

Lycopodium

Shareholder Report 2011





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Financial Snapshot

(As at 30 June 2011)

Shares on issue	38,655,103
Net tangible assets per share	112.6 cents
Revenue	\$169.8 million
Net profit after tax	\$17.1 million
Earnings per share after tax	44.3 cents
Dividend per share (fully franked)	30.0 cents

Chairman's Report

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

During the 2010/2011 financial year Lycopodium has seen a return to the normal mix of study and EPCM work following the peak in study work in the previous period and following the GFC. The award of the EPCM role on the Akyem, Tropicana and Marandoo projects announced during the period is a tribute to the work of the study teams and will provide a solid base load of work for the next two years.

The period has also seen the continuation of the aftermath of the GFC with significant debt issues in Europe and the US continuing to destabilise markets. In view of the uncertainty in financial markets the board has maintained its policy of focusing on organic growth based on a spread of clients, commodities and regions. The above projects reflect this by representing major North American, South African and London listed clients operating in gold and iron ore in Ghana and Australia.

The period has also seen the establishment of a new subsidiary in Toronto that has already won its first assignments for North American clients and has begun employing its first Canadian staff. This office will allow Lycopodium to better serve its existing North American clients and attract new clients and to make better use of skills and resources within the group.

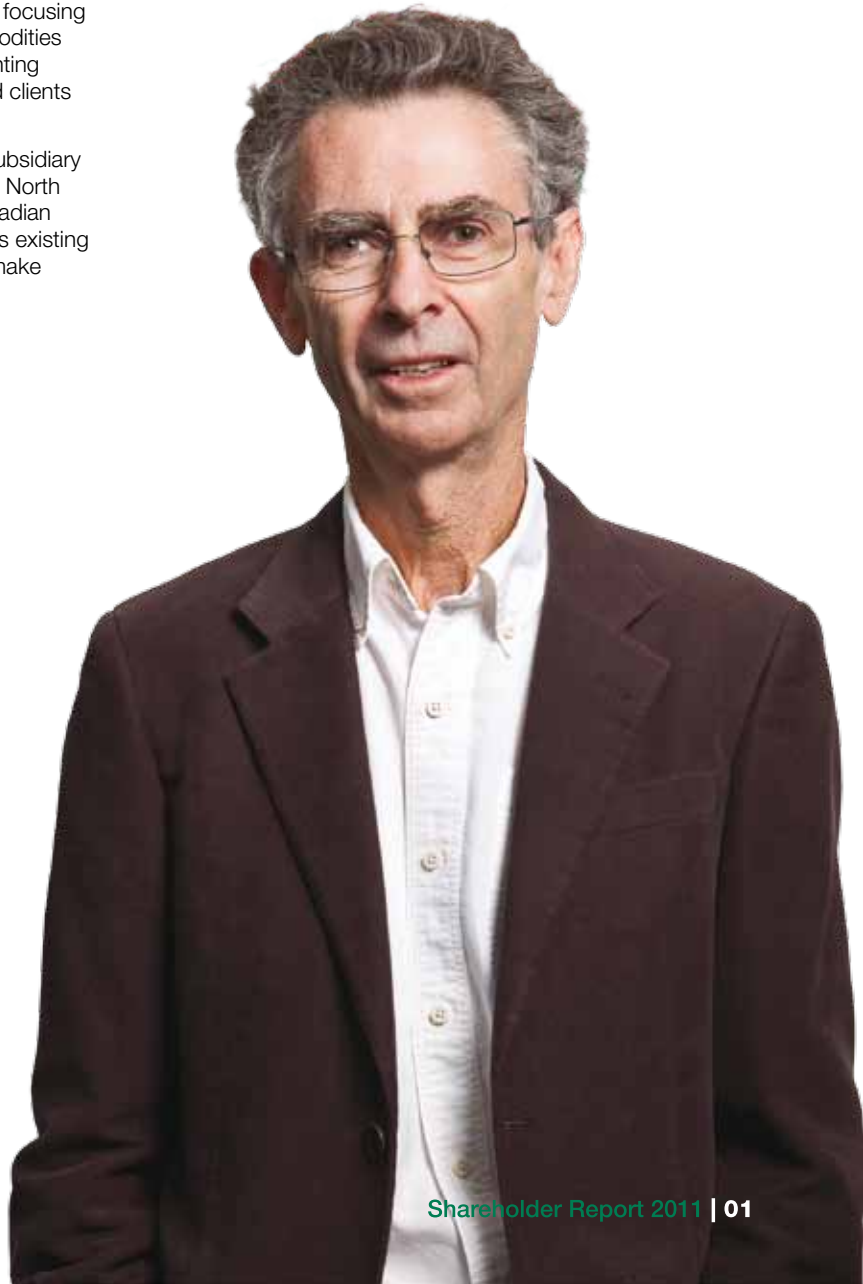
In uncertain times the ability to move people and skills to support projects in different regions provides stability and security for both the staff and shareholders.

I would like to commend the staff, managers and directors of Lycopodium and its subsidiaries for their efforts which have produced another record result over the past year.

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



M J Caratti
Chairman



Managing Directors Report

The 2010/11 financial year saw the organisation transition from a period of high study activity into a more balanced operating environment comprising a combination of major projects supported by smaller projects and feasibility studies.

Of particular significance was the successful conversion to projects of a number of strategic feasibility studies undertaken. Lycopodium has now secured several major projects domestically and internationally on behalf of major and emerging companies encompassing gold, iron ore, copper and nickel. Additionally there are a number of major feasibility studies which offer the potential for replacement project work into the future.

The organisation is operating at normal manhour utilisation rates, with future growth constrained by our continued objective of executing projects and studies to a consistently high standard and our ability within the current competitive marketplace to recruit and train additional staff.

The core strategy continues to concentrate on the delivery of EPCM consulting services. This focus has enabled the company to develop a world class capability in delivering large projects for leading multi-national companies. As part of this strategy we target a blend of domestic and international work encompassing a broad range of commodities. Our aim with this strategy is to consistently deliver quality and value in all aspects of our Clients' projects. Lycopodium enjoys a strong repeat Client base as a result of this singular focus on project excellence.

