543,752	25,755,489	14,307,620	5,215,629
Income tax expense ($)	6,773,513	7,144,537	7,096,593	3,934,091	1,889,219
Profit after income tax ($)	11,676,626	16,399,215	18,658,896	10,373,529	3,326,410
Basic EPS (cents)	29.7	41.5	46.6	25.9	8.0
Basic EPS growth, year on year (%)	(28.4%)	(10.9%)	79.9%	223.8%	447.8%
Fully franked dividends per share (cents)	20.0	30.0	30.0	18.0	5.5
Change in share price * ($)	-0.08	0.19	1.50	1.05	0.84
Return on equity (%)	14.85%	20.66%	25.12%	15.53%	5.22%

* calculated as the difference between the closing share price at the start and end of the respective financial years.

^ adjustment on adoption of AASB 9.

Remuneration Report – Audited (continued)

Details of Remuneration

The following table shows details of the remuneration expense recognised for the Company's key management personnel for the current and previous financial year, measured in accordance with the requirements of the accounting standards.

2020	Short-term employee benefits			Post-employment benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Rights	Total	Perfor-mance related
	$	$	$	$	$	$	%
Non-Executive Directors							
Michael Caratti	71,233	-	12,631	6,767	-	90,631	-
Lawrence Marshall	110,715	-	12,631	25,000	-	148,346	-
Steven Chadwick	78,000	-	-	-	-	78,000	-
Rodney Leonard*	106,850	35,388	12,631	13,513	18,264	186,646	9.8
Robert Osmetti	69,758	31,583	3,158	25,000	-	129,499	-
Executive Directors							
Peter De Leo	588,600	42,917	12,631	25,000	20,228	689,376	2.9
Bruno Ruggiero	480,054	34,583	12,631	24,999	16,300	568,567	2.9
Peter Dawson	477,710	34,583	12,631	21,003	16,300	562,227	2.9
Other Key Management Personnel							
Justine Campbell**	373,390	-	7,158	18,521	-	399,069	-
Keith Bakker***	62,583	32,083	-	25,000	-	119,666	-
Total key management personnel compensation	**2,418,893**	**211,137**	**86,102**	**184,803**	**71,092**	**2,972,027**	**2.4**

* Payment includes prior year entitlements.

** Represents remuneration from 9 September 2019 to 30 June 2020.

*** Represents remuneration from 1 July 2019 to 30 September 2019.

Remuneration Report – Audited (continued)

2019	Short-term employee benefits			Post-employment benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Rights	Total	Performance related
	$	$	$	$	$	$	%
Non-Executive Directors							
Michael Caratti	68,493	-	12,301	6,507	-	87,301	-
Lawrence Marshall	100,363	-	12,301	25,000	-	137,664	-
Steven Chadwick	71,250	-	-	-	-	71,250	-
Executive Directors							
Peter De Leo	565,000	31,000	12,301	25,000	-	633,301	-
Rodney Leonard	515,000	26,000	12,301	25,000	-	578,301	-
Robert Osmetti	465,000	26,000	12,301	25,000	-	528,301	-
Bruno Ruggiero	460,619	-	12,301	25,000	-	497,920	-
Peter Dawson	469,469	20,373	12,301	20,531	-	522,674	-
Other Key Management Personnel							
Keith Bakker	352,500	15,000	-	25,000	-	392,500	-
Total key management personnel compensation	**3,067,694**	**118,373**	**86,107**	**177,038**	**-**	**3,449,212**	**-**

No element of the above remuneration is conditional upon meeting key performance indicators.

Remuneration Report – Audited (continued)

Service Agreements

Remuneration and other terms of employment for the Directors and key management personnel are formalised in employment contracts. Each contract deals with fixed annual remuneration. Other major provisions of the agreements relating to remuneration are set out below.

All employment contracts with Directors and executives may be terminated by either party with one month's notice. None of the Directors or executives are provided with termination benefits.

Name	Term of agreement	Fixed Remuneration including superannuation*
Michael Caratti *Chairman and Non-Executive Director*	No fixed term	Directors' fee of $78,000 p.a.
Rodney Leonard *Non-Executive Director*	No fixed term	Fixed hourly rate of $224.79 Directors' fee of $78,000 p.a.
Robert Osmetti *Non-Executive Director*	No fixed term	Fixed hourly rate of $224.79 Directors' fee of $78,000 p.a.
Lawrence Marshall *Non-Executive Director*	No fixed term	Fixed hourly rate of $224.79 Directors' fee of $78,000 p.a.
Steven Chadwick *Non-Executive Director*	No fixed term	Directors' fee of $78,000 p.a.
Peter De Leo *Managing Director*	No fixed term	$613,600 p.a.
Bruno Ruggiero *Executive Director*	No fixed term	$431,600 p.a. Directors' fee of $78,000 p.a.
Peter Dawson *Executive Director (resigned on 28 July 2020)*	No fixed term	$431,600 p.a. Directors' fee of $78,000 p.a.
Justine Campbell *Company Secretary and Chief Financial Officer (appointed on 30 September 2019)*	No fixed term	$480,000 p.a.

* Fixed remuneration payable from 1 July 2019 and reviewed annually by the Remuneration Committee.

Share-Based Compensation

Incentive Performance Rights Plan

Performance rights were granted to certain Executive Directors as approved at the Annual General Meeting on 21 November 2019. The rights were designed to give incentive to the Executive Directors to provide dedicated and ongoing commitment and effort to the Company and aligning the interest of both employees and shareholders.

Further information on rights over ordinary shares on issue is set out in note 36 to the financial statements.

Senior Manager Share Acquisition Plan

Interest free loans were provided to eligible senior managers to acquire shares in Lycopodium Limited under the Senior Manager Share Acquisition Plan. The plan was designed to provide

Remuneration Report – Audited (continued)

alignment of the senior managers with the shareholders of the Company by assisting the senior managers to acquire shares in Lycopodium Limited under the plan. None of the Directors of Lycopodium Limited are eligible to participate in this plan. Further information on the plan is set out in note 1 (s) and (v) to the financial statements.

Equity Instrument Disclosures Relating to Key Management Personnel

The table below shows the number of:

(i) Rights Holdings

The numbers of rights in the Company held during the financial year by Directors of Lycopodium Limited and other key management personnel of the Company, including their personally related parties, over ordinary shares in the Company are set out below.

2020	Balance at start of the year	Granted as compen-sation (*)	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Lycopodium Limited							
Peter De Leo	-	26,265	-	-	26,265	-	26,265
Rodney Leonard	-	23,715	-	-	23,715	-	23,715
Bruno Ruggiero	-	21,165	-	-	21,165	-	21,165
Peter Dawson	-	21,165	-	-	21,165	-	21,165

*Granted under the Incentive Performance Rights Plan. Refer to note 36.

(ii) Share Holdings

The numbers of shares in the Company held during the financial year by Directors of Lycopodium Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2020	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Lycopodium Limited				
Ordinary Shares				
Michael Caratti	9,104,367	-	-	9,104,367
Peter De Leo	1,163,771	-	(200,000)	963,771
Rodney Leonard	2,154,215	-	(1,000,000)	1,154,215
Robert Osmetti	308,148	-	-	308,148
Bruno Ruggiero	3,167,332	-	-	3,167,332
Lawrence Marshall	1,272,332	-	(280,000)	992,332
Steven Chadwick	-	-	10,000	10,000

Remuneration Report – Audited (continued)

Loans to Key Management Personnel

Details of loans made to Directors of Lycopodium Limited and other key management personnel of the Company, including their personally related parties, are set out below.

(i) Aggregates for Key Management Personnel

	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at end of the year $	Number in Company at the end of the year
2020	**27,107**	**-**	**-**	**-**	**-**
2019	35,357	-	-	27,107	1

Loans outstanding at the end of the prior year include a loan to a key management personnel under the senior manager share acquisition plan.

All other loans to key management personnel are short-term advances in nature and are insignificant.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

End of Remuneration Report.

Shares Under Performance Rights

Unissued ordinary shares of Lycopodium Limited at the date of this report are as follows:

Date performance rights issued	Expiry date	Issue price of shares	Number
1 July 2019	30 June 2024	$-	50,000
28 November 2019	26 November 2024	$-	184,820

Insurance of Officers

During the financial year, Lycopodium Limited took out insurance cover for the Directors, secretaries and senior officers of the Company and its controlled entities.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Directors have not included specific details of the premium paid as such disclosure is prohibited under the terms of the contract.

Indemnity of Auditors

Lycopodium Limited has agreed to indemnify their auditors, RSM Australia Partners, to the extent permitted by law, against any claim by a third party arising from Lycopodium Limited's breach of their agreement. The indemnity stipulates that Lycopodium Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are Former Partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Peter De Leo

Peter De Leo
Managing Director
Perth
25 August 2020

Auditor's Independence Declaration

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Lycopodium Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 August 2020

JAMES KOMNINOS
Partner


Outotec
Outotec

Corporate Governance Statement

The Board of Directors of Lycopodium Limited is responsible for the overall corporate governance of the Company and its subsidiary companies (Group). The Board governs all matters relating to the strategic direction, policies, practices, management and operations of the Group with the aim of protecting the interests of shareholders and other stakeholders, including employees, clients and suppliers, and creating value for them.

The Board has implemented the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council to the extent considered appropriate for the size and nature of the Company's current operations.

The Company has adopted a Corporate Governance Framework which provides the written terms of reference for the Company's corporate governance duties. The Company has in place charters, policies and procedures which support the framework to ensure a high standard of governance is maintained. Lycopodium's Corporate Governance Statement, Board and Sub-Committee charters and the Company's governance policies, are published on the Company's website:

lycopodium.com/investor-relations/corporate-governance

Wahgnion Gold Mine,
Burkina Faso

Financial Report

Notes to the Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	**2020 $**	2019 $
Revenue from contracts with customers		**206,655,815**	151,141,564
Interest income		**1,521,139**	1,809,966
Other income		**2,957,356**	1,081,879
Total income	5(a)	**211,134,310**	154,033,409
Employee benefits expense		**(66,963,814)**	(66,674,748)
Depreciation and amortisation expense	6	**(8,031,347)**	(1,452,682)
Project expenses		**(4,964,224)**	(5,488,508)
Equipment and materials		**(71,057,575)**	(18,418,452)
Contractors		**(31,302,499)**	(32,128,652)
Occupancy expense		**(1,227,254)**	(8,111,165)
Other expenses		**(12,114,932)**	(12,164,121)
Warranty provision reversal/(expenses)	19	**681,875**	13,361,009
Finance costs		**(614,144)**	(72,270)
Share of net profit of associates and joint ventures accounted for using the equity method		**2,909,743**	659,932
Profit before income tax		**18,450,139**	23,543,752
Income tax expense	7	**(6,773,513)**	(7,144,537)
Profit for the year		**11,676,626**	16,399,215
Profit attributable to:			
Owners of Lycopodium Limited		**11,803,953**	16,507,378
Non-controlling interests		**(127,327)**	(108,163)
Profit for the year		**11,676,626**	16,399,215
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		**(1,459,227)**	327,699
Total comprehensive income for the year		**10,217,399**	16,726,914
Other comprehensive income for the year is attributable to:			
Owners of Lycopodium Limited		**10,344,726**	16,835,077
Non-controlling interests		**(127,327)**	(108,163)
Total comprehensive income for the year		**10,217,399**	16,726,914
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	35(a)	**29.7**	41.5
Diluted earnings per share	35(b)	**29.6**	41.5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	**2020 $**	2019 $
Assets			
Current assets			
Cash and cash equivalents	8	**102,888,489**	60,451,048
Trade and other receivables	9	**26,916,009**	34,394,839
Contract and other assets	5(b)	**-**	1,497,467
Inventories		**1,105,323**	884,337
Current tax receivables		**868,107**	1,783,966
Other current assets	10	**2,515,188**	3,835,651
Total current assets		**134,293,116**	102,847,308
Non-current assets			
Investments in listed equities	11(a)	**886,377**	801,945
Property, plant and equipment	14	**3,193,156**	3,768,452
Right-of-use assets	15	**3,000,988**	-
Intangible assets	17	**6,838,730**	6,737,447
Other receivables	12	**145,092**	241,252
Deferred tax assets	16	**3,761,661**	4,062,995
Investments accounted for using the equity method	13	**3,530,923**	1,392,465
Total non-current assets		**21,356,927**	17,004,556
Total assets		**155,650,043**	119,851,864

Continued over page.

