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Lycopodium

Financial Report

30 JUNE 2022



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 23 August 2022.

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

Yauré Gold Project, Côte d'Ivoire



Sanbrado Gold Project, Burkina Faso

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Directors' Report

The Directors present their Annual Report to the members, together with the audited Consolidated Financial Statements of Lycopodium Limited (the 'Company') and its subsidiaries (the 'Group' or 'consolidated entity'), for the financial year ended 30 June 2022 and the Statement of Financial Position of the consolidated entity as at 30 June 2022.

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 Garatti
 Peter De Leo
 Rodney Lloyd Leonard
 Robert Joseph Osmetti (*resigned 30 June 2022*)
 Bruno Ruggiero
 Karl Anthony Cicanese
 Lawrence William Marshall (*resigned 1 April 2022*)
 Steven John Micheil Chadwick
 Louise Bower (*appointed 15 August 2022*)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated entity 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 consolidated entity's principal activities during the financial year.

DIVIDENDS

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

	2022 \$	2021 \$
Final fully franked dividend for the year ended 30 June 2021 of 15.0 cents (2020: 5.0 cents) per fully paid share paid on 8 October 2021 (2020: 8 October 2020).	5,961,034	1,987,011
Interim fully franked dividend for the year ended 30 June 2022 of 18.0 cents (2021: 10.0 cents) per fully paid share paid on 7 April 2022 (2021: 8 April 2021)	7,153,240	3,974,022
	13,114,274	5,961,033

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 \$14,306,481 (36.0 cents per fully paid share) to be paid on 7 October 2022 out of retained earnings at 30 June 2022 (2021: \$5,961,034). This brings the total dividend declared for the year ended 30 June 2022 to 54.0 cents (2021: 25.0 cents).

Review of Operations

FY2022 has been a successful year for the business, with the award of new study work and the progression of a number of significant projects to the construction phase.

FULL YEAR RESULTS

For the financial year ended 30 June 2022, Lycopodium generated revenue of \$232.2 million and a net profit after tax of \$27.2 million. The Directors have resolved to pay a final dividend of 36 cents per share. The total dividend for the year is 54 cents fully franked.

ACTIVITIES FOR THE PAST YEAR

With a strong pipeline of work spanning our core operating sectors of Resources, Infrastructure and Industrial Processes, we have had many new people join the Group this year, across all businesses and geographies. During FY2022, we employed more than 950 people in our offices and on project sites around the world.

Investment in our people is fundamental to our culture and our ongoing success. We are committed to providing a workplace environment that enables our people to reach their full potential and perform at their best, and in support of this, a number of initiatives have been developed over the past 12 months which will be rolled out during FY2023. This includes the introduction of a global HR Information System (HRIS) to facilitate workplace efficiencies. A new global Performance

& Engagement platform to support a culture of continual performance feedback and engagement will further supplement the HRIS. In May 2022, we launched our inaugural Emerging Leaders Program, a nine month leadership program focused on the development of the middle management levels within the business and therefore a key component of our succession planning strategy.

Revenue | **\$232.2m**

NPAT | **\$27.2m**

Total Dividend | **54c**

During FY2022, we employed more than 950 people in our offices and on project sites around the world.



Séguéla Gold Project, Côte d'Ivoire

Review of Operations

Knowledge management continues to be a strategic focus for the business, and significant investment has been made in our network and systems over the past year. This includes implementing changes to our project collaboration software, ProjectWise, to support improved functionality. We also upgraded to Office 365, including the introduction of Teams and SharePoint, both very important tools for promoting collaboration across our global operations. Significant effort has gone into researching and analysing options for a new enterprise resource planning (ERP) system that will support our Finance and Project Controls functions. It is anticipated the chosen system will be introduced globally in FY2023, further enabling the efficient delivery of services to our clients and ensuring consistency in information collection and reporting.

Being innovative and at the forefront of new technology is critical to business sustainability, both internally in driving business efficiency and effectiveness through investment in our internal systems as described above, and externally in the solutions we deliver for our clients. This includes pursuing innovation in minerals processing technologies and investing in prospective technologies in order to develop future opportunities. Our commitment to continuous improvement empowers our people to think creatively and we celebrate and share success through our internal innovation award.