Full Year Results

During the financial year ended 30 June 2011, Lycopodium realised record revenues of \$170 million, a 41% increase from the \$120 million in the previous financial year. Net profit after tax increased to \$17 million, as compared to \$16 million in the previous financial year, a 6.5% increase. As compared to the 2010 profit figures, there were no extraordinary items in the profit figures for 2011.

Basic earnings per share increased from 41.6 cents for the previous financial year to 44.3 cents and in accordance with the company's dividend policy the Directors have resolved to pay a final dividend of 20 cents fully franked.

The total dividend for the year is 30 cents fully franked compared to 27 cents for the previous financial year.

Outlook

The company has forecast FY2012 revenue of \$188 million and net profit after tax of \$18.5 million. The profitability, as a percentage of revenue will remain essentially unchanged to the 2010/11 financial year, reflecting increased retention and employment related costs and increased capital commitments associated with organic growth initiatives.

Corporate Overview

To expand our geographic footprint in mineral processing and improve support to existing North American clients we have opened an office in Toronto, Canada for Lycopodium Minerals and for OMC. A small contingent of core employees was relocated as part of the initial office establishment, however the majority of the staff will be sourced from the Canadian minerals industry. This fledgling office has secured several studies from existing North American clients with projects in Africa.

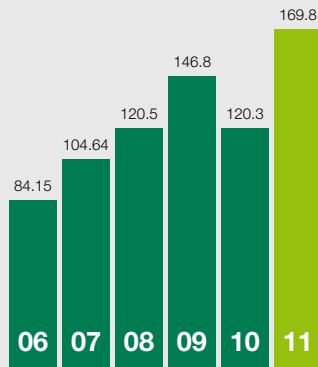
There were no material changes to the Australian-based operating entities. During the past year investment in core infrastructure for the existing operating entities recommenced in support of the increased operating levels:

- Lycopodium Minerals in Perth installed a new IT data centre
- Lycopodium Minerals in Brisbane expanded their offices
- Lycopodium Process Industries in Melbourne relocated to new offices
- SUPL relocated to new offices within the Perth CBD in order to be closer to their long term clients.

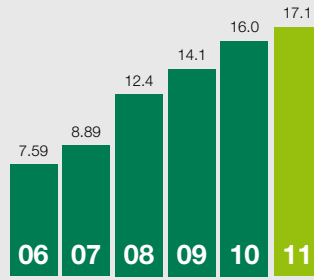
Operational Highlights

This year has been highlighted by the progressive conversion of several major feasibility studies into strategic projects which will underpin a material percentage of the revenues for the next two financial years. These major projects are complemented by a range of smaller projects and significant feasibility studies across the group.

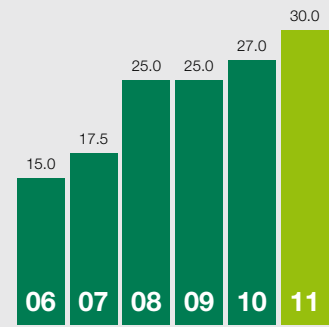




Revenue (\$ Millions)



Net Profit After Tax (\$ Millions)



Dividends (Cents)

Provided below is an update on the three major projects committed during the year:

- The Akyem Project in Ghana West Africa for Newmont is nearing completion from a design perspective. Early infrastructure is under construction in advance of the main construction effort on the gold mineral processing plant in 2011/12
- The Marandoo Project in Western Australia for Rio Tinto has transitioned from the feasibility study into the detailed design phase. Early infrastructure is under construction and will progress into the main construction phase on the iron ore processing plant in 2011/12
- The Tasiast Dump Leach Project in Mauritania for Kinross is nearing the completion of construction. Additional work has also been undertaken in relation to expansion of the accommodation facilities and upgrades to the existing processing plant.

Lycopodium Minerals, via the Perth, Brisbane and Toronto offices, has also progressed or completed the following projects during the year:

- The new crushing facilities associated with the re-commencement of the Ravensthorpe Nickel Laterite Project in Western Australia for First Quantum Minerals Ltd were essentially complete following commissioning in June 2011
- The Nzema Gold Project in Ghana for Adamus Resources was successfully completed with the handover of the project in January 2011 following commissioning and performance testing
- The Tasiast Dump Leach Project in Mauritania for Kinross is under construction. Additional work has also been undertaken in relation to expansion of the accommodation facilities and upgrades to the existing processing plant
- Ongoing assistance is being provided to the Hidden Valley Operations as part of the debottlenecking and improvement activities. The Hidden Valley Operations in PNG is a joint venture between Newcrest Mining and Harmony Gold

- The NMK TRP Project in Western Australia for BHP Billiton is currently under construction with a number of facilities already handed over as part of this brownfield project
- Detailed design is in progress for the Bissa Gold Project in Burkina Faso on behalf of Bissa Gold SA
- Construction has commenced on the Sabodala Gold Project Upgrade in Senegal on behalf of Sabodala Gold Operations SA.

Lycopodium Process Industries remains active in the chemicals and manufacturing sectors. Key projects and studies undertaken during the year have included the detailed design of a hydrogen sulphide plant as part of the Taganito Nickel Laterite Project in the Philippines on behalf of JGC and Chiyoda, flood recovery assistance to Dulux in Queensland and engineering and costing studies for two bio-diesel projects.

SUPL remained committed to long term clients during the year, based on major reliability and maintenance engineering briefs with Woodside and Chevron in the oil and gas sector and BHP Billiton in the minerals sector.

Orway Mineral Consultants provided comminution circuit design and optimisation services across a wide range of commodities, with the gold and iron ore sectors being particularly buoyant. Hydrometallurgical services were provided in uranium, manganese, cobalt and nickel.

Lycopodium Infrastructure has provided design services to several of the major greenfield projects being undertaken in the minerals sector, both directly to clients and as part of major projects being undertaken by Lycopodium Minerals.