Consolidated Statement of Financial Position (continued)

	Notes	**2020 $**	2019 $
Liabilities			
Current liabilities			
Trade and other payables	18	**23,211,501**	21,938,776
Contract and other liabilities	5(b)	**47,657,403**	13,793,241
Borrowings	11(c)	**304,157**	419,344
Lease liabilities	11(a)	**1,564,378**	-
Derivative financial liabilities	11(b)	**-**	163,044
Current tax liabilities		**833,745**	494,412
Provisions	19	**2,318,125**	3,000,000
Total current liabilities		**75,889,309**	39,808,817
Non-current liabilities			
Borrowings	11(c)	**164,255**	296,216
Provisions	21	**128,135**	328,931
Lease liabilities	11(a)	**1,625,723**	-
Total non-current liabilities		**1,918,113**	625,147
Total liabilities		**77,807,422**	40,433,964
Net assets		**77,842,621**	79,417,900
Equity			
Contributed equity	22	**20,823,772**	20,823,772
Reserves	23	**(1,846,849)**	(602,928)
Retained earnings	24	**59,520,395**	59,636,154
Parent entity interest		**78,497,318**	79,856,998
Non-controlling interests	25	**(654,697)**	(439,098)
Total equity		**77,842,621**	79,417,900

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

		Attributable to members of Lycopodium Limited						
	Notes	Share capital $	Retained earnings $	Foreign currency translation reserve $	Available for sale investment revaluation reserve $	Performance rights reserve $	Non-controlling interests $	Total equity $
Balance at 1 July 2018		20,823,772	56,480,343	(930,627)	-	-	2,976,920	79,350,408
Profit for the year		-	16,507,378	-	-	-	(108,163)	16,399,215
Other comprehensive income / (expense)		-	-	327,699	-	-	-	327,699
Total comprehensive income for the year		**-**	**16,507,378**	**327,699**	**-**	**-**	**(108,163)**	**16,726,914**
Transactions with owners in their capacity as owners:								
Non-controlling interests on acquisition of subsidiary	31	-	(239,884)	-	-	-	(3,122,048)	(3,361,932)
Foreign currency translation with non-controlling interest		-	-	-	-	-	(185,807)	(185,807)
Dividends provided for or paid	26	-	(13,111,683)	-	-	-	-	(13,111,683)
		-	(13,351,567)	-	-	-	(3,307,855)	(16,659,422)
Balance at 30 June 2019		**20,823,772**	**59,636,154**	**(602,928)**	**-**	**-**	**(439,098)**	**79,417,900**
Balance at 1 July 2019		20,823,772	59,636,154	(602,928)	-	-	(439,098)	79,417,900
Profit for the year		-	11,803,953	-	-	-	(127,327)	11,676,626
Other comprehensive income / (expense)		-	-	(1,459,227)	-	-	-	(1,459,227)
Total comprehensive income for the year		**-**	**11,803,953**	**(1,459,227)**	**-**	**-**	**(127,327)**	**10,217,399**
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest		-	-	-	-	-	(88,272)	(88,272)
Dividends provided for or paid	26	-	(11,919,712)	-	-	-	-	(11,919,712)
Performance rights – value of rights		-	-	-	-	215,306	-	215,306
		-	(11,919,712)	-	-	215,306	(88,272)	(11,792,678)
Balance at 30 June 2020		**20,823,772**	**59,520,395**	**(2,062,155)**	**-**	**215,306**	**(654,697)**	**77,842,621**

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	**2020 $**	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**256,143,954**	158,276,427
Payments to suppliers and employees (inclusive of GST)		**(190,286,692)**	(146,585,727)
		65,857,262	11,690,700
Interest received		**1,558,400**	1,809,179
Income taxes paid		**(5,226,638)**	(12,381,019)
Net cash inflow from operating activities	34	**62,189,024**	1,118,860
Cash flows from investing activities			
Dividends received from joint ventures and associate		**771,289**	2,035,157
Payments for acquisition of non-controlling interests	31	**-**	(3,361,932)
Payments for property, plant and equipment	14	**(472,259)**	(1,605,111)
Proceeds from sale of property, plant and equipment		**-**	1,064
Payments for intangible assets	17	**(394,963)**	(144,819)
Proceeds from investments in listed equities		**-**	970,838
Net cash outflow from investing activities		**(95,933)**	(2,104,803)
Cash flows from financing activities			
Proceeds from borrowings		**2,150,280**	461,841
Repayments of borrowings		**(2,019,329)**	(691,959)
Proceeds from repayment of loans under the senior manager share acquisition plan		**96,161**	91,104
Repayments of hire purchase and lease liabilities		**(582,210)**	(544,955)
Loans repaid/(advanced) to joint ventures and associates		**820,000**	400,000
Rebates from leasehold improvement allowance		**-**	171,865
Reduction of lease liabilities		**(6,741,614)**	-
Dividends paid to company's shareholders		**(11,919,711)**	(13,111,682)
Net cash outflow from financing activities		**(18,196,423)**	(13,223,786)
Net decrease in cash and cash equivalents		**43,896,668**	(14,209,729)
Cash and cash equivalents at the beginning of the financial year		**60,451,048**	74,287,788
Effects of exchange rate changes on cash and cash equivalents		**(1,459,227)**	372,989
Cash and cash equivalents at the end of financial year	8	**102,888,489**	60,451,048

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

30 June 2020

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of this Consolidated Financial Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial Report comprises the financial statements for the Company consisting of Lycopodium Limited and its subsidiaries.

(a) Basis of Preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lycopodium Limited is a for-profit entity for the purpose of preparing the Financial Report. The Consolidated Financial Report of the Lycopodium Limited group complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(i) New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the Statement of Cash Flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Impact of Adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

1 July 2019	$
Operating lease commitments as at 1 July 2019 (AASB 117)	**14,664,613**
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.5% (AASB 16)	**(898,103)**
Items not included in calculation of Right-of-use assets	**(1,371,986)**
Right-of-use assets as at 1 July 2019 (AASB 16)	**12,394,524**
Lease liabilities – current as at 1 July 2019 (AASB 16)	**(6,856,991)**
Lease liabilities – non-current as at 1 July 2019 (AASB 16)	**(5,537,533)**
	(12,394,524)

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(ii) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the financial assets/liabilities at fair value through profit and loss.

(iii) Critical Accounting Estimates

The preparation of Financial Report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Report, are disclosed in note 3.

(b) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between companies in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position, respectively.

(ii) Employee Share Trust

The Company has formed a trust to administer the Company's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Company.

(iii) Joint Arrangements

Under AASB 11 *Joint Arrangement* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than legal structure of the joint arrangement. Lycopodium Limited has joint venture arrangements.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

Joint Ventures

Interest in joint ventures are accounted for using the equity method (see (v) below), after initially being recognised at cost in the Consolidated Statement of Financial Position.

(iv) Associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (v) below), after initially being recognised at cost.

(v) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributed to owners of Lycopodium Limited.

(vi) Changes in Ownership Interests

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Revenue and Other Income Recognition

Revenue From Contracts with Customers

The Company recognises revenue on an "over time" basis. This applies to the two services of which the Company provides:

- Engineering and Related Services
- Construction Contracts

To determine whether to recognise revenue, the Company follows a five-step process:

(1) Identifying the contract with a customer
(2) Identifying the performance obligations
(3) Determining the transaction price
(4) Allocating the transaction price to the performance obligations
(5) Recognising revenue when/as performance obligation(s) are satisfied

For work being performed in the completion of contracts with fixed prices, the customer controls the assets as it is created or enhanced. Progress towards completion of the contract is measured according to the proportion of contract costs incurred for work performed to date relative to the estimate total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where recognised revenues exceed progress billings, the surplus is shown in Contract Assets. For contracts where progress billings exceed recognised revenues, the surplus is shown as Contract Liabilities.

Certain customer contracts are manhours and expense based. In these circumstances, revenue is recognised over time as the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the entity's performance completed at the time of billing. The Company therefore recognises revenue in the amount to which the Company has the right to invoice.

Interest and Other Income

Interest Revenue is recognised on an accrual basis.

Dividend Income is recognised when the dividend is declared.

Rental Income is recognised on a straight line basis over the term of the operating lease.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(e) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Financial Report of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Report are presented in Australian dollars, which is Lycopodium Limited's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Consolidated Entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, associated exchange differences are recognised in the profit and loss, as part of the gain or loss on sale where applicable.

(f) Income Tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(f) Income Tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Report. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lycopodium Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 1 July 2013. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the Consolidated Financial Report.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(g) Business Combinations (continued)

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Companys of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(i) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (expected credit loss on trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(j) Trade Receivables(continued)

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit and loss within 'administration and management costs'. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against 'administration and management costs' in the profit and loss.

(k) Inventories

Contract Work in Progress

Contract work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amount is presented under contract liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Company's contract activities in general.

(l) Non-Derivative Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(l) Non-Derivative Financial Assets (continued)

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collecting contractual cash flows and through sale on specified dates. A gain or loss on a debt investment that is subsequently measured at FVOCI is recognised in other comprehensive income. None are currently held by the Company.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit or Loss within other gains/(losses) in the period in which it arises. None are currently held by the Company.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised either in other income or in other expenses in the Statement of Profit or Loss.

(iii) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(m) Non-Derivative Financial Liabilities

Interest Bearing Liabilities

All loans and borrowings are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Profit or Loss over the period of the borrowings on an effective interest basis.

Trade and Other Payables

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms in the Company's countries of operation.

(n) Derivative Financial Instruments

Derivative financial instruments are stated at fair value, with changes in fair value recognised in the Statement of Profit or Loss. Where derivative financial instruments qualify for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other expenses.

When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve in equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve in equity. The change in the forward element of the contract that relates to the hedged item is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(n) Derivative Financial Instruments (continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- The gain or loss relating to the effective portion of forward and option contracts are ultimately recognised in profit or loss as the hedged item affects profit or loss within expenses.
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost'.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss. Hedge ineffectiveness is recognised in profit or loss within other expenses.

Accounting policies for remaining hedges and derivatives are consistent with the comparative period.

(o) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line or diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	3 - 10 years
Vehicles	5 - 7 years
Furniture, fittings and equipment	3 - 8 years
Leasehold improvements	3 - 6 years
Leased plant and equipment	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(p) Intangible Assets

(i) Goodwill

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Software

Intangible assets also comprise capitalised computer software. Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the computer software over their estimated useful lives, being three years.