Following the establishment of our new service offering, Lycopodium Energy, in FY2021, we have continued to grow our knowledge and build capability through

strategic partnerships, to ultimately deliver new services that will enable us to participate in green energy opportunities in downstream processing, generation and storage, and electrification. While this is still considered an early stage initiative, we are working in collaboration with our clients and partners to understand and evaluate future requirements and develop strategies to meet these.

OUTLOOK

Global economic recovery has continued into 2022, albeit at a slower pace than 2021 due to a number of factors, including the Russian invasion of Ukraine and consequent sanctions, the potential for new variants of COVID-19, persistent supply chain disruption, and growing inflation.

In the Resources sector, base metal usage is expected to rise, as world industrial activity recovers and as the energy transition continues, with a global impetus to build energy and transport systems based on lower emission sources materialising in the coming years. As Western nations seek alternatives to Russian energy supplies, this is likely to further accelerate the push towards developing renewable energy solutions.

Global iron ore demand is forecast to grow steadily, as China, the world's largest importer, is expected to adopt more expansionary fiscal and monetary policies going forward following a tight stance in 2021. On the back of historical price highs achieved in the first half of 2021, iron ore exploration expenditure has grown. In March, China announced a plan to diversify its iron ore supply chain

Bomboré Gold Project, Burkina Faso



Review of Operations

and is investigating a number of possible iron ore mines in Africa. However, given the significant investment in mining-related and transport infrastructure required to get minerals to market, including new ports and rail networks, development of these prospects remains some way off at present.

Demand for gold remains strong, buoyed by investment in 'safe' assets amid rising inflation and ongoing geopolitical uncertainty. Interestingly, consumption in technology is increasing, with gold a critical component in COVID-19 diagnostic tests and with its growing application in the electronics sector, including for heart rate tracking functionality in smartphones and watches.

The demand for lithium continues to be driven by the use of batteries in portable electrical appliances and in electric vehicles (EV). Surging EV sales is driving demand not only for lithium, but a range of other critical minerals and metals used in the production process, including graphite, copper, nickel, manganese and cobalt.

In the Infrastructure sector, the opportunity to provide rail infrastructure management (RIM) services is forecast to strengthen over the coming years, with substantial additions to railway assets over the past decade and the current expansion of bulk freight and commuter passenger rail transport services.

The shift to a domestic manufacturing focus in response to the pandemic has delivered new opportunities in the Industrial Processes sector, including for base vaccine component production facilities. The development of emerging markets, including waste and recycling, water and wastewater, and hydrogen, is also continuing to drive sector growth.

OPERATIONAL HIGHLIGHTS

During FY2022, we have built on the momentum generated in FY2021, with the mobilisation of teams to projects transitioning to the construction phase and the further award of a number of new opportunities.

Resources

We continue to deliver studies and projects spanning most major commodities, including iron ore, gold, copper, nickel, lithium, graphite, diamonds, platinum and mineral sands, for projects located around the world, most notably in Africa, Australia, Southeast Asia and North and Central America.

During calendar year 2021, the Group was awarded a number of Engineering, Procurement and Construction Management (EPCM) contracts, which commenced onsite works in FY2022. This includes the Motheo Copper Project in Botswana (Sandfire); Bomboré Gold Project in Burkina Faso (Orezone); Ahafo North Gold Project in Ghana (Newmont); Talison Lithium Mine Services Area Project in Western Australia (Talison); and the Navachab Gold Mine Expansion in Namibia (QKR). Successfully transitioning into the delivery phase



Western Turner Syncline Phase 2, Western Australia

for these projects, and mobilising personnel to sites across a multitude of disparate locations, is a significant undertaking and a credit to our operations teams.

Provision of engineering, design, procurement and construction support for First Quantum Minerals' Ball Mill 6 Project at its Cobré Plant in Panama, one of the largest copper mines in the world, was ongoing throughout the year. The project is expanding production capacity at the plant, adding a further 22 megawatt ball mill to the operation.