HSE & Community

There has been a continued focus on health, safety and the environment as the construction activities increase within the company. To this end additional management capability has been added to ensure a proactive and hands on approach to HSE is consistently achieved across the domestic and international sites.

In 2010/11 there were 3.7 million manhours worked across the Lycopodium managed projects with only one lost time injury. Additional training initiatives were implemented during the year in order to further enhance the safe working environment across our sites.

On the community side, Lycopodium completed and handed over a new school in support of BASICS, an NGO working to improve the quality of life for children living in poor communities of Accra, Ghana. In Perth, Lycopodium remains an active sponsor and supporter of The Clontarf Foundation, a charitable not-for-profit organisation improving the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men. The company also continues to support a number of charitable initiatives championed by staff.

Acknowledgement

Lycopodium is proud of the achievements of our personnel over the last year, noting the outstanding efforts in converting a number of key studies into major projects for the company and the valued assistance to our clients impacted by the floods in Queensland. The Board of Directors acknowledges that the company's ability to continue to deliver world class services to our clients and to maintain and enhance the company's performance and capability is dependent on the continued commitment and support of our personnel.

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

Rod Leonard
Managing Director

Board of Directors



Michael (Mick) Caratti

Non Executive Chairman

Mick has over 35 years' experience in the mineral processing industry with involvement in conceptual evaluation, engineering, commissioning and study management for new and existing projects in Australia and overseas.

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

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



Rodney (Rod) Leonard

Managing Director

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

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

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

Rod has over 25 years' experience in a variety of roles in the operation and project development of major projects in North and South America, Africa, Asia and Australia and has been involved in many aspects of the mineral processing industry from process development, feasibility studies, and design assignments as well as commissioning of projects.



Robert (Bob) Osmetti

Executive Director

Bob is a Civil Engineer with over 33 years' experience in the project management and construction management of projects in an EPCM role and has worked for major construction contractors in the mining sector.

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

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



Bruno Ruggiero

Executive Director

Bruno is a Mechanical Engineer with over 25 years' experience in the minerals industry completing both national and international projects.

Bruno is a founding partner of Lycopodium and, with expertise in both mechanical and process design, has undertaken diverse roles within the company.

Currently a Technical Director with Lycopodium Minerals, Bruno sets the technical direction and standards for new project initiatives that the company undertakes. Over the past few years he has applied Lycopodium's mineral processing expertise to the iron ore projects being undertaken, particularly the Rio Tinto projects.

He is an Executive Director of Lycopodium Minerals and a Non Executive Director of SUPL.



Peter De Leo

Executive Director

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

Peter is a Civil Engineer with over 22 years' experience within the construction and engineering industries. Peter possesses strong management and project implementation skills and has been responsible for the successful delivery of many of Lycopodium's pioneering and large scale projects.

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



Lawrence (Laurie) Marshall

Non Executive Director

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

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



Keith Bakker

Company Secretary/Chief Financial Officer

Keith has been with Lycopodium for 15 years and in that time has carried out the roles of Commercial Manager and General Manager Finance.

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



B.A.S.I.C.S International



It takes one to help one

Since the year 2000 B.A.S.I.C.S International has been at the forefront of eradicating child labour and illiteracy in Ghana. Over 500 have benefited from our sponsorship program.

Our feeding program provides a hot meal to over 150 children daily and countless families are beneficiaries of our relief services.

www.basicsinternational.org
Tel. 0302 325 704





About Lycopodium

Lycopodium Limited is a leading Australian-headquartered engineering and project management consultancy with offices nationally in Perth, Melbourne, Brisbane and Sydney and internationally in Canada, Ghana and the Philippines.

Our Company

Lycopodium delivers consistently high quality, diverse and cost effective services across a broad range of commodities in the mining and mineral processing industries as well as a wide range of sectors in the process industries. Services are provided through the following subsidiaries:

- Lycopodium Minerals
- Lycopodium Minerals QLD
- Lycopodium Minerals Canada
- Lycopodium Process Industries
- Lycopodium Infrastructure
- Orway Mineral Consultants
- SUPL.

Listed on the Australian Stock Exchange in 2004, Lycopodium's board, executives and employees are a diverse and experienced team with a strong knowledge of the engineering industry.

Our Business

Lycopodium's business model is based on consistently delivering a quality service to clients by delivering studies, engineering, projects, and maintenance advice that are fit for purpose and that exceed established acceptance criteria. In this way Lycopodium adds value to a client's business leading to long term beneficial relationships.

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

Our contracting model is predominantly EPCM based (Engineering, Procurement, Construction Management).

Our work, reflecting diversity in not only client background, but commodity, technology, scale of operation and geographic location, falls into five broad groups:

Mineral Processing

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

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

Infrastructure

Lycopodium has wide-ranging experience managing the assessment, design, planning and implementation of a variety of infrastructure elements, both independently and in conjunction with mineral processing projects. Infrastructure elements include power supply, water supply, accommodation, industrial buildings, roads and general infrastructure.

Process Industries

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

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

Renewables

Lycopodium is at the forefront of developments in renewable energy and energy efficient including solar, biofuels, and heat energy recovery.

Maintenance & Reliability Engineering

Maintenance and Reliability Engineering clients come from the oil and gas, petrochemical, power and water utilities, mining and minerals processing industries.

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

Project examples of the various commodities and industry sectors in which Lycopodium has worked during the 2010/11 year follow on Page 13.



About Lycopodium (Continued)

Our Services

Over the years, Lycopodium has developed a reputation for providing technically innovative and cost effective engineering solutions as well as delivering projects which exceed the client's project criteria and performance targets.

Our services fall generally into four areas of expertise:

Engineering

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

- Conceptual and detailed design of treatment plants
- Conceptual and detailed design of plant associated infrastructure including earthworks, roads, drainage, power supply and transmission systems, buildings and villages, water and wastewater systems
- Design expertise covering all relevant disciplines including:
 - Architectural
 - Civil
 - Structural
 - Mechanical
 - Piping
 - Electrical
 - Instrumentation
 - Process controls
- Design, programming, testing and commissioning of plant automation and control systems
- Plant refurbishment and relocation
- Conceptual and detailed design of portable and skid-mounted plants
- Plant debottlenecking, upgrading and improvements
- Troubleshooting and modification of mechanical and electrical installations
- Design expertise in tropical, arid, arctic and high altitude locations
- General engineering consulting services including due diligence reports, project valuations and debottlenecking studies.