(q) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the year of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months after the end of the period in which the employees render the related services

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(s) Employee Benefits (continued)

are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) Other Long-Term Employee Benefits Obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement Benefit Obligations

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-Based Payments

Share-based compensation benefits are provided to certain Executive Directors and other designated employees via the Performance Rights Plans. Information relating to this scheme is set out in note.

The fair value of rights granted under the Performance Rights Plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(v) Senior Manager Share Acquisition Plan

The senior manager share acquisition plan was approved at the Company's Annual General Meeting on 24 November 2009. The aim of the plan was to allow the Board to assist managers, who in the Board's opinion have demonstrated the qualities and dedication to become the next generation of senior managers, to take up a significant shareholding so as to ensure their commitment and the future of the Company.

Eligible Senior Managers include both full-time Senior Managers and Executive Directors of the Company or such other persons as the Board determines.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(s) Employee Benefits (continued)

A broad outline of the plan is summarised below:

- The Company will loan funds to participating Senior Managers to purchase Lycopodium Limited shares via the Lycopodium Share Plan Trust.
- The loan will be a limited recourse loan provided the Senior Manager stays with the Company for greater than three years.
- The loan will be interest free if the Senior Manager remains employed by the Company for greater than three years.
- In the event that the Senior Manager leaves within three years, interest will be charged equal to the market rate of interest that would have accrued on the loan from the date of advance of the funds to the repayment date.
- During the term of the loan, dividends will be offset against the outstanding loan balance.
- The shares are allocated to the Senior Managers at a one cent discount to the volume weighted average of the prices at which the shares of Lycopodium Limited were traded on the ASX during the one week period up to and including the date of allocation.

The Company has the following as the result of this transaction:

Share Based Payment

The difference between the value of the shares purchased and the value of the shares allocated to the senior managers represents the cost to the Company for providing the loan to the employees. This amount is expensed in the profit and loss.

Embedded Derivative

The senior manager loan receivable is a loan with an embedded derivative with the senior manager having an option to put back the share to the Company in full settlement of the loan after the three year period. As the embedded derivative is closely related to the senior manager loan, the financial instrument is measured at fair value through profit or loss.

(t) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(v) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

(v) Earnings Per Share (continued)

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) New Accounting Standards Not Yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(y) Parent Entity Financial Information

The financial information for the parent entity, Lycopodium Limited, disclosed in note 37 has been prepared on the same basis as the Consolidated Financial Report, except as set out below.

(i) Investments in Subsidiaries, Associates and Joint Venture Entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the Financial Report of Lycopodium Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share Based Payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Company is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the Financial Statements (continued)

2 Financial Risk Management

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified above.

(a) Market Risk

(i) Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD) and Philippine Peso (PHP). Exchange rate exposures are managed with approved policy parameters utilising forward exchange contracts.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency.

Exposure

The Company's exposure to foreign currency risk at the reporting period, expressed in Australian dollar, was as follows:

	30 June 2020		30 June 2019	
	USD $	**PHP $**	USD $	PHP $
Cash and cash equivalents	**12,938,281**	**208,365**	2,334,396	226,805
Trade and other receivables	**-**	**42,682**	-	34,215
Other current assets	**-**	**651,264**	-	702,821
Trade and other payables	**(5,900,520)**	**(399,089)**	(1,474,879)	(345,568)
Net exposure	**7,037,761**	**503,222**	859,517	618,273

Group Sensitivity

Based on the financial instruments held at 30 June 2020, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Company's post-tax profit and equity for the year would have been $703,766 higher/$703,776 lower (2019: $85,952 higher/$85,952 lower), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2020 than 2019 because of the higher amount of US dollar denominated cash and cash equivalents.

Notes to the Financial Statements (continued)

2 Financial Risk Management (continued)

(a) Market Risk (continued)

Based on the financial instruments held at 30 June 2020, had the Australian dollar weakened/strengthened by 10% against the Philippine Peso with all other variables held constant, the Company's post-tax profit and equity for the year would have been $50,322 higher/$50,322 lower (2018: $61,827 higher/$61,827 lower), mainly as a result of foreign exchange gains/losses on translation of Philippine Peso denominated financial instruments as detailed in the above table. Profit is less sensitive to movements in the Australian dollar/Philippine Peso exchange rates in 2020 than 2019 mainly because of the lower amount of Philippine Peso denominated cash and cash equivalents.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

(ii) Price Risk

The Company exposure to equity securities price risk with the exposure, however, being minimal. Equity securities price risk arises from investments in equity securities. The equity investments are publicly traded on the Australian Securities Exchange (ASX). The price risk for the listed securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed. The Company does not have a risk management policy surrounding price risk in place as the Board considers the risk minimal.

(iii) Interest Rate Risk

The Company is exposed to interest rate risk arising mainly from borrowings and cash balances held. The risk is considered minimal as the Company's borrowings are minimal. The Company does not enter into any specific swaps or hedges to cover any interest rate volatility and does not have a risk management policy surrounding cash flow and interest rate risk as the Board considers these risks to be minimal.

Company Sensitivity

At 30 June 2020, if interest rates had changed by -/+50 basis points from the year end rates with all other variables held constant, post-tax profit and equity for the year would have been $359,734 lower/higher (2019: -/+50 basis points: $211,402 lower/higher), as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other current assets. The Company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Other receivables comprises of the loan under the senior management share acquisition plan. The Company is not exposed to credit risk as the loan is secured under the terms of the loan (note 1(s)).

Notes to the Financial Statements (continued)

2 Financial Risk Management (continued)

(b) Credit Risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 $	2019 $
Cash and cash equivalents	**102,888,489**	60,451,048
Trade and other receivables	**26,916,009**	34,394,839
Deposits held with banks (note 10)	**686,193**	775,879
	130,490,691	95,621,766

Cash and Cash Equivalents

The credit risk on cash and cash equivalents is limited because the Company's primary bank is rated AA- by an international credit-rating agency.

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables. All receivables at balance date that are neither past due nor impaired comply with the Company's policy on credit quality.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimised.

There are no significant concentrations of credit risk within the Company. The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of customers that operate predominantly in the mining and extractive industry sector including the major players in the industry and the junior/emerging players. There are multiple contracts with our significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations.

Deposits Held With Banks

The credit risk on deposits held with banks are limited as they comprise deposits held with banks with high credit ratings assigned by international credit-rating agencies.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Financial Statements (continued)

2 Financial Risk Management (continued)

(c) Liquidity Risk (continued)

Financing Arrangements

The Company had access to the following undrawn borrowing facilities at the reporting date:

	2020 $	2019 $
Leasing facility	**1,500,000**	1,853,000
Standby credit facility	**10,561,351**	10,893,195
Insurance bonds	**31,362,785**	16,862,785
	43,424,136	29,608,980

Maturities of Financial Liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Consolidated At 30 June 2020	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount liabilities $**
Non-derivatives						
Trade payables	12,503,674	-	-	-	12,503,674	12,503,674
Insurance premium funding	169,307	-	-	-	169,307	169,307
Finance leases	140,993	71,280	101,224	-	313,497	299,105
Lease liabilities	1,766,801	945,241	790,282	-	3,502,324	3,190,102
Total	**14,580,775**	**1,016,521**	**891,506**	**-**	**16,488,802**	**16,162,188**

Consolidated At 30 June 2019	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount liabilities $**
Non-derivatives						
Trade payables	11,183,336	-	-	-	11,183,336	11,183,336
Finance leases	823,240	69,693	-	-	892,933	715,560
Total	**12,006,576**	**69,693**	**-**	**-**	**12,076,269**	**11,898,896**

In assessing and managing liquidity risks of its derivative financial instruments the Company considers both contractual inflows and outflows. The contractual cash flows of the Company's derivative financial assets and liabilities are all current (within 12 months).

Derivative financial instruments reflect forward exchange contracts (see note 11(b)) that will be settled on a gross basis.

Notes to the Financial Statements (continued)

3 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment Testing of Goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 17 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Service and Equipment Warranties

In accordance with the accounting policy stated in note 1(s), the Company has recognised warranty provisions at the end of the financial year in respect of potential claims for rectification work on some of its EPC contracts. Refer to note 19 in relation to the service warranty provisions provided at period end. The amounts provided takes into account the percentage completion of the project, forecast to complete costs plus any close-out obligations and potential contractual liabilities during the warranty period.

(iii) Fixed-Price Contracts

The Company uses cost inputs to estimate its revenue from fixed-sum contracts. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variations work that will affect the stage of completion and the contract revenue respectively. In making these estimates, the Company has relied on past experience and best available information.

(iv) Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the Financial Statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Financial Statements (continued)

4 Segment Information

(a) Description of Segments

The Board considers the business from both a product and geographic perspective and has identified four operating segments of which three (2019: three) are reportable in accordance with the requirements of AASB 8.

The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multinational producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil, building works, control systems, services and infrastructure to small skid-mounted pilot plants.

The Process Industries segment consists of engineering and related services provided to the manufacturing and renewable energy facilities throughout Australia and South East Asia.

The Project Services – Africa segment consists of project management. construction management and commissioning services provided to the extractive mining industry in Africa.

All other operating segments are not reportable operating segments, as they fall under the quantitative thresholds of AASB 8. The results of these operations are included in the 'Other' column.

The remaining operating segments that are not reportable consists of:

Infrastructure
Asset management, engineering, architectural and project delivery services to a wide range of private and public clients across Australia.

Metallurgical
Metallurgical consulting providing a range of services to the mineral processing community, primarily in the field of comminution, hydrometallurgy and mineral processing design.

Project Services Asia
Provision of drafting services to offshore Lycopodium entities.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Notes to the Financial Statements (continued)

4 Segment Information (continued)

(b) Segment Information Provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2020 and 30 June 2019 are as follows:

	Minerals			Project Services – Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
2020	$	$	$	$	$	$	$
Total segment revenue	144,757,210	27,417,590	30,232,067	6,371,702	5,361,958	27,737,493	241,878,020
Inter-segment revenue	(7,683,373)	(15,762,705)	-		(878,508)	(6,945,944)	(31,270,530)
Revenue from external customers	**137,073,837**	**11,654,885**	**30,232,067**	**6,371,702**	**4,483,450**	**20,791,549**	**210,607,490**
Profit / (Loss) before tax	**19,890,050**	**(1,256,590)**	**(1,642,603)**	**3,612,893**	**237,766**	**607,601**	**21,449,117**
Interest in the profit of equity accounted joint ventures	-	-	-	-	-	-	-
Depreciation and amortisation	5,257,022	369,715	755,159		235,637	1,398,272	8,015,805
Income tax benefit / (expense)	(7,853,360)	310,009	154,498	(722,026)	(73,932)	(288,723)	(8,473,534)
Total segment assets	**82,128,470**	**6,895,712**	**15,101,833**	**3,467,555**	**4,213,038**	**13,547,479**	**125,354,087**
Total assets includes:							
Investment in joint ventures	-	-	-	-	-	-	-
Additions to non-current assets (other than financial assets and deferred tax)	278,817	106,016	317,385	-	55,097	181,560	938,875
Total segment liabilities	**62,037,920**	**4,087,963**	**7,300,230**	**3,377,683**	**1,543,166**	**5,834,901**	**84,181,863**

Notes to the Financial Statements (continued)

4 Segment Information (continued)

(b) Segment Information Provided to the Board of Directors (continued)

	Minerals			Project Services – Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
2019	$	$	$	$	$	$	$
Total segment revenue	81,606,278	26,492,806	31,712,530	6,451,670	5,800,985	23,756,745	175,821,014
Inter-segment revenue	(830,401)	(13,798,369)	-	-	(330,193)	(7,531,258)	(22,490,221)
Revenue from external customers	**80,775,877**	**12,694,437**	**31,712,530**	**6,451,670**	**5,470,792**	**16,225,487**	**153,330,793**
Profit / (Loss) before tax	**21,951,933**	**1,368,624**	**371,783**	**2,101,063**	**158,922**	**(777,625)**	**25,174,700**
Interest in the profit of equity accounted joint ventures	15,951	-	-	-	-	-	15,951
Depreciation and amortisation	805,066	76,893	224,618	-	66,720	278,446	1,451,743
Income tax benefit / (expense)	(7,292,057)	(121,113)	(423,535)	(564,432)	(18,105)	899,301	(7,519,941)
Total segment assets	**47,337,497**	**10,695,072**	**17,504,999**	**6,919,620**	**3,976,347**	**11,301,005**	**97,734,540**
Total assets includes:							
Investment in joint ventures	-	-	-	-	-	-	-
Additions to non-current assets (other than financial assets and deferred tax)	473,908	148,719	231,845	-	7,561	849,446	1,711,479
Total segment liabilities	**20,733,662**	**6,852,573**	**6,725,915**	**5,280,265**	**1,470,309**	**3,756,064**	**44,818,788**

Notes to the Financial Statements (continued)

4 Segment Information (continued)

(c) Segment Revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss and other comprehensive income.