Through the year, we continued to strengthen our position as a premier partner in the delivery of lithium projects, with the award of several projects in Western Australia, including the EPCM contract for Talison Lithium's Chemical Grade Processing Plant #3 (CGP3), the provision of professional engineering services for the Lithium Hydroxide Plant 2 (LHP2) Recommencement Project Phase 1 for Tianqi Lithium, and the early works scope, followed by the full EPCM contract, for the delivery of the Kathleen Valley Lithium Project for Liontown Resources. We were also awarded the Engineering, Procurement and Secondment Services contract for

Review of Operations

the Goulamina Lithium Project in Mali, one of the largest lithium deposits in the world, and the EPCM contract for Lepidico Limited's Phase 1 Integrated Project for delivery of the concentrator in Namibia and the chemical plant in the United Arab Emirates.

It is fantastic to have secured such a strong pipeline of projects in Australia to complement our offshore work, providing our people with plenty of opportunity to engage with the exciting projects we are involved with around the globe.

We are pleased to continue our work on the Batu Hijau Process Plant Expansion Project in Indonesia for PT Amman Mineral Nusa Tenggara, with award of the Engineering Services contract following delivery of the Front End Engineering and Design (FEED). Batu Hijau is the second largest copper and gold mine in Indonesia and represents a strategic project win for Lycopodium, underpinning our growth strategy in the Asia-Pacific region on major brownfield and greenfield projects.

Continuing our long-standing relationship with Endeavour Mining, during the year we were awarded the early works for the Sabodala-Massawa Expansion Project, supporting the integration and expansion of the Sabodala-Massawa complex, the largest producing gold mine in Senegal. We were also awarded an early phase scope for Endeavour's Lafigué Project in Côte d'Ivoire.

Also in Côte d'Ivoire, our team in Toronto progressed delivery of Fortuna Silver Mines' Séguéla Gold Project during the year, with our scope including the design, supply and project delivery of the processing plant, plant site buildings and associated infrastructure. Our Canadian operations have continued to expand, establishing relationships with key clients based in the Americas, including Aya Gold & Silver Inc, for whom we delivered the FEED for the Zgounder Expansion Project in Morocco and the Feasibility Study (FS) for the Tijirit Gold Project in Mauritania.

ADP Marine & Modular (ADP), our specialist subsidiary in Cape Town, continues to work closely with a number of key clients. This includes Namdeb, a joint venture between De Beers and the Government of the Republic of Namibia, who is extending the life of its land-based operations for a further 20 years. Also with De Beers/Anglo American, ADP is undertaking the FS for the FutureSmart Diamond Processing Plant in Canada. The team in Cape Town also continues to work with Paladin Energy on its restart project for the Langer Heinrich Mine in Namibia, a significant asset in the global nuclear fuel energy cycle. A particular highlight for ADP in FY2022 was the development of the Dry Mining Unit (DMU), which is being commissioned on site in Q3 2022 at the Grande Côte mineral sands operation in Senegal. More information on the DMU is provided in the Innovation section of this report.

Finally, a particular highlight for the year was achieving first ore at Rio Tinto's Western Turner Syncline Phase 2



*Riverina Intermodal Freight and Logistics Hub,
New South Wales*

Project in the Pilbara in October 2021. Delivered under an Engineering, Procurement and Construction (EPC) scope by Mondium, our incorporated joint venture with Monadelphous, this significant project was completed from start to finish within the constraints posed by COVID-19, which presented many challenges along the way. Also under the remit of Mondium, the EPC contract for the delivery of Talison Lithium's Tailings Retreatment Project at Greenbushes in the south-west of Western Australia successfully progressed to the commissioning and handover stage in early 2022.

Infrastructure

In Infrastructure, we continue to provide design, engineering, technical advisory and RIM services for greenfield and brownfield rail projects, supporting Australia's major passenger and freight rail system operators, including New South Wales' Country Regional Network (CRN), Pacific National and Aurizon. A particularly interesting project being undertaken is the provision of services to Transport Heritage NSW to upgrade approximately 17 kilometres of heritage railway between Picton and Colo Vale. The Loop Line Upgrade Project will enable heritage trains to return to Colo Vale for the first time in over 30 years.