Process

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

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

Project Delivery

Lycopodium undertakes the engineering, design, procurement and construction management (EPCM) of clients' projects, including:

- Full project management on a predominantly EPCM basis to deliver complete projects
- Project controls including cost control and scheduling
- Tender preparation and evaluation
- Procurement, expediting and inspection services
- Plant evaluations and assessments for insurance or sales purposes
- Capital and operating cost estimates
- Financial evaluation of projects
- Client representation
- Development and implementation of project accounting services
- Development and implementation of project maintenance and reliability engineering services
- Logistical and transport management.

Maintenance and Reliability Engineering Services

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

These services fall within the following areas:

- Maintenance System Development
- Optimisation
- Materials Management and Optimisation
- Operational Readiness
- Planning.







About Lycopodium (Continued)

Our People

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

Lycopodium uses a team approach to its work where each project has a team drawn from the disciplines required and is led by a project manager.

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

Our Projects

Lycopodium, while Australian based, operates both nationally and internationally and has undertaken projects and studies in over 50 countries in diverse locations such as Burkina Faso, Cameroon, Canada, China, Democratic Republic of the Congo, Egypt, Finland, Ghana, Kazakhstan, Malaysia, Mauritania, Papua New Guinea, Philippines, Senegal and Tanzania.

Our Clients

Lycopodium services a wide range of organisations headquartered throughout the world including:

- AngloGold Ashanti
- Barrick
- BHP Billiton
- Bluescope Steel
- Dulux
- First Quantum Minerals
- GlaxoSmithKline
- Gold Fields
- Kinross
- Newmont Gold
- Newcrest Mining
- Orica
- Pfizer
- Queensland Ores
- Rio Tinto
- Sumitomo
- Thales
- Toyota Motor Corporation
- Xstrata
- Yakult.

Our Goals

Lycopodium's aim is to be the best in its field and believes its success is a function of the success of its clients' projects.

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

A successful company doesn't stand still – it grows, accepting new challenges and resetting goals, which for Lycopodium reflects in larger, more complex projects and work in new areas, be they technical or geographic. In order to assist this growth Lycopodium's strategies are as follows:

Clients

Lycopodium focuses on achieving clients' aims as its primary objective and its success is demonstrated by the high level of client satisfaction and repeat business the company enjoys.

People

Lycopodium continues to build and retain a team of respected professionals in each of the disciplines required in an engineering consultancy and project delivery business. Our teams are based in offices nationally in Perth, Melbourne, Sydney and Brisbane, and internationally in Canada, Ghana, the Philippines, and on project sites as required.

Profitability

Lycopodium's objective is to maintain consistent profit margins while not exposing the Company to unacceptable risk.

Growth

Lycopodium continues to focus on organic growth in alternative geographic locations and through strategic acquisition where clear added value to the business can be demonstrated.



Project Reviews

Project: Tropicana
Location: Western Australia
Client: Tropicana Joint Venture
Sector: Minerals – Gold

The Tropicana project is located 330 km north east of the mining service centre of Kalgoorlie in Western Australia at the edge of the Great Victorian Desert, an area that is remote with limited infrastructure.

Discovered in 2005, the project is part of the Tropicana Joint Venture (TJV) held by AngloGold Ashanti Australia (70% and manager) and Independence Group (30%). The tenements cover more than 16,000 square km and the project is centred on the Tropicana and Havana deposits at the northern end of this land holding.

Lycopodium had an integral involvement with the development plans for the project, beginning in 2007 with a scoping study and followed by the award of a pre-feasibility study in 2008. In these early studies there were two key elements requiring resolution for a successful project; one was that of power and many options were considered, amongst them gas, diesel and solar with the other being water and energy efficiency. A bankable feasibility study was initiated in August 2009 and on 11 November 2010 development of the project was announced with Lycopodium being awarded the EPCM contract in early 2011.

The processing plant will have a design throughput rate of 5.5 Mtpa of fresh ore and will be based on a comminution circuit comprising two-stage conventional crushing, high pressure grinding rolls and ball milling, along with a conventional CIL circuit.

Construction of 220 km of new road to Tropicana began in June 2011 and detailed engineering is scheduled to continue through the remainder of 2011, ahead of plant construction starting in early 2012. Other infrastructure, including a sealed airstrip and an accommodation village, will be completed by the end of the 2Q 2012. The project is planned for completion in the 4Q 2013.

Project: HV Operations
Location: Papua New Guinea
Client: Hidden Valley Services Ltd
Sector: Minerals – Gold/Silver

The Hidden Valley Mine is located in the highlands area of PNG, around 300 km north west of Port Moresby. The operation is part of the 50:50 joint venture of the PNG subsidiaries of Australian miner, Newcrest Mining and South African company, Harmony Gold Mining Ltd.

The mine, which has a significant gold and silver reserve, had its first gold pour in June 2009 with the full commissioning of the carbon-in-leach gold and silver processing plant occurring in September 2010.

Hidden Valley Services Ltd has initiated a post-commissioning and performance improvement programme which will enable Hidden Valley to achieve consistent full-scale mining and production levels and to ultimately achieve increased annual plant capacity of 4.7 million tonnes.

Helping Hidden Valley to achieve these goals, Lycopodium is providing EPCM services which range from bottleneck identification and scope definition through to detailed design, construction and commissioning. Projects completed to date include small upgrades to the flotation, CCD, CIL, elution, cyanide destruction and refinery areas. Concept and feasibility studies have also been completed on larger projects which include an upgrade / expansion of the crushing circuit, oxygen plant and a water polishing plant.