The entity is domiciled in Australia. The result of its revenue from external customers in Australia is $29,776,583 (2019: $25,819,835) and the total of revenue from external customers from other countries is $176,879,232 (2019: $125,321,729). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately $98,337,900 (2019: $28,177,025) are derived from the top three customers. These revenues are attributable to the Minerals segment.

(d) Segment Profit Before Tax

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax.

A reconciliation of segment profit before tax to the profit before tax in the Consolidated Statement of Profit or Loss and other comprehensive income is provided as follows:

	2020 $	2019 $
Segment profit before tax	**21,449,117**	25,174,700
Unallocated	**(2,998,978)**	(1,630,948)
Profit before income tax as per statement of comprehensive income	**18,450,139**	23,543,752

(e) Segment Assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the Financial Report. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2020 $	2019 $
Segment assets	**125,354,087**	97,734,540
Intersegment eliminations	**(4,594,393)**	(4,786,796)
Intangibles arising on consolidation	**6,126,228**	6,126,228
Unallocated	**28,764,121**	20,777,892
Total assets as per the statement of financial position	**155,650,043**	119,851,864

The total of non-current assets other than financial instruments and deferred tax assets in Australia is $9,864,108 (2019: $7,722,872) and other countries is $6,844,781 (2019: $4,416,744).

Notes to the Financial Statements (continued)

4 Segment Information (continued)

(f) Segment Liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the Financial Report. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2020 $	2019 $
Segment liabilities	**84,181,863**	44,818,788
Intersegment eliminations	**(4,460,524)**	(4,731,316)
Unallocated	**(1,913,917)**	346,492
Total liabilities as per the statement of financial position	**77,807,422**	40,433,964

5 Revenue

(a) Disaggregation of Revenue From Contracts With Customers

	2020			2019		
	Engineering & related services $	**Construction contracts $**	**Total $**	Engineering and related services $	Construction contracts $	Total $
Minerals	**92,169,586**	**86,791,204**	**178,960,790**	113,987,717	11,195,127	125,182,844
Project services – Africa	**6,371,701**	**-**	**6,371,701**	6,451,670	-	6,451,670
Process industries	**4,483,450**	**-**	**4,483,450**	5,470,792	-	5,470,792
Other	**21,318,369**	**-**	**21,318,369**	16,928,103	-	16,928,103
Total revenue	**124,343,106**	**86,791,204**	**211,134,310**	142,838,282	11,195,127	154,033,409

Notes to the Financial Statements (continued)

5 Revenue (continued)

(b) Assets and Liabilities Related to Contracts With Customers

	2020 $	2019 $
Asset recognised for costs incurred to fulfil a contract	-	1,497,467
Total contract assets	-	1,497,467
Advances received for construction contract work	**42,402,611**	7,910,455
Deferred services income	**5,254,792**	5,882,786
Total contract liabilities	**47,657,403**	13,793,241

(i) Significant Changes in Contract Assets and Liabilities

Advances received for construction contract work and deferred services income represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2021.

6 Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Fixtures and fittings	**637,823**	580,145
Leasehold improvements	**242,562**	186,159
Motor vehicles	**7,142**	10,091
Leased plant and equipment	**264,622**	474,044
Office premises right-of-use assets	**6,616,163**	-
Computer software	**263,035**	202,243
Total depreciation and amortisation	**8,031,347**	1,452,682
Net foreign exchange losses/(gains)	**601,234**	(43,993)
Finance costs		
Interest and finance charges paid/payable on borrowings	**140,732**	72,270
Interest and finance charges paid/payable on lease liabilities	**473,412**	-
Total finance costs	**614,144**	72,270
Defined contribution superannuation expense	**2,892,720**	2,906,280

Notes to the Financial Statements (continued)

7 Income Tax Expense

(a) Income Tax Expense

	2020 $	2019 $
Current tax on profits for the year	**6,853,175**	3,917,222
Deferred tax on profits for the year	**301,334**	4,197,604
Adjustments for current tax of prior periods	**(380,996)**	(970,289)
	6,773,513	7,144,537
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Increase)/decease in deferred tax assets (note 16)	**(247,738)**	4,573,765
Increase/(decrease) in deferred tax liabilities (note 20)	**549,072**	(376,161)
	301,334	4,197,604

(b) Numerical Reconciliation of IncomeTax Expense to Prima Facie Tax Payable

	2020 $	2019 $
Profit before income tax expense	**18,450,139**	23,543,752
Tax at the Australian tax rate of 30% (2019: 30%)	**5,535,042**	7,063,126
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	**64,592**	-
Sundry items	**37,072**	43,456
Withholding tax gross-up	**-**	733,072
	5,636,706	7,839,654
Adjustments for current tax of prior periods – under/(over) provision of prior year income tax	**(380,996)**	(970,290)
Difference in overseas tax rates	**(2,334)**	(99,300)
Deferred taxes not recognised	**286,554**	202,723
Share of net profit of joint ventures accounted for using the equity method	**(847,975)**	(181,880)
Foreign tax incurred	**2,081,558**	-
Unfranked dividends received from joint ventures accounted for using the equity method	**-**	353,630
Total income tax expense	**6,773,513**	7,144,537

Notes to the Financial Statements (continued)

7 Income Tax Expense (continued)

(c) Tax Consolidation

The Company and its 100% owned Australian entities formed a tax consolidated group on 1 July 2013. Members of the consolidated group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned Australian entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Lycopodium Limited.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement effective from 1 July 2013. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with the group allocation approach, which is consistent with the principles of AASB 112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/(decrease) in the member entities' intercompany accounts with the tax consolidated group head company, Lycopodium Limited. In this regard, the Company has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidated contributions by or distributions to participant's equity are required.

8 Current Assets – Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	**102,888,489**	60,451,048

(a) Risk Exposure

The Company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Notes to the Financial Statements (continued)

9 Current Assets – Trade and Other Receivables

	2020 $	2019 $
Trade receivables	**24,410,719**	30,245,598
Allowance for expected credit loss (a)	**(1,228,158)**	(902,701)
Trade receivable retention	**-**	28,212
	23,182,561	29,371,109
GST and other receivables	**3,685,171**	4,134,863
Cash advanced to employees	**28,277**	48,867
Loan to joint ventures	**20,000**	840,000
	3,733,448	5,023,730
	26,916,009	34,394,839

(a) Allowance for Expected Credit Loss

Movements in allowance for expected credit loss of trade receivables are as follows:

	2020 $	2019 $
At 1 July	**902,701**	877,744
Allowance for expected credit loss recognised during the year	**409,595**	112,212
Receivables written off during the year as uncollectible	**-**	(47,852)
Unused amount reversed	**(41,278)**	(45,578)
Exchange difference	**(42,860)**	6,175
At 30 June	**1,228,158**	902,701

The other classes within trade and other receivables do not contain impaired assets.

Notes to the Financial Statements (continued)

9 Current Assets – Trade and Other Receivables (continued)

(a) Allowance for Expected Credit Loss (continued)

The expected credit loss for trade receivables as at 30 June 2020 and 30 June 2019 are as follows:

30 June 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0%	0%	0%	30.2%	-
Gross carrying amount	17,581,968	1,798,910	965,090	4,064,751	24,410,719
Lifetime expected credit loss	-	-	-	1,228,158	1,228,158

30 June 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0%	0%	0%	26.5%	-
Gross carrying amount	18,583,119	5,671,920	2,586,005	3,404,554	30,245,598
Lifetime expected credit loss	-	-	-	902,701	902,701

(b) Risk Exposure

Information about the Company's exposure to foreign exchange risk and interest rate risk is provided in note 2.

(c) Fair Value and Credit Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the Company.

10 Current Assets – Other Current Assets

	2020 $	2019 $
Other current assets (a)	**686,193**	775,879
Prepayments	**1,828,995**	3,059,772
	2,515,188	3,835,651

(a) Other Current Assets

Other current assets consist of deposits held with licensed banks as security/bond on the various properties leased by the Company.

Notes to the Financial Statements (continued)

11 Financial Assets and Financial Liabilities

(a) Categories of Financial Assets and Liabilities

Notes 1(m) and 1(n) provides a description of each category of financial assets and liabilities and the related accounting policies. The carrying amounts of financial assets and liabilities in each category are as follows:

2020 Financial Assets	Notes	Fair value through profit or loss $	Amortised cost $	Total $
Cash and cash equivalents	8	-	**102,888,489**	**102,888,489**
Trade and other receivables	9	-	**26,916,009**	**26,916,009**
Deposits held with banks	10	-	**686,193**	**686,193**
Investment in listed equities	11(d)	**886,377**	-	**886,377**
Other Receivables	12	-	**145,092**	**145,092**
		886,377	**130,635,783**	**131,522,160**

2019 Financial Assets	Notes	Fair value through profit or loss $	Amortised cost $	Total $
Cash and cash equivalents	8	-	60,451,048	60,451,048
Trade and other receivables	9	-	34,394,839	34,394,839
Deposits held with banks	10	-	775,879	775,879
Investment in listed equities	11(d)	801,945	-	801,945
Other Receivables	12	-	241,252	241,252
		801,945	95,863,018	96,664,963

Notes to the Financial Statements (continued)

11 Financial Assets and Financial Liabilities (continued)

(a) Categories of Financial Assets and Liabilities (continued)

2020 Financial Liabilities	Notes	Fair value through profit or loss $	Amortised cost $	Total $
Trade and other payables		-	**12,503,674**	**12,503,674**
Borrowings	11(c)	-	**468,412**	**468,412**
Lease liabilities		-	**3,190,101**	**3,190,101**
		-	**16,162,187**	**16,162,187**

2019 Financial Liabilities	Notes	Fair value through profit or loss $	Amortised cost $	Total $
Trade and other payables		-	11,183,336	11,183,336
Borrowings	11(c)	-	715,560	715,560
Derivative financial liabilities	11(d)	163,044	-	163,044
		163,044	11,898,896	12,061,940

A description of the Company's financial instrument risks, including risk management objectives and policies, is given in note 2.