Industrial Processes

Our Industrial Processes business has benefited from the increase in opportunities borne from the refocus on domestic manufacturing resulting from the supply chain disruptions experienced during the pandemic, providing design consultancy services to Commonwealth Serum Laboratories (CSL) for the development of base vaccine component production and plasma and blood facilities. This includes securing the detailed engineering scope for CSL's world-class influenza vaccine manufacturing facility being built in Melbourne. The team has also continued its long-standing partnership with Australia's Nuclear Science and Technology Organisation (ANSTO), providing ongoing services for the Australian Synchrotron, a major research facility and one of Australia's most significant pieces of scientific infrastructure.

Review of Operations

INNOVATION

Our commitment to continuous improvement – doing things better, working smarter for our clients, and using our vast experience and knowledge to uncover innovative solutions to complex problems – has seen us progress a number of key innovations during FY2022.

Dry Mining Unit

The Dry Mining Unit, which was developed by ADP during FY2021, combines underwater track crawler technology with high capacity skid-mounted materials handling and sand pumping systems, into a single 400 tonne remotely controlled mobile sand processing machine.

The unit was manufactured in Cape Town and trial assembled and tested earlier this year before being disassembled and shipped to Senegal for commissioning on site at the Grande Côte mineral sands operation, the largest single dredge mineral sands operation in the world, in Q3 2022.

The technology represents an innovative operating cost saving asset for clients in the mineral sands environment and could also be used in other operations where sand or fine overburden material can be slurried and pumped to either a concentrator plant or a tailings facility. The efficiency compared to conventional tramming is substantial, with the machine relocated weekly to keep front end loader tramming distance to a minimum, thereby lowering diesel fuel consumption and carbon emissions.



Dry Mining Unit

It is estimated the solution will provide a 10 fold saving in energy usage when compared to the conventional load and haul method, and as haulage represents a significant proportion (estimated to be around 25%) of total energy consumption in mining, the sustainability impact of this innovative solution is considerable over the life of the mine.

Digital Twin

During FY2022, ADP has continued to work collaboratively with its client in the development of a connected digital twin using dynamic simulation and other leading-edge integration software and specialist proprietary applications (apps) tailored to specific minerals of interest.

Under this approach, the plant is engineered as a static digital twin (digital replica of the asset). Using augmented reality and virtual reality technology enables the static digital twin to be the primary interface for operations and plant maintenance, linked to the connected digital twin running in the background. The simulator is dynamically linked to the mine plans and utilises geo-metallurgical data to predict and optimise plant performance and blending.

This software technology facilitates extensive options analysis and scenario planning during the project study phases, significantly reducing the manhours required by both Lycopodium and the client to make a final process decision. Once deployed, the digital twin provides clients with a vast array of project whole-of-life benefits that will lead to better designs, more efficient energy utilisation and ultimately lower carbon intensity per unit of production. The digital twin also provides a tool to test decarbonisation strategies and potential pathways for absolute reduction in carbon emissions.

Orway IQ

MillROC (Mill Remote Optimisation Consulting and Coaching) continues to be developed by Orway IQ (OIQ), which is a collaboration between Process IQ and our wholly-owned subsidiary company, Orway Mineral Consultants (OMC).

This online platform provides cloud-based, customised data analysis and dashboards for optimisation of mineral processing plants and is used by OIQ's specialist metallurgists and advanced process control consultants to deliver real-time coaching and implementation of continuous improvement in plant operations, ultimately driving efficiency and reducing the carbon intensity of concentrates and metals produced in the mining process.

Based initially around comminution circuit optimisation, OIQ is expanding MillROC to provide similar services for processing downstream of comminution. In addition to the customised data analysis originally incorporated in the platform, multivariable regression analysis and machine learning tools have been added for deeper analysis of complex systems.

Review of Operations



*Cathode Precursor Production Pilot Plant,
Western Australia*

FBICRC

Lycopodium is a participant in the Future Battery Industries Cooperative Research Centre (FBICRC) based at Curtin University in Western Australia, supporting the development of capability to capture the significant opportunities associated with the energy transition for Australia from the growing global battery industry.