Site upgrade projects also extend to mine infrastructure, with Lycopodium providing EPCM services to upgrade vehicle workshops, bulk fuel storage facilities, bulk reagent storage facilities, laboratory and environmental remediation facilities, site water storage and distribution and site sewage systems.

In addition to the plant debottlenecking projects to achieve annual plant capacity of 4.7 million tonnes, Lycopodium has completed concept and feasibility level studies to upgrade annual plant production to 5.5 Mtpa.

Project: Flood Recovery Assistance
Location: Queensland
Client: DuluxGroup Australia Limited
Sector: Process Industries – Chemical

DuluxGroup is Australia's leading manufacturer and marketer of paints and related products, with production facilities in Australia, New Zealand, PNG and South East Asia. In Australia, DuluxGroup's major manufacturing facility is located in Rocklea, a suburb of Brisbane, in Queensland, producing both solvent-based and water-based paint.

In January 2011 the DuluxGroup site at Rocklea was flooded during the major rain and flooding that devastated much of south east Queensland. The flood caused damage and disruption to the site's manufacturing facility and the office complex.

Even as the flood waters were receding, DuluxGroup was briefing Lycopodium on the need to establish a site recovery team to assist DuluxGroup and once the waters had subsided, Lycopodium was able to immediately mobilise a team to site. At the start of the recovery exercise, flood debris and mud made for slippery and unpleasant conditions but once the initial wash-down with clean water was complete, conditions improved and the major recovery work was able to commence. To combat the adverse conditions, DuluxGroup implemented a responsible and safe approach by quarantining areas until safe access could be provided.

With a substantial portion of the site being electrically hazardous in nature and with the electrical and instrumentation gear and wiring flooded, much of the wiring and electrical and instrumentation equipment had to be replaced. With experience in electrical hazardous area requirements and in general compliance requirements for the electrical and instrumentation installation, Lycopodium took the lead in this area.

The Lycopodium team has played a major role in the successful recovery of this important manufacturing facility.

Project Reviews (Continued)



Project: Sabodala Upgrade
Location: Senegal
Client: Sabodala Gold Operations SA
Teranga Gold Corporation
Sector: Minerals – Gold

Independent since 1960, Senegal, one of Africa's most stable democracies, is a democratic republic governed under multiparty rule based on the French civil law system. It is the location of choice for many foreign embassies and international banks as the headquarters for the West African region.

Analysis of Senegal's GDP in 2009, shows the economy was based on agriculture (13.8%), industry (23.3%, with the minerals industry contributing 20%) and services (62.9%). Agriculture supports over three quarters of the labour force of Senegal's estimated population of 13.7 million.

The country lies within a savannah region that forms a broad band across Africa between the Sahara desert to the north and the forested countries to the south. The landscape is generally low, rolling plains rising to foothills in the south east.

Pouring its first gold in 2009, the Sabodala Project is an open pit mine and on-site processing operation located in south east Senegal, near the Mali border.

Sabodala Gold Operations is expanding the processing plant to increase the design capacity to achieve 200,000 oz production per annum by incorporating a new partial secondary crushing circuit, secondary crushed ore stockpile with reclaim, expansion of the grinding circuit with the addition of a new ball mill and upgrading of the leaching circuit and tailings handling facilities.

Lycopodium is providing EPCM services for this expansion. Engineering and detailed design are essentially complete and procurement well advanced. Equipment has already started to arrive on site with construction activities commencing ahead of schedule in order to keep ahead of the monsoonal wet season.

Q4 2011 will see the bulk of the mechanical equipment delivered to site and mobilisation of the remaining construction disciplines with construction of the works due for completion in 2012 and first ore into the ball mill during Q1 2012.

Sabodala Gold Operations SA is a company within the Teranga Gold Corporation, listed on the Toronto stock exchange and with head office in Toronto.

Project: Geita
Location: Tanzania
Client: AngloGold Ashanti
Sector: Minerals – Gold

The Geita gold mine is located in the Lake Victoria goldfields of the Mwanza region of Tanzania, about 120 km from Mwanza and 4 km west of the town of Geita. The mine is wholly owned and managed by AngloGold Ashanti and is Tanzania's largest gold producer.

Headquartered in Johannesburg, South Africa, AngloGold Ashanti has 20 operations on four continents and several exploration programmes in both the established and new gold producing regions of the world.

Geita commenced operations in 2000 and Lycopodium's involvement with the project began with the completion of a fast-track Project Definition Study, followed by detailed design in November 1998 and the EPCM phase continuing through to the first gold pour early June 2000. One of Lycopodium's subsidiaries, OMC, was also involved with the project's early study phase in 1999, when it was required to size the mills.

Currently, Geita is a multiple open pit operation with underground potential serviced by a 5.2 Mtpa CIL processing plant.

Since operations commenced, Lycopodium has had an ongoing involvement with expansion studies and debottlenecking design briefs. The most recent of these is the Geita Town Water Supply project where AngloGold Ashanti has undertaken to provide a treated water supply to the increased population of Geita town. Lycopodium was engaged to undertake a feasibility study to determine the preferred means of providing the water supply and over the past year Lycopodium has completed the design work. This project, which will draw water from the Nyankanga dam on the mine's lease area, will include transfer pumping, a treatment and storage system and will deliver water at a rate of 4,800 cubic metres per day to the town. It is envisaged this project will be built in 2011.

AngloGold Ashanti is implementing a new operating model to improve productivity across its 20 existing operations, and Geita is a key objective. OMC is also working with AngloGold Ashanti in this current optimisation work to achieve steady throughput at the desired grind size for less milling energy.

Project: Nzema
Location: Ghana
Client: Adamus Resources Limited
Sector: Minerals - Gold

On 10 May 2011, Adamus Resources Limited announced to the Australian Stock Exchange that the Nzema Gold Project in Ghana, West Africa had achieved commercial production, effective 1 April 2011.

In the release, Adamus Managing Director and CEO, Mark Connelly said "The declaration of Commercial Production at Nzema is a major achievement for Adamus as it marks the completion of project development, commissioning and operational ramp-up of the mine and processing plant."