The methods used to measure financial assets and liabilities reported at fair value are described in note 2.

(b) Derivative Financial Instruments

The Company's derivative financial instruments are measured at fair value and are summarised below:

	2020 $	2019 $
Current liabilities		
Other hedging instruments	-	163,044
Total current derivative financial instrument liabilities	-	163,044

The Company uses forward foreign exchange contracts to mitigate exchange rate exposure arising predominantly from forecast sales in US dollars. All forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated. The Company's US-dollar forward contracts relate to cash flows that had been forecasted for July 2019 to March 2020.

During 2020, a gain of $163,044 (2019: loss of $135,350) was recognised in profit and loss as a result of fair-valuing the derivative instrument at year end.

Notes to the Financial Statements (continued)

11 Financial Assets and Financial Liabilities (continued)

(c) Borrowings

Borrowings include the following financial liabilities:

	2020			2019		
	Current $	Non-current $	Total $	Current $	Non-current $	Total $
Secured						
Finance leases	134,850	164,255	299,105	419,344	296,216	715,560
Total secured borrowings	134,850	164,255	299,105	419,344	296,216	715,560
Unsecured						
Other loans	169,307	-	169,307	-	-	-
Total unsecured borrowings	169,307	-	169,307	-	-	-
Total borrowings	304,157	164,255	468,412	419,344	296,216	715,560

All borrowings are denominated in AUD.

Bank borrowings are secured by plant and equipment owned by the Company. Current interest rates are variable and average 4.99% (2019: 6.06%). The carrying amount of bank borrowings is considered to be a reasonable approximation of fair value.

(d) Fair Value Measurement

Financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into three Levels of a Fair Value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Notes to the Financial Statements (continued)

11 Financial Assets and Financial Liabilities (continued)

(d) Fair Value Measurement (continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019.

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets / (liabilities)				
Listed Securities	886,377	-	-	886,377
Net fair value	**886,377**	**-**	**-**	**886,377**

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets / (liabilities)				
Listed Securities	801,945	-	-	801,945
Foreign currency forward contracts	-	(163,044)	-	(163,044)
Net fair value	**801,945**	**(163,044)**	**-**	**638,901**

There were no transfers between Level 1 and Level 2 in 2020 and 2019.

Measurement of Fair Value of Financial Instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer and to the Audit Committee.

The valuation techniques used for instruments categorised in Level 2 are described below:

Foreign currency forward contracts (Level 2)

The Company's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

12 Non-Current Assets – Other Receivables

	Notes	2020 $	2019 $
Loans under senior management share acquisition plan		**145,092**	241,252

(a) Impaired Receivables and Receivables Past Due

None of the non-current receivables are impaired or past due but not impaired.

Notes to the Financial Statements (continued)

13 Non-Current Assets – Investments Accounted for Using the Equity Method

	2020 $	2019 $
Investment in joint ventures	**1,911,797**	-
Investment in associates	**1,619,126**	1,392,465
	3,530,923	1,392,465

(a) Investment in Joint Ventures

The Company has the following joint ventures:

Name of Joint Venture	Country of incorporation & principal place of business	Principal Activities	Proportion of ownership interest held by the Company	
			2020	2019
Pilbara EPCM Pty Ltd (PEPL) Deregistered in December 2019	Australia	Engineering, procurement, construction management services	-	50%
Mondium Pty Ltd (Mondium)	Australia	Engineering and construction services	**40%**	40%
Orway IQ Pty Ltd (OIQ) Incorporated in May 2019	Australia	Remote optimisation consulting services	**50%**	-

The Company's share of the results of its principal joint ventures	2020 $	2019 $
Profit from continuing operations	**1,911,796**	-
Other comprehensive income	**-**	-
Total comprehensive income	**1,911,796**	-
Carrying amount of the Company's interest in joint ventures	**1,911,796**	

Notes to the Financial Statements (continued)

13 Non-Current Assets – Investments Accounted for Using the Equity Method (continued)

(a) Investment in Joint Ventures (continued)

Joint ventures summarised statement of financial position	2020 $	2019 $
Cash and cash equivalents	63,213,478	
Current assets (a)	80,914,787	
Non-current assets	452,266	-
Total assets	81,367,053	
Current liabilities	76,212,538	
Non-current liabilities	1,995	-
Total liabilities	76,214,533	
Net assets	5,152,520	
Company's share of joint ventures net assets	2,061,008	

(b) Investment in Associates

Name of Joint Venture	Country of incorporation & principal place of business	Principal Activities	Proportion of ownership interest held by the Company	
			2020	2019
ECG Engineering Pty Ltd	Australia	Electrical engineering services	31%	31%
Kholo Marine & Minerals (Pty) Ltd Incorporated July 2019	South Africa	Engineering and consulting services	49%	-

The Company's share of the results of its principal associates	2020 $	2019 $
Profit from continuing operations	997,951	643,981
Other comprehensive income	-	-
Total comprehensive income	997,951	643,981
Carrying amount of the Company's interest in associates	1,619,126	1,392,465

Notes to the Financial Statements (continued)

14 Non-Current Assets – Property, Plant and Equipment

	Fixtures and fittings $	Motor vehicles $	Leasehold improvements $	Leased plant and equipment $	Total $
At 1 July 2018					
Cost or fair value	7,480,514	179,528	862,332	1,632,668	10,155,042
Accumulated depreciation	(5,605,260)	(142,509)	(358,505)	(614,281)	(6,720,555)
Net book amount	**1,875,254**	**37,019**	**503,827**	**1,018,387**	**3,434,487**
Year ended 30 June 2019					
Opening net book amount	1,875,254	37,019	503,827	1,018,387	3,434,487
Additions	941,394	3,882	659,836	-	1,605,112
Disposals	(1,616)	-	(28,909)	-	(30,525)
Depreciation charge	(580,712)	(10,091)	(185,592)	(474,045)	(1,250,440)
Transfers	(290,395)	-	290,395	-	-
Exchange differences	25,481	539	(16,202)	-	9,818
Closing net book amount	**1,969,406**	**31,349**	**1,223,355**	**544,342**	**3,768,452**
At 30 June 2019					
Cost or fair value	8,278,724	188,694	1,644,199	1,632,668	11,744,285
Accumulated depreciation	(6,309,318)	(157,345)	(420,844)	(1,088,326)	(7,975,833)
Net book amount	**1,969,406**	**31,349**	**1,223,355**	**544,342**	**3,768,452**
Year ended 30 June 2020					
Opening net book amount	1,969,406	31,349	1,223,355	544,342	3,768,452
Additions	472,259	-	-	137,738	609,997
Disposals	(4,627)	(4,975)	-	-	(9,602)
Depreciation charge	(637,823)	(7,142)	(242,562)	(264,622)	(1,152,149)
Transfers	227,051	-	-	(227,051)	-
Exchange differences	(51,270)	(3,044)	30,772	-	(23,542)
Closing net book amount	**1,974,996**	**16,188**	**1,011,565**	**190,407**	**3,193,156**
At 30 June 2020					
Cost	9,676,586	157,786	1,676,750	390,743	11,901,865
Accumulated depreciation	(7,701,590)	(141,598)	(665,185)	(200,336)	(8,708,709)
Net book amount	**1,974,996**	**16,188**	**1,011,565**	**190,407**	**3,193,156**

Notes to the Financial Statements (continued)

15 Non-Current Assets – Right-of-Use Assets

	2020 $	2019 $
Cost or fair value	**4,777,832**	-
Accumulated depreciation	**(1,776,844)**	-
Net book amount	**3,000,988**	-

The Company leases office space under agreements of between five to eight years with, in some cases, option to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Company leases office equipment and motor vehicles under agreement of between two and five years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

16 Non-Current Assets – Deferred Tax Assets

	2020 $	2019 $
The balance comprises temporary differences attributable to:		
Unused tax losses	**541,646**	86,411
Employee benefits	**2,217,721**	2,627,750
Doubtful debts	**57,802**	53,645
Accrued expenses	**200,657**	95,056
Deferred revenue	**117,778**	96,017
Other provisions	**941,202**	1,400,728
Depreciation	**9,539**	-
Finance leases	**58,324**	168,620
Lease liabilities	**631,296**	-
	4,775,965	4,528,227
Set-off of deferred tax liabilities pursuant to set-off provisions (note 20)	**(1,014,304)**	(465,232)
Net deferred tax assets	**3,761,661**	4,062,995
Deferred tax assets expected to be recovered within 12 months	**4,058,400**	3,693,505
Deferred tax assets expected to be recovered after more than 12 months	**717,565**	834,722
	4,775,965	4,528,227

Notes to the Financial Statements (continued)

16 Non-Current Assets – Deferred Tax Assets (continued)

Movements	Doubtful debts $	Employee benefits $	Deferred revenue $	Accrued expenses $	Other provisions $	Depre-ciation $	Finance leases $	Unused tax losses $	Lease liabilities $	Total $
At 1 July 2018	24,688	2,513,522	649,359	107,421	5,446,746	-	312,084	138,371	-	9,192,191
(Charged)/credited - to profit or loss	28,957	114,228	(553,342)	(12,365)	(3,955,820)	-	(143,464)	(51,960)	-	(4,573,766)
Exchange rate differences	-	-	-	-	(90,198)	-	-	-	-	(90,198)
At 30 June 2019	**53,645**	**2,627,750**	**96,017**	**95,056**	**1,400,728**	**-**	**168,620**	**86,411**	**-**	**4,528,227**

Movements	Doubtful debts $	Employee benefits $	Deferred revenue $	Accrued expenses $	Other provisions $	Depre-ciation $	Finance leases $	Unused tax losses $	Lease liabilities $	Total $
At 1 July 2019	53,645	2,627,750	96,017	95,056	1,400,728	-	168,620	86,411	-	4,528,227
(Charged)/credited - to profit or loss	4,157	(410,029)	21,761	105,601	(459,526)	9,539	(110,296)	455,235	631,296	247,738
At 30 June 2020	**57,802**	**2,217,721**	**117,778**	**200,657**	**941,202**	**9,539**	**58,324**	**541,646**	**631,296**	**4,775,965**

Notes to the Financial Statements (continued)

17 Non-Current Assets – Intangible Assets

	Goodwill $	Software $	Customer contracts $	Total $
At 1 July 2018				
Cost	8,885,406	2,478,811	315,000	11,679,217
Accumulated amortisation and impairment	(2,678,132)	(1,894,068)	(315,000)	(4,887,200)
Net book amount	**6,207,274**	**584,743**	**-**	**6,792,017**
Year ended 30 June 2019				
Opening net book amount	6,207,274	584,743	-	6,792,017
Additions	-	144,819	-	144,819
Amortisation charge	-	(202,243)	-	(202,243)
Exchange differences	-	2,854	-	2,854
Closing net book amount	**6,207,274**	**530,173**	**-**	**6,737,447**
At 30 June 2019				
Cost	8,885,406	2,644,899	315,000	11,845,305
Accumulated amortisation and impairment	(2,678,132)	(2,114,726)	(315,000)	(5,107,858)
Net book amount	**6,207,274**	**530,173**	**-**	**6,737,447**
Year ended 30 June 2020				
Opening net book amount	6,207,274	530,173	-	6,737,447
Additions	-	394,963	-	394,963
Amortisation charge	-	(263,035)	-	(263,035)
Exchange differences	-	(30,645)	-	(30,645)
Closing net book amount	**6,207,274**	**631,456**	**-**	**6,838,730**
At 30 June 2020				
Cost	8,885,406	2,994,488	315,000	12,194,894
Accumulated amortisation	(2,678,132)	(2,363,032)	(315,000)	(5,356,164)
Net book amount	**6,207,274**	**631,456**	**-**	**6,838,730**

Notes to the Financial Statements (continued)

17 Non-Current Assets – Intangible Assets (continued)

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Company Cash-Generating Units (CGUs) identified according to business segment and country of operation.