The FBICRC brings together industry, researchers, governments and the community to ensure Australia plays a leading role in the global battery revolution, with greater participation across the value chain.

Of the 16 foundation projects being pursued under the FBICRC, we are directly participating in five of these:

- Innovative Nickel and Cobalt Extraction Technologies
- Enhancing Lithium Extraction
- Cathode Precursor Production Pilot Plant
- Chemical Processing of Vanadium and Manganese Ores for Battery Materials
- Recycling, Reuse and Repurposing of Spent Batteries

Our commitment includes the provision of funding and specialist expertise over a five year term which commenced in 2021.

CSIRO

In another collaboration with industry, we are working with the CSIRO to consider options and areas of research that could lead to a material reduction in the carbon footprint of the High Pressure Acid Leaching (HPAL) process for nickel laterite processing.

Nickel is a key metal in the burgeoning global battery industry for electric vehicles, among other applications. Forecast demand for nickel is unlikely to be met by the traditional smelting of concentrates from nickel sulphide ores and the shortfall is expected to be met through an increase in the processing of nickel laterite ores that are processed using HPAL, which has a carbon footprint significantly higher than the traditional smelting route.

Renewable Energy

Advances in energy storage are key to displacing diesel from mining operations. Energy storage solutions revolve around batteries and hydrogen, each with their own unique applications.

We are participating in a range of battery storage research projects, including at the Fekola Gold Mine in Mali and the Sukari Gold Mine in Egypt, and are also undertaking a Definitive Feasibility Study (DFS) for Lithium Australia for the production of lithium ferro phosphate (LFP) battery pre-cursor material. LFP is emerging as a primary battery material for passenger cars, recently surpassing nickel, manganese and cobalt (NMC) batteries in global sales.

Our participation in hydrogen projects includes the Hydrogen Energy Supply Chain (HESC) project at the Port of Hastings in Victoria, a world-first pilot project focused on safely and efficiently converting locally produced clean hydrogen for international transportation. We are also providing the FEED for the hydrogen electrolyser project for Chiyoda Corporation in Gladstone, Queensland and the hydrogen refuelling infrastructure for Anglo American at its Mogalakwena open-pit platinum mine in South Africa.

Review of Operations

HSE AND COMMUNITY

Our commitment to providing a safe working environment for our people and delivering projects safely for our clients is intrinsic to our culture and a fundamental metric of our success.

With a number of significant projects mobilising to site during the period, we implemented initiatives to support safe practices across our managed sites, including a 'Back to Basics' campaign, reinforcing that all incidents are preventable if risk is understood and proactively managed.

During FY2022 there were 3.2 million manhours worked, with a Lost Time Injury Frequency Rate (LTIFR) of 0.3 against an Australian construction industry average of 8.5. While our LTIFR remains extremely low by industry standards, we will continue to prioritise safety across our business and strive for continuous improvement, providing our people with the tools and resources required to maintain our exemplary standards.

We support the communities in which we live and work, in particular social development and education endeavours, through the Lycopodium Foundation.

This includes our well established partnerships with the Murrumbidgee Connection and the Clontarf Foundation in Australia, with both organisations supporting the education, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander people.

In Africa, we have worked with BASICS International, a non-government organisation (NGO) committed to protecting the basic human rights of children to education, shelter, food and safety, for many years. In 2010, we assisted BASICS to build a school in Ghana, affectionately referred to as 'Nana's House' that has enriched the lives of children living in poor communities of Accra for over a decade now. Having endured Ghana's harsh coastal environment over the years, Nana's House was in need of some significant repairs and maintenance, and during the year we provided the funds to undertake these works, giving Nana's House a new lease on life.

Also in Ghana, we partnered with The Pearl Safe Haven, an NGO operating an emergency shelter for survivors of sexual and domestic violence in Accra, providing the funds to enable them to construct a wall to secure the perimeter of their facility.

In response to the pandemic, we launched a Donation for Vaccination campaign with our staff, encouraging them to get vaccinated and pledging funds to UNICEF's global COVID-19 Appeal for every vaccination certificate received. Funds donated through this initiative facilitated the delivery of critical supplies, including masks, vaccines and oxygen, to vulnerable communities in need around the world.