The announcement, which formalises Adamus' transition from junior project developer to gold-producing mining company, recognises that Adamus' first gold pour on 17 January 2011 was ahead of schedule and that the project construction was completed within 11 months.

Nzema is located in south west Ghana, approximately 280 km west of Ghana's capital city Accra. The project consists of a contiguous block of tenements and options covering approximately 665 square km, accessible via 80 km of sealed roads from the major port city of Takoradi and in close proximity to the major mining centre at Tarkwa with access to all infrastructure and industry service providers. It is part of the Ashanti Gold Belt, host to over 100 Moz of gold, with the southern end including the gold mines of major African gold producers.

Lycopodium's involvement with the development of Nzema first started in 2007 with the completion of conceptual and feasibility studies and in October 2009 Lycopodium was awarded the EPCM contract to build the processing plant.

The plant is a conventional carbon-in-leach (CIL) facility with the flowsheet including crushing and single-stage milling, gravity recovery of free gold from a portion of the cyclone feed, pre-leach thickening, single-stage leaching, and a 6-stage CIL circuit. Mill throughput is planned at 1.6 to 2.1 Mtpa, depending on ore type.

For Lycopodium, Nzema is the latest successful development of a project in Ghana and represents the 13th EPCM project completed since work first started in that country in 1994 on the Konongo project.

Project: Akyem
Location: Ghana
Client: Newmont
Sector: Minerals – Gold

Following the successful development of the Ahafo project in 2006, Lycopodium is again undertaking another gold project plant and infrastructure development on behalf of Newmont Mining Corporation. It is the Akyem Project, located in Eastern Ghana approximately 130 km north west of the capital city Accra. With a measured and indicated reserve of 7.2 million oz, the project has an expected life span of approximately 16 years.

Lycopodium is responsible for the design, procurement, construction, commissioning and handover of the Akyem process plant and associated services and support infrastructure. The project includes an 8.5 Mtpa carbon in leach gold processing plant, encompassing two crushing circuits, SAG and ball milling, thickening, leaching, tailings and water storage facilities. Infrastructure requirements include 50 km of overhead power line for connection to the national power grid, upgrades and construction of new substations, on-site power generation, an 8 km water transmission pipeline, sediment control structures and diversion channels, camp and administrative buildings, haul and access roads and mine services support facilities.

Lycopodium's design for the Akyem project actually started in 2005 but development was deferred by Newmont until October 2009 when approval to revalidate the capital cost estimate and recommence engineering and preliminary procurement activities was received. In January 2011 Lycopodium completed the capital cost revalidation and also received a limited notice to proceed allowing, amongst other things, mobilisation to perform on the early works program. Shortly after, in March 2011, Lycopodium received full notice to proceed with the project development.

Since then engineering has been substantially completed, major contracts have been awarded for early works and critical path construction.

Site works have focused on performing surveys and construction of access roads and the plant's main administration building that will accommodate both client and Lycopodium personnel during the construction phase. Work also commenced to clear the plant site and undertake bulk earthworks activities.

During 2012 all equipment and material previously purchased prior to the project's deferment in 2005/06 will be refurbished and delivered to site, procurement will be substantially completed and all remaining major contracts will be awarded. Construction will continue through 2012 and 2013 with commissioning and full production planned for 3Q 2013.

Newmont, one of the largest gold companies in the world, is the only gold company listed in the S&P 500 index and was the first gold company selected to be part of the Dow Jones Sustainability World Index. In the development of Akyem, Newmont will be looking to maintain its high standards in environmental management, health and safety for its employees and to creating value and opportunity for host communities and shareholders.

Project: Taganito H₂S Plant
Location: Philippines
Client: Taganito JGC / Chiyoda Joint Venture
Sector: Process Industries – Chemical

The Taganito project calls for the construction of a nickel laterite processing plant which will be built adjacent to the Taganito mine, planned by Taganito HPAL Nickel Corporation whose major shareholder is Sumitomo Metal Mining Co. Ltd, Japan (SMM). The plant will apply SMM's high-pressure acid leaching (HPAL) technology to produce 30,000 tpa of nickel as nickel/cobalt mixed sulfide, an intermediate product of nickel processing.

Lycopodium provided the Front End Engineering Design (FEED) package for two 40 tpd H₂S plants for the HPAL Nickel Extraction Plant which involved closely working with a technology provider from the USA.

As well as undertaking the FEED package for the H₂S plant and the balance of the plant, Lycopodium also collaborated on the completion of the detailed engineering design of the H₂S plant and ancillary plant. The ancillary processes include H₂S gas scrubbers, sulphur handling, melting, filtration, services and utilities reticulation.

Lycopodium is participating in the detailed design phase of the project which includes development of the Functional Description for the distributed control system, the development of the Safety Requirements Specification for the safety instrumented system and the provision of other technical engineering support. Future activities for Lycopodium include participation in factory acceptance testing and commissioning assistance.

Construction is now underway with earthworks starting March 2011 and civil works starting May 2011. The plant is expected to be complete in 4Q 2012.





Project Reviews (Continued)

Project: Tasiast ADR

Location: Mauritania

Client: Kinross Gold Corporation

Sector: Minerals – Gold

Canadian-based gold mining company, Kinross Gold Corporation, owns 100% of the Tasiast mine in Mauritania, and sees it as the first mine in a highly prospective greenstone belt in a country with natural resources of iron ore, gypsum, copper, phosphate, diamonds, gold and oil.

The Tasiast mine is an open pit operation in north west Mauritania located approximately 300 km north of the capital Nouakchott. The processing currently comprises milling followed by carbon-in-leach and heap leaching.

Kinross acquired Tasiast as part of their takeover of Red Back Mining in 2010 and since then has been working to advance plans for the expansion of the operation.

Lycopodium progressed from the initial studies on a new dump, leach, adsorption and recovery plant into implementation under an EPCM contract in 2010. The project is now well advanced with detailed design and procurement complete and construction well advanced under the site management team. Mobilisation of the commissioning team will commence at the end of August, with project handover planned for 4Q 2011.