A segment-level summary of the goodwill allocation is presented below.

2020	Australia $	Other countries $	Total $
Minerals	3,622,991	2,465,026	6,088,017
Metallurgical	119,257	-	119,257
	3,742,248	**2,465,026**	**6,207,274**

2019	Australia $	Other countries $	Total $
Minerals	3,622,991	2,465,026	6,088,017
Metallurgical	119,257	-	119,257
	3,742,248	**2,465,026**	**6,207,274**

(b) Key Assumptions Used for Value-in-Use Calculations

The recoverable amount of each CGU within the business segment is determined on the basis of value-in-use (VIU). All key assumptions below have been adjusted to take into account the impacts of COVID-19 on the respective CGUs. In the Minerals CGU, our experience and strength in the gold sector and opportunities in sustaining capital works projects underpins the forecast growth both internationally and domestically.

The following describes the assumptions on which management has based its cash flow projections when determining value in use:

Growth Rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long-term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is 1.4% (2019: 2.5%).

Discount Rate

For the Australian CGUs, the pre-tax discount rate applied to cash flow projections is 5.64% (2019: 1.1%) and for the Minerals CGUs in other countries, the pre-tax discount rate is 13.96% (2019: 9.04%).

Cash Flows

VIU calculations use cash flow projections from approved budgets based on past performance and its expectations for the future covering a three year period.

Revenue

Value-in-use model is based on budget approved by the Board. The forecast budget process was developed based on revenue expectations for the year built around existing customer contracts along with the potential to develop new markets and sustain growth.

Notes to the Financial Statements (continued)

17 Non-Current Assets – Intangible Assets (continued)

(b) Key Assumptions Used for Value-in-use Calculations (continued)

Sensitivities

The Board has performed sensitivities around all key assumptions disclosed above. There are no fluctuations to any of the assumptions that could reasonably occur that would cause the recoverable amount of the CGU to be equivalent to that of the carrying amount of the CGUs assets.

(c) Cash Flow Assumptions

Minerals, Infrastructure and Metallurgical

Apart from the consideration described in determining the value-in-use of the cash-generating units described above, the Board is not currently aware of any other probable changes that would necessitate changes in its key estimates.

18 Current Liabilities – Trade and Other Payables

	2020 $	2019 $
Trade payables	**6,918,615**	3,947,843
Goods and services tax (GST) payable	**3,288,840**	2,380,136
Sundry creditors and accrued expenses	**5,585,059**	7,235,493
Employee benefit obligations (a)	**7,418,987**	8,375,304
	23,211,501	21,938,776

Included in the above are financial liabilities of $12,503,674 (2019: $11,183,336).

(a) Amounts not Expected to be Settled Within the Next 12 months

Employee benefit obligations include accruals for annual leave and unconditional entitlements of long service leave. The entire obligation is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2020 $	2019 $
Annual leave obligation expected to be settled after 12 months	**988,169**	1,107,275
Long service leave obligation expected to be settled after 12 months	**1,275,578**	1,346,199
	2,263,747	2,453,474

(b) Risk Exposures

Details of the Company's exposure to foreign exchange risk is provided in note 2.

Notes to the Financial Statements (continued)

19 Current Liabilities – Provisions

	2020 $	2019 $
Service and equipment warranties	**2,318,125**	3,000,000

(a) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2020	Service and equipment warranties $	Total $
Carrying amount at beginning of year	3,000,000	3,000,000
Provisions recognised	2,318,125	2,318,125
Amounts used during the year	(600,000)	(600,000)
Expired warranty provisions reversed	(2,400,000)	(2,400,000)
Carrying amount at end of year	**2,318,125**	**2,318,125**

The Company recognises service and equipment warranty provisions in accordance with its current policy. The amount provided takes into account the percentage completion of the project, forecast to complete costs plus any close-out obligations and potential contractual liabilities during the warranty period.

Notes to the Financial Statements (continued)

20 Non-Current Liabilities – Deferred Tax Liabilities

	2020 $	2019 $
The balance comprises temporary differences attributable to:		
Accrued income	**182,859**	241,381
Other provisions	**10,344**	66,018
Depreciation & amortisation	**200,698**	117,128
Prepaid expenses	**34,946**	40,705
Right-of-use assets	**585,457**	-
	1,014,304	465,232
Set-off of deferred tax liabilities pursuant to set-off provisions (note 16)	**(1,014,304)**	(465,232)
Net deferred tax liabilities	**-**	-
Deferred tax liabilities expected to be settled within 12 months	**813,605**	348,104
Deferred tax liabilities expected to be settled after more than 12 months	**200,699**	117,128
	1,014,304	465,232

Movements	Depreciation & amortisation $	Accrued income $	Other provisions $	Prepaid expenses $	Right-of-use assets $	Total $
At 1 July 2018	485,481	299,562	15,973	40,377	-	841,393
Charged/(credited) - profit or loss	(368,353)	(58,181)	50,045	328	-	(376,161)
At 30 June 2019	**117,128**	**241,381**	**66,018**	**40,705**	**-**	**465,232**
At 1 July 2019	117,128	241,381	66,018	40,705	-	465,232
Charged/(credited) - profit or loss	83,570	(58,522)	(55,674)	(5,759)	585,457	549,072
At 30 June 2020	**200,698**	**182,859**	**10,344**	**34,946**	**585,457**	**1,014,304**

21 Non-Current Liabilities – Provisions

	2020 $	2019 $
Employee benefits – long service leave	**128,135**	328,931

Notes to the Financial Statements (continued)

22 Contributed Equity

(a) Share Capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares Fully paid	**39,732,373**	39,732,373	**20,823,772**	20,823,772

No movement in ordinary share capital during the year ending 30 June 2020 and 2019.

(b) Ordinary Shares

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each share is entitled to one vote.

(c) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position (including non-controlling interests) plus net debt.

During 2020, the Company's strategy was to maintain a gearing less than 40%. The gearing ratios at 30 June 2020 and 30 June 2019 were as follows:

	2020 $	2019 $
Total borrowings (including payables)	**71,337,316**	34,950,110
Less: cash and cash equivalents	**(102,888,489)**	(60,451,048)
Net debt	**(31,551,173)**	(25,500,938)
Total equity	**77,842,623**	79,417,900
Total capital	**46,291,450**	53,916,962
Gearing ratio	**(41)%**	(32)%

Notes to the Financial Statements (continued)

23 Reserves

	2020 $	2019 $
Performance rights reserve	215,306	-
Foreign currency translation reserve	(2,062,155)	(602,928)
	(1,846,849)	(602,928)

Movements	2020 $	2019 $
Performance rights reserve		
Balance 1 July	-	-
Performance rights plan expense	215,306	-
Balance 30 June	215,306	-
Foreign currency translation reserve		
Balance 1 July	(602,928)	(930,627)
Currency translation differences arising during the year	(1,459,227)	327,699
Balance 30 June	(2,062,155)	(602,928)

(a) Nature and Purpose of Reserves

(i) Performance Rights Reserve

The performance rights reserve is used to recognised the fair value of rights issued to certain Directors or employees during the year.

(ii) Foreign Currency Translation Reserve

Exchange difference arisingg on translation of foreign controlled entities are recognised in other comprehensive income as described in note 1(e) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

24 Retained Earnings

	2020 $	2019 $
Balance 1 July	59,636,154	56,480,343
Profit for the year	11,803,953	16,507,378
Dividends paid or payable	(11,919,712)	(13,111,683)
Acquisition of non-controlling interests (note 31)	-	(3,361,932)
Transfer from non-controlling interests (note 31)	-	3,122,048
Balance 30 June	59,520,395	59,636,154

Notes to the Financial Statements (continued)

25 Non-Controlling Interests

	2020 $	2019 $
Share capital	**13,264**	14,937
Reserves	**4,003**	4,377
Non-controlling interest on acquisition	**(288,240)**	2,833,808
Retained earnings	**(383,724)**	(170,172)
Transfer to retained earnings (note 31)	**-**	(3,122,048)
	(654,697)	(439,098)

26 Dividends

(a) Ordinary Shares

	2020 $	2019 $
Final dividends for year ended 30 June 2019 of 15.0 cents (2018: 18.0 cents) per fully paid share paid on 11 October 2019 (2018: 12 October 2018)		
Fully franked based on tax paid @ 30% (2019: 30%)	**5,959,856**	7,151,827
Interim dividend for the year ended 30 June 2020 of 15.0 cents (2019: 15.0 cents) per fully paid share paid on 7 April 2020 (2019: 12 April 2019)		
Fully franked based on tax paid @ 30% (2019: 30%)	**5,959,856**	5,959,856
Total dividends provided for or paid	**11,919,712**	13,111,683

(b) Dividends Not Recognised at the End of the Reporting Period

	2020 $	2019 $
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 5.0 cents per fully paid ordinary share (2019: 15.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 9 October 2020, but not recognised as a liability at year end.	**1,987,011**	5,959,856

Notes to the Financial Statements (continued)

26 Dividends (continued)

(c) Franked Dividends

	2020 $	2019 $
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%)	**13,916,585**	17,087,886

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $851,576 (2019: $2,554,224).

27 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) RSM Australia Partners (2019: Grant Thornton Australia Ltd)

(i) Audit and Other Assurance Services

	2020 $	2019 $
Audit and other assurance services		
Audit and review of Financial Reports	**169,875**	190,000
Taxation services		
Tax compliance services (including income tax returns)	-	77,945
Other services		
Other services	-	31,968
Total remuneration	**169,875**	299,913

Notes to the Financial Statements (continued)

27 Remuneration of Auditors (continued)

(b) Network Firms of RSM Australia Partners (2019: Network Firms of Grant Thornton Australia Ltd)

(i) Audit and Other Assurance Services

	2020 $	2019 $
Audit and other assurance services		
Audit and review of financial statements	-	9,989
Taxation services		
Tax compliance services (including income tax returns)	-	4,852
Total remuneration of network firms of RSM Australia Partners	-	14,841

(c) Non-RSM Australia Partners (2019: Non-Grant Thornton Australia Ltd)

	2020 $	2019 $
Audit and other assurance services		
Audit and review of financial statements	**156,928**	178,420
Taxation services		
Tax compliance services (including income tax returns)	**37,083**	39,791
Other services		
Other services	**104,850**	127,617
Total remuneration of non-RSM Australia Partners audit firms	**298,861**	345,828
Total auditors' remuneration	**468,736**	660,582

28 Contingencies

The Company had contingent liabilities at 30 June 2020 and 30 June 2019 in respect of:

(a) Contingent Liabilities

(i) Guarantees

Guarantees are given in respect of rental bonds for $1,830,584 (2019: $1,830,584).