Lycovent, the electrically operated ventilator designed and fabricated by Lycopodium for use as an emergency

backup in the event of a shortage resulting from the pandemic, moved into the testing phase on the ground in African hospitals, facilitated by our partnership with Australian Doctors for Africa. We intend to make Lycovent available to African hospitals where the need for such a device is considered significant, not only in response to COVID but more broadly to supplement the limited healthcare options available.

Throughout the year, the Group continued to support various charitable initiatives championed by our staff, including Jeans for Genes, for which we have raised more than \$380,000 since our partnership began back in the 1990's, and the St Vincent de Paul Society.

Our membership with the Australia-Africa Minerals & Energy Group (AAMEG), the peak body representing Australian companies engaged in the development of Africa's resource industry, remains a fundamental element of our industry engagement strategy.

ACKNOWLEDGEMENT

FY2022 has been a rewarding year for the business and the fact that we have been able to continue to win work, provide opportunities for new people to join the business and support our clients to deliver their projects, despite the pandemic prevailing for two years, is a reflection of the strength, commitment and resilience of our people. On behalf of the Board of Directors, I thank our staff for your incredible effort and loyalty over this period, you have truly embodied what it means to be a Lycopod.

I would also like to acknowledge and thank two of our Directors who retired during the year, both of whom were founding partners of Lycopodium. Laurie Marshall and Bob Osmetti were instrumental in the development of the Company from our early days as a privately owned engineering consultancy to the global organisation we are today.

Finally, thank you to our clients. You continue to put your trust in us and we are very proud of the many long-standing partnerships we enjoy with you.

Review of Operations

A summary of consolidated revenues and results for the financial period by reportable operating segment is set out below:

	Segment revenues		Segment results	
	2022 \$	2021 \$	2022 \$	2021 \$
Minerals - Asia Pacific	104,576,794	88,202,707	28,432,069	13,909,841
Minerals - North America	51,155,417	20,307,900	2,420,380	1,868,798
Minerals - Africa	42,514,478	33,077,346	7,987,780	5,824,933
Project services - Africa	7,269,200	747,888	1,611,640	51,596
Process Industries	11,653,876	7,388,070	2,597,395	558,868
Other	28,733,157	26,638,281	2,734,374	4,284,542
Intersegment eliminations	(16,272,730)	(14,828,062)	-	-
Unallocated	2,526,641	641,518	(6,856,989)	(5,009,197)
Total	232,156,833	162,175,648	38,926,648	21,489,381
Income tax expense			(12,074,774)	(7,423,134)
Profit for the year			26,851,874	14,066,247
Less: Loss/(profit) attributable to non-controlling interest			325,827	133,202
Profit attributable to owners of Lycopodium Ltd			27,177,701	14,199,449

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 2022 financial year. The total amount of dividend is \$14,306,481 which represents a fully franked dividend of 36.0 cents per fully paid ordinary share.

With the exception of the above, no other matter or circumstance has arisen since 30 June 2022 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 consultancy services 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 programmes. Mr Caratti is a Director of Orway Mineral Consultants (WA) Pty Ltd.	
Length of service	25 October 2001 to present	
Other current directorships	None	
Former directorships in last 3 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	9,109,367

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	1 February 2007 to present	
Other current directorships	Non-Executive Director of Mondium Pty Ltd Non-Executive Director of Argosy Minerals Ltd Chairman of Australia-Africa Minerals and Energy Group Limited	
Former directorships in last 3 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	896,711

Rodney Lloyd Leonard BE (Hons), MSc, MAusIMM

Non-Executive Director

Experience and expertise	Mr Leonard has over 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 3 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	979,215

Robert Osmetti BE (Civ), MIEAust, CPEng

Non-Executive Director*

Experience and expertise	Mr Osmetti has 40 years' experience in the project management and construction of minerals, oil refining and manufacturing projects. Mr Osmetti was 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 30 June 2022	
Other current directorships	Non-Executive Director of Quantum Graphite Limited Non-Executive Director of Mondium Pty Ltd	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Corporate Governance Committee	
Interests in shares and options	Ordinary shares of Lycopodium Limited	308,148