The process design encompasses a gold adsorption and recovery plant processing the solution from two parallel 5.5 Mtpa gold-bearing low grade dump leaches over 8 years. The process flow sheets incorporate the following features:

- The process plant is fed by two stage counter current leach pad configurations from two dump leach sites
- There are 6 stages of carbon contactors for gold adsorption from solution
- Gold is recovered from the carbon using a 6 tpd elution circuit with carbon regeneration and includes a goldroom and supporting reagents and services.

As well as Mauritania, Kinross operates mines and projects in Canada, the United States, Brazil, Chile, Ecuador, Russia and Ghana. Kinross maintains listings on the Toronto and the New York Stock Exchanges.

Project: Marandoo Mine Phase 2

Location: Western Australia

Client: RioTinto

Sector: Minerals – Iron Ore

During 2010 and 2011, Lycopodium has continued to work with international mining group RioTinto on the upgrade of the Marandoo iron ore mine, 35 km north east of the town of Tom Price in the Pilbara area of Western Australia. RioTinto's investment in the mine will extend its life by 16 years to 2030.

Following completion of the Preliminary Engineering Study and the Definitive Engineering Study, Lycopodium was awarded the engineering, procurement and construction management (EPCM) services for the Marandoo Mine Phase 2 Project in April 2011.

Lycopodium is providing EPCM services in relation to a process plant upgrade and additional associated infrastructure. The process plant will be upgraded via the addition of a 15 Mtpa wet processing plant and associated services for this major brownfields development. The additional infrastructure consists of a mine dewatering system, an agriculture system to grow hay with excess mine water and a new 1,000 person accommodation village.

According to figures from the Australian government's Bureau of Agriculture & Resource Economics and Sciences, exports of iron ore from Australia are expected to total 425 million tons this year, up 5.5% compared with last year, to reinforce the country's position as the top exporter.

Project: Extension Hill

Location: Western Australia

Client: Mount Gibson Iron Limited

Sector: Minerals – Iron Ore

Extension Hill Pty Ltd is the owner and developer of the Extension Hill Magnetite Project located at Mt Gibson approximately 350 km from Perth on the Great Northern Highway. The project, which has achieved both state and federal environmental approval, involves the establishment of a magnetite mine and process plant at Mt Gibson to produce magnetite concentrate.

The project is progressing and nearing final flowsheet selection. OMC, a subsidiary of Lycopodium with specialist skills in comminution, has been involved with various studies to size the crushing and milling equipment and to provide process expertise to the owner's team. It is anticipated that the annual production from Extension Hill will be 10 Mtpa of magnetite concentrate with new feed rates in the order of 25 Mtpa.

Two main options of AG-ball milling and HPGR-ball milling have previously been investigated, with equipment selections being the largest in the industry. OMC has implemented their modelling techniques in order to ensure that the most reliable, efficient and operable circuit can be determined and employed moving forward.

Currently OMC is working with the project engineer to finalise the selected HPGR-ball milling option flowsheet to ensure equipment size suitability and circuit robustness.

Financial Results

Consolidated

	2011 \$	2010 \$	2009 \$
Revenue	169,842,916	120,801,462	149,735,813
Employee and contractors expense	(125,105,508)	(89,037,656)	(109,134,618)
Depreciation and amortisation expense	(1,286,219)	(1,608,491)	(1,841,544)
Other project expenses	(4,181,481)	(446,985)	(6,904,017)
Administration and management costs	(13,866,490)	(9,889,072)	(10,745,710)
Other	(495,329)	(1,107,480)	(907,182)
Profit before income tax	24,907,889	18,711,778	20,202,742
Income tax expense	(7,795,136)	(2,653,312)	(5,425,487)
Profit for the year	17,112,753	16,058,466	14,777,255
Dividend (fully franked) (cents)			
Interim	10.0	5.0	5.0
Final	20.0	22.0	20.0
Total Dividend	30.00	27.00	25.0
Shares on issue	38,655,103	38,655,103	37,840,000
Share price as at 30 June (\$)	5.75	3.14	1.37
Earnings per share (cents)	44.3	41.6	37.4
Price earnings ratio	13.0	7.5	3.7
Net tangible assets per share (cents)	112.6	100.1	91.6

Balance Sheet

Consolidated

	2011 \$	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	26,199,742	23,395,487	26,362,861
Trade and other receivables	39,835,368	27,665,269	24,100,564
Other current assets	1,639,824	2,790,730	1,415,308
Non current assets held for sale	0	0	0
Total current assets	67,674,934	53,851,486	51,878,733
Non current assets			
Property, plant and equipment	4,119,085	3,147,532	3,548,705
Other assets	1,661,874	1,891,515	490,344
Deferred tax assets	4,273,369	2,152,651	2,921,830
Intangible assets	6,150,895	6,018,211	5,063,182
Total non current assets	16,205,223	13,209,909	12,024,061
Total assets	83,880,157	67,061,395	63,902,794
LIABILITIES			
Current liabilities			
Trade and other payables	24,080,951	18,994,066	16,344,344
Borrowings	909,754	782,003	837,249
Current tax liabilities and provisions	6,559,179	475,000	4,607,180
Total current liabilities	31,549,884	20,251,069	21,788,773
Non current liabilities			
Borrowings	1,781,208	1,473,918	1,931,273
Provisions	861,971	616,973	455,448
Total non current liabilities	2,643,179	2,090,891	2,386,721
Total liabilities	34,193,063	22,341,960	24,175,494
Net assets	49,687,094	44,719,435	39,727,300
EQUITY			
Contributed equity	18,730,297	18,730,297	17,656,497
Reserves	89,318	(134,501)	(158,143)
Retained profits	30,916,243	26,123,639	21,622,524
Minority interest	(48,764)	0	606,422
Total equity	49,687,094	44,719,435	39,727,300

Shareholder Information

The shareholder information set out below was applicable as at 23 September 2011.