These guarantees may give rise to liabilities in the event that the Company defaults on its obligations under the terms of the lease agreement for its premises at 1 Adelaide Terrace, East Perth, 60 Leichhardt Street, Spring Hill, 253-269 Wellington Road, Mulgrave, 138-140 Beaumont Street, Hamilton, Centennial Place, Century Boulevard, Century City, Cape Town, South Africa and Golf Park, Cape Town, South Africa.

Insurance bonds of $18,637,215 are provided in respect of performance and defects warranty as at 30 June 2020 (2019: $18,137,214).

No material losses are anticipated in respect of any of the above contingent liabilities (2019: Nil).

Notes to the Financial Statements (continued)

29 Commitments

(a) Capital Commitments

There were no capital expenditure contracted for at the reporting date which have not been recognised as liabilities (2019: Nil).

30 Related Party Transactions

(a) Parent Entities

The parent entity within the Company is Lycopodium Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 32.

(c) Key Management Personnel

	2020 $	2019 $
Short-term employee benefits	**2,716,132**	3,272,175
Post-employment benefits	**184,803**	177,039
Share-based payments	**71,092**	-
	2,972,027	3,449,214

Detailed remuneration disclosures are provided in the Remuneration Report on pages 18 to 24.

(d) Transactions with Other Related Parties

The following transactions occurred with related parties:

	2020 $	2019 $
Sales of goods and services		
Sales to associates and joint ventures	**13,943,972**	5,041,605
Purchases of goods and services		
Purchases from associates	**5,398,384**	6,849,112

(e) Outstanding Balances Arising from Sales/Purchases of Goods and Services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2020 $	2019 $
Current receivables		
Associates and joint ventures	**496,027**	-
Current payables		
Associates	**547,109**	39,755

Notes to the Financial Statements (continued)

30 Related Party Transactions (continued)

(f) Loans to/from Related Parties

	2020 $	2019 $
Loans to joint ventures		
Beginning of the year	**820,000**	1,220,000
Loans advanced	**20,000**	-
Repayments made	**(820,000)**	(400,000)
End of the year	**20,000**	820,000

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(g) Terms and Conditions

Purchases and sales of goods and services with statutory joint ventures are made at cost.

Purchases and sales of goods and services with the associate are made at arms-length.

Loans advanced to the joint venture is interest-free and repayable within 12 months.
Interest is payable on the loan at a rate of 3.25% per annum.

Outstanding balances are unsecured and are repayable in cash.

31 Business Combination

Acquisition of Additional Interest in ADP Holdings (Pty) Ltd

On 30 November 2018, Lycopodium acquired the remaining 26% of the issued share capital of ADP Holdings (Pty) Ltd (ADP), increasing its ownership interest to 100%. Cash consideration of $3,361,932 was paid to the non-controlling shareholders.

Following is a schedule of additional interest acquired in ADP:

	2019 $
Cash consideration paid to non-controlling shareholders	3,361,932
Carrying value of the additional interest in ADP	(3,122,048)
Difference recognised in retained earnings	239,884

Notes to the Financial Statements (continued)

32 Subsidiaries

(a) Significant Investments in Subsidiaries

The Consolidated Financial Report incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation / Principal activity	Class of shares	Equity holding 2020 %	Equity holding 2019 %
Lycopodium Minerals Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Process Industries Pty Ltd	Australia (1)	Ordinary	**100**	100
Orway Mineral Consultants (WA) Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Ghana Ltd	Ghana (2)	Ordinary	**100**	100
Lycopodium Burkina Faso SARL	Burkina Faso (2)	Ordinary	**100**	100
Lycopodium Infrastructure Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Minerals Canada Ltd	Canada (1)	Ordinary	**100**	100
Lycopodium Philippines Pty Ltd	Australia (1)	Ordinary	**100**	100
Orway Mineral Consultants (Canada) Ltd	Canada (1)	Ordinary	**100**	100
ADP Holdings (Pty) Limited	South Africa (1)	Ordinary	**100**	100

(1) Engineering, procurement, construction management services

(2) Offshore project support services

33 Events Occurring After the Reporting Period

Since year end the Directors have recommended the payment of a final dividend on ordinary shares in respect of the 2020 financial year. The total amount of the dividend is $1,987,011 (2019: $5,959,856), which represents a fully franked dividend of 5.0 (2019: 15.0) cents per fully paid ordinary share.

With the exception of the above, no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

(a) the Company's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Company's state of affairs in future financial years.

Notes to the Financial Statements (continued)

34 Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	2020 $	2019 $
Profit for the year	**11,676,626**	16,399,215
Depreciation and amortisation	**8,031,347**	1,452,682
Loans (repaid)/advanced from/to joint venture (incl at cash flows from financing activities)	**(820,000)**	(400,000)
Proceeds from investments in listed equities (incl at cash flow from investing activities)	**-**	(970,838)
Non-cash employee benefits expense – share-based payments	**215,306**	-
Non-cash shares received in lieu of payment for services	**(84,435)**	59,909
Net loss/(gain) on sale of non-current assets	**9,591**	25,575
Share of net profit of associate and joint venture accounted for using the equity method	**(2,909,743)**	(659,932)
Interest relating to financing activities	**604,493**	59,797
Other expenses	**(257,633)**	154,368
Change in operating assets and liabilities:		
Decrease in trade debtors and other receivables	**7,478,830**	3,221,798
Decrease in contract assets	**1,497,467**	1,171,611
Increase in inventories	**(220,986)**	(64,493)
Decrease in deferred tax assets	**301,334**	4,287,803
Decrease/(increase) in other operating assets	**1,320,463**	(2,094,800)
Increase in trade creditors	**1,272,725**	2,139,916
Increase/(decrease) in contract liabilities	**33,864,162**	(826,208)
Decrease/(increase) in provision for income taxes payable	**1,255,192**	(9,524,284)
(Increase)/decrease in derivative financial assets	**(163,044)**	135,350
Decrease in other provisions	**(882,671)**	(13,448,609)
Net cash inflow from operating activities	**62,189,024**	1,118,860

Notes to the Financial Statements (continued)

35 Earnings Per Share

(a) Basic Earnings Per Share

	2020 Cents	2019 Cents
Basic earnings per share attributable to the ordinary equity holders of the Company	**29.7**	41.5

(b) Diluted Earnings Per Share

	2020 Cents	2019 Cents
Diluted earnings per share attributable to the ordinary equity holders of the Company	**29.6**	41.5

(c) Reconciliation of Earnings Used in Calculating Earnings Per Share

	2020 $	2019 $
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**11,803,953**	16,507,378
Diluted earnings per share		
Used in calculating diluted earnings per share	**11,803,953**	16,507,378

(d) Weighted Average Number of Shares Used as Denominator

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**39,732,373**	39,732,373
Adjustments for calculation of diluted earnings per share:		
Performance rights	**158,223**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**39,890,596**	39,732,373

Notes to the Financial Statements (continued)

36 Share-Based Payments

(a) Incentive Performance Rights Plan

Performance Rights were granted to certain employees and Executive Directors during the year under the Lycopodium Group Performance Rights Plan as approved at the Annual General Meeting on 21 November 2019. The rights were designed to give incentive to the employees and Executive Directors to provide dedicated and ongoing commitment and effort to the Company and aligning the interest of both employees and shareholders.

Set out below are summaries of rights granted under the plan:

Grant date Number	Expiry date Number	Exercise price Number	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number
2020							
1 July 2019	29 June 2024	$0.00	-	50,000	-	-	50,000
28 November 2019	26 November 2024	$0.00	-	184,820	-	-	184,820
			-	**234,820**	**-**	**-**	**234,820**

There were no incentive performance rights plan in 2019.

None of the rights are exercisable at the end of the financial year (2019: nil).

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 3.5 years (2019: nil).

For the rights granted during the current financial year, the valuation model inputs used to determined the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fire value at grant date
1 July 2019	29 June 2024	$4.90	$0.00	12%	3.75%	1.25%	$4.38
28 November 2019	26 November 2024	$5.38	$0.00	0.5%	6.32%	0.75%	$3.92

(b) Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2020 $	2019 $
Rights issued under the Incentive Performance Rights Plan	**215,306**	-

Notes to the Financial Statements (continued)

37 Parent Entity Financial Information

(a) Summary Financial Information

The individual Financial Report for the parent entity show the following aggregate amounts:

	2020 $	2019 $
Statement of financial position		
Current assets	**30,297,627**	18,228,374
Non-current assets	**33,840,432**	33,854,200
Total assets	**64,138,059**	52,082,574
Current liabilities	**4,285,888**	341,210
Non-current liabilities	**7,910**	5,282
Total liabilities	**4,293,798**	346,492
Net assets	**59,844,261**	51,736,082
Shareholders' equity		
Contributed equity	**20,823,772**	20,823,772
Performance rights	**215,306**	-
Retained earnings	**38,805,183**	30,912,310
	59,844,261	51,736,082
Profit for the year	**19,812,586**	16,030,237
Total comprehensive income	**19,812,586**	16,030,237

(b) Guarantees Entered into by the Parent Entity

The parent entity entered into an arrangement with a insurer for a standby insurance bonding facility of $50.0m. In return, the parent entity and Lycopodium Minerals Pty Ltd jointly executed a cross guarantee and indemnity as security for the facility.

(c) Contingent Liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

(d) Contractual Commitments for the Acquisition of Property, Plant or Equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2020 or 30 June 2019.

Directors' Declaration

In the Directors' Opinion:

(a) the Financial Report and notes set out on pages 31 to 92 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

Peter De Leo

Peter De Leo
Managing Director
Perth
25 August 2020

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LYCOPODIUM LIMITED

Opinion

We have audited the financial report of Lycopodium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (continued)

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Revenue Refer to Note 5 in the financial statements	
As disclosed in the statement of profit or loss and other comprehensive income for the year ended 30 June 2020, the Group has recognised total revenue of \$206,655,815. As disclosed in note 1 (d), these revenues are recognised over time as performance obligations are fulfilled. Engineering, construction and procurement revenue is recognised by management after assessing all factors relevant to each contract. We determined revenue recognition to be a key audit matter due to the application of AASB 15 Revenue from Contracts with Customers requiring a significant number of assessments, judgements and estimates by management around: • the identification of performance obligations; • the determination and allocation of the transaction price across the performance obligations; • the determination of stage of completion and measurement of progress towards performance obligations; and • the estimation of total contract revenue and costs including the estimation of cost contingencies.	Our audit procedures included: • reviewing contractual terms with customers and substantiating project revenues and costs incurred against underlying supporting documents; • assessing management's assumptions in determining the stage of completion, total transaction price and total budgeted cost estimate • checking mathematical accuracy of revenue and profit recognised during the year based on the stage of completion; • reviewing customers' and subcontractors' correspondence and discussing the progress of projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that would impact the estimated contract costs; and • discussing with project personnel and management the rationale for revisions made to budgeted costs and checked supporting documentation.
Impairment of Intangible Assets Refer to Note 17 in the financial statements	
The carrying amount of goodwill at 30 June 2020 was \$6,207,274. Management performs an annual impairment test on the recoverability of the goodwill as required by Australian Accounting Standards. We determined this area to be a key audit matter as management's assessment of the value in use of the cash generating unit (CGU) involves judgement about the future cash flow projections, expected revenue growth rates and the discount rate.	Our audit procedures included: • challenging the reasonableness of key assumptions, including future cash flow projections, expected revenue growth rates and the discount rate; • reviewing management's sensitivity analysis over the key assumptions used in the model; • engaging specialists to conduct a review of the appropriateness of the model and the discount rate used; and • checking the mathematical accuracy of the model and reconciliation of input data to supporting evidence such as approved budgets and considering the reasonableness of the budget.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Independent Auditor's Report (continued)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Independent Auditor's Report (continued)

RSM

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Lycopodium Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 August 2020

JAMES KOMNINOS
Partner

Shareholder Information

The shareholder information set out below was applicable as at 6 August 2020.