A. Distribution of equity securities

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

			Total Holders
1	-	1,000	469
1,001	-	5,000	737
5,001	-	10,000	223
10,001	-	100,000	201
100,001	-	and over	27
			1,657

There were 45 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

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

Name	Number held	Percentage of Units
1 Reesh Pty Ltd	9,104,637	23.55
2 Luala Pty Ltd	3,167,332	8.19
3 HSBC Custody Nominees (Australia) Pty Ltd	2,979,159	7.71
4 Caddy Fox Pty Ltd	2,812,332	7.28
5 Accede Pty Ltd	2,142,332	5.54
6 Selso Pty Ltd	2,141,781	5.54
7 Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	905,907	2.34
8 Equity Trustees Limited	903,176	2.34
9 JP Morgan Nominees Australia Limited	637,772	1.65
10 Lycopodium Share Plan Pty Ltd	595,000	1.54
11 Mr Peter De Leo	572,466	1.48
12 Mr Ian Yovich & Ms Kay Somerville	500,103	1.29
13 De Leo Nominees Pty Ltd	407,900	1.06
14 Mr Glenn Robertson	309,997	0.80
15 National Nominees Limited	261,302	0.68
16 Mirrabooka Investments Limited	242,497	0.63
17 Botech Pty Ltd	225,405	0.58
18 Citicorp Nominees Pty Ltd	217,984	0.56
19 Mr Peter De Leo & Mrs Tiana De Leo	216,405	0.56
20 Mr David James Taylor	200,000	0.52
Total	28,543,487	73.84

C. Substantial holders

Substantial holders in the company are set out below:

Name	Number held	Percentage of Units
1 Reesh Pty Ltd	9,104,637	23.55
2 Luala Pty Ltd	3,167,332	8.19
3 HSBC Custody Nominees (Australia) Pty Ltd	2,979,159	7.71
4 Caddy Fox Pty Ltd	2,812,332	7.28
5 Accede Pty Ltd	2,142,332	5.54
6 Selso Pty Ltd	2,141,781	5.54

D. Voting rights

Ordinary shares: On a show of hands every member present at a meeting or by proxy shall have one vote and upon a poll each share shall have one vote.

Corporate Directory

Directors

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

Company Secretary

Keith Bakker

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Share Registry

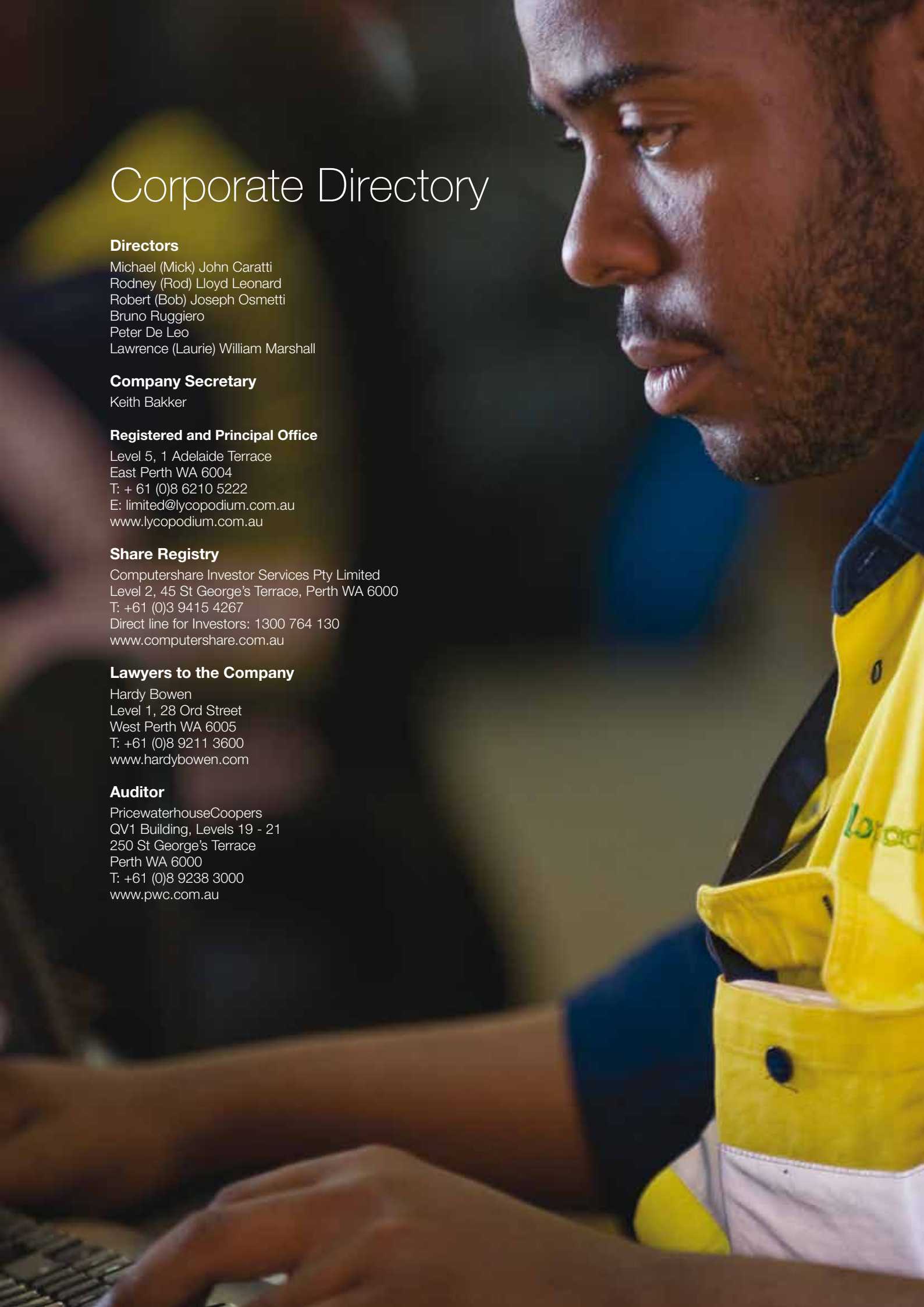
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