A. Distribution of Equity Securities

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

Holding	Total holders
1 – 1000	560
1,001 – 5,000	609
5,001 – 10,000	192
10,001 – 100,000	190
100,001 and over	27
	1,578

There were 99 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 below:

	Ordinary shares	
Name	Number held	Percentage of units
1 Reesh Pty	9,046,221	22.76
2 HSBC Custody Nominees (Australia) Limited	4,574,834	11.51
3 Luala Pty Ltd	3,142,332	7.91
4 JP Morgan Nominees Australia Limited	3,142,276	7.91
5 BNP Paribas Nominees Pty Limited	2,926,152	7.36
6 Caddy Fox Pty Ltd	1,154,215	2.90
7 Accede Pty Ltd	992,332	2.50
8 National Nominees Limited	792,370	1.99
9 Monadelphous Group Limited	603,511	1.52
10 Citicorp Nominees Pty Ltd (Colonial First State Inv A/C)	574,971	1.45
11 Citicorp Nominees Pty Ltd	559,243	1.41
12 Mr David James Taylor	456,157	1.15
13 Mr Peter De Leo & Mrs Tiana De Leo	418,966	1.05
14 De Leo Nominees Pty Ltd (The De Leo Family A/C)	336,905	0.85
15 Selso Pty Ltd	266,148	0.67

Shareholder Information (continued)

B. Equity Security Holders (continued)

Name	Ordinary shares	
	Number held	Percentage of units
16 De Leo Nominees Pty Ltd (The De Leo Investment A/C)	207,900	0.52
17 Botech Pty Ltd	188,959	0.48
18 Lycopodium Share Plan Pty Ltd	185,000	0.47
19 Nancris Pty Ltd	175,000	0.44
20 Rubi Holdings Pty Ltd	175,000	0.44
	29,918,492	**75.29**

C. Substantial Holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage of units
1 Reesh Pty Ltd	9,046,221	22.76
2 HSBC Custody Nominees (Australia) Limited	4,574,834	11.51
3 Luala Pty Ltd	3,142,332	7.91
4 JP Morgan Nomineed Australia Limited	3,142,276	7.91
5 BNP Parabis Nominees Pty Ltd	2,926,152	7.36

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Corporate Directory

Board of Directors

Michael John Caratti
Non-Executive Chairman

Peter De Leo
Managing Director

Rodney Lloyd Leonard
Non-Executive Director

Robert Joseph Osmetti
Non-Executive Director

Bruno Ruggiero
Executive Director

Lawrence William Marshall
Non-Executive, Independent Director

Steven John Micheil Chadwick
Non-Executive, Independent Director

Audit Committee

Peter De Leo
Rodney Leonard
Lawrence Marshall

Remuneration Committee

Michael Caratti
Lawrence Marshall
Steven Chadwick

Risk Committee

Peter De Leo
Rodney Leonard
Bruno Ruggiero
Lawrence Marshall

Company Secretary

Justine Campbell

Registered and Principal Office

Level 5
1 Adelaide Terrace
East Perth
Western Australia 6004
T: +61 8 6210 5222

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth
Western Australia 6000
T: +61 8 9323 2000

Lawyers to the Company

Clyde & Co.
Level 28
197 St Georges Terrace
Perth
Western Australia 6000
T: +61 8 6145 1700

Auditors

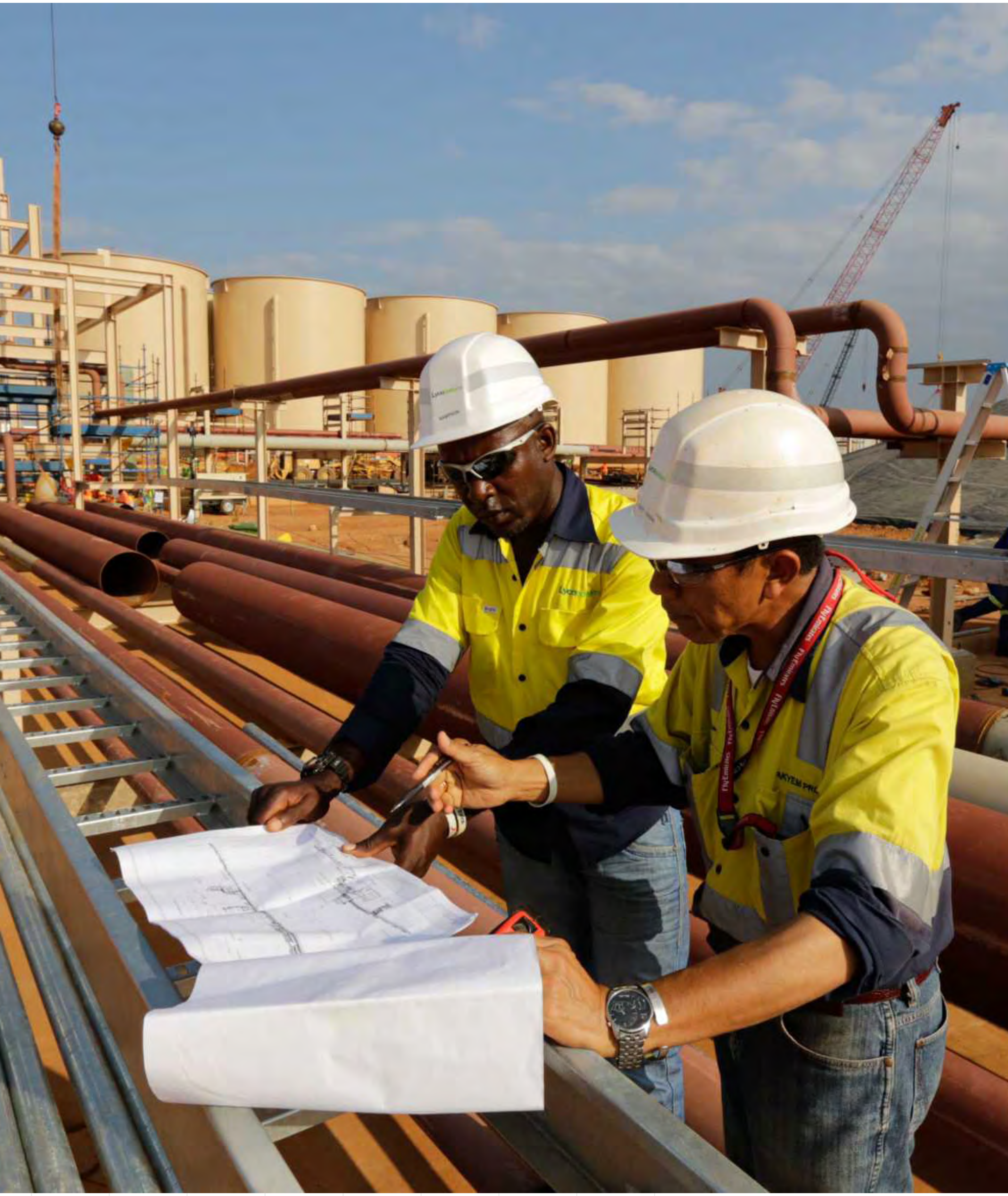
RSM Australia Partners
Level 32
Exchange Tower
2 The Esplanade
Perth
Western Australia 6000
T: +61 8 9261 9100

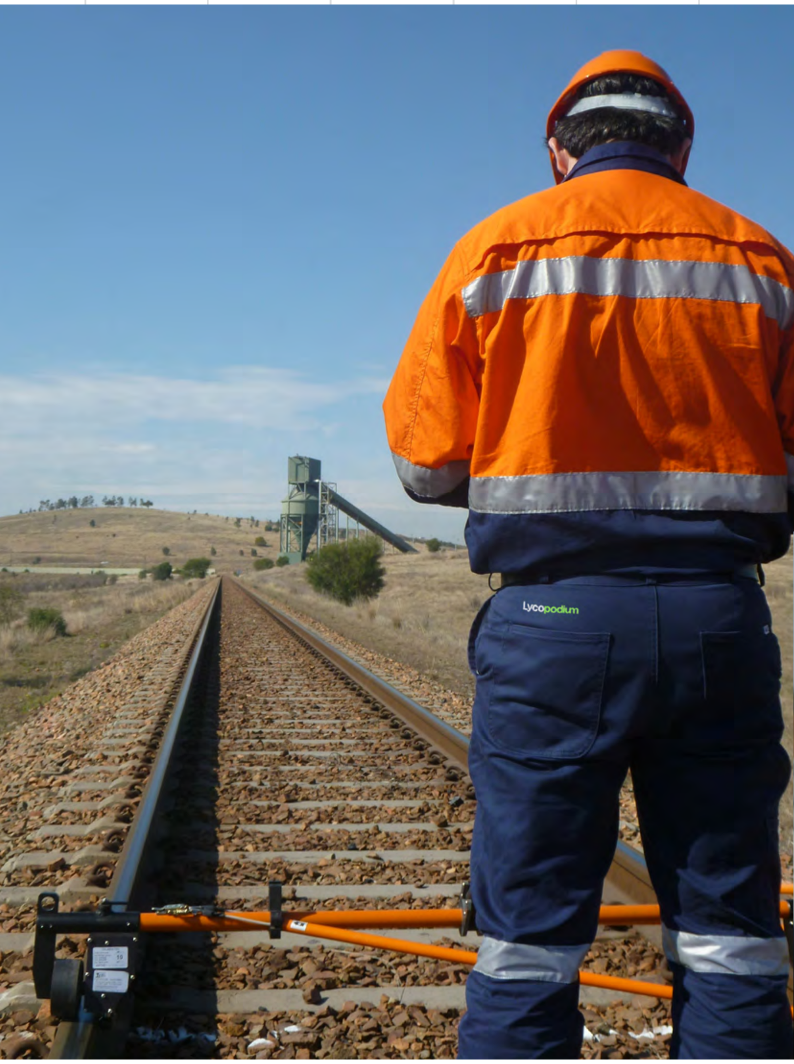
Principal Banker

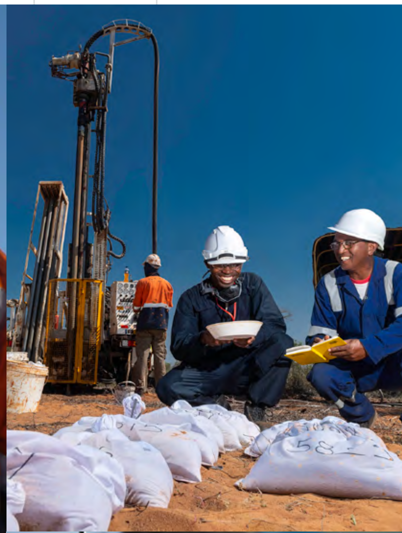
Australia and New Zealand Bank
Level 10
77 St Georges Terrace
Perth
Western Australia 6000

Website

lycopodium.com







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