* Resigned 30 June 2022

Information on Directors

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 3 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	3,192,332

Karl Anthony Cicanese, MBA Executive Director

Experience and expertise	Mr Cicanese has over 25 years' industry experience, with in-depth knowledge of the Lycopodium business, having held a number of senior roles within Lycopodium Minerals Pty Ltd, including General Manager, Group Manager and Project Director. Mr Cicanese is currently Managing Director of Lycopodium Minerals Pty Ltd.	
Length of service	23 November 2020 to present	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Corporate Governance Committee	
Interests in shares and options	Ordinary shares in Lycopodium Limited	200

Lawrence William Marshall BBus (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, 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 1 April 2022	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chairman of the Audit Committee Member of the Corporate Governance Committee Member of the Remuneration Committee Member of the Risk Committee	
Interests in shares and options	Ordinary shares of Lycopodium Limited	992,332

* Resigned 1 April 2022

Steven Chadwick BSc (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 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 Lontown Resources Limited	
Former directorships in last 3 years	Non-Executive Director of Quantum Graphite Limited	
Special responsibilities	Member of the Corporate Governance Committee Member of the Remuneration Committee	
Interests in shares and options	Ordinary Shares in Lycopodium Limited	19,657

Information on Directors

Louise Bower HBCompt (Accounting Science), CA

Non-Executive, Independent Director*

Experience and expertise	Ms Bower is a chartered accountant with more than 25 years' international experience in senior finance and corporate governance roles in both executive and non-executive capacities, predominately in the Resources and Technology sectors.	
Length of service	15 August 2022 to present	
Other current directorships	Non-Executive Director of DUG Technology Ltd Non-Executive Director of Babylon Pumps & Power Ltd	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Audit Committee	
Interests in shares and options	Ordinary shares of Lycopodium Limited	Nil

* Appointed 15 August 2022

COMPANY SECRETARY

The Company Secretary is Ms Justine Campbell BBus (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. Ms Campbell has a strong track-record of financial 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 2022, and the numbers of meetings attended by each Director were:

	Board	Board Committees		
		Audit	Remuneration	Risk
Number of Meetings Held	11	2	2	2
	Number of Meetings Attended			
Michael Caratti	11	*	2	*
Peter De Leo	11	2	2**	2
Rodney Leonard	11	2	*	2
Robert Osmetti***^	10	*	*	*
Bruno Ruggiero^	8	*	*	2
Lawrence Marshall****	6	2	1	1
Steven Chadwick	11	*	2	*
Karl Cicanese^	10	*	*	*

* Not a member of the Committee

** By invitation

***Resigned from the Board on 30 June 2022

****Resigned from the Board on 1 April 2022

^ Away on company business

Remuneration Report – Audited

The Directors present the Lycopodium Limited 2022 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 (<i>resigned 30 June 2022</i>)
Bruno Ruggiero	Executive Director
Karl Cicanese	Executive Director
Lawrence Marshall	Non-executive Director (<i>resigned 1 April 2022</i>)
Steven Chadwick	Non-executive Director
Justine Campbell	Company Secretary and Chief Financial Officer

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, subsidiary board and committee attendance, as required.

Non-executive Directors do not receive performance-based pay.

DIRECTORS' FEES

The current base fees were last reviewed with effect from 1 July 2021. The fees are inclusive of committee fees. Details on Directors fees are disclosed under service agreements on page 17.

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

Remuneration Report – Audited

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 2021 financial year was 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:

	2022	2021	2020	2019	2018 (^)
Revenue (\$)	232,156,833	162,175,648	211,134,310	154,033,409	194,531,157
Profit before income tax (\$)	38,926,648	21,489,381	18,450,139	23,543,752	25,755,489
Income tax expense (\$)	12,074,774	7,423,134	6,773,513	7,144,537	7,096,593
Profit after income tax (\$)	26,851,874	14,066,247	11,676,626	16,399,215	18,658,896
Basic EPS (cents)	68.4	35.7	29.7	41.5	46.6
Basic EPS growth, year on year (%)	91.6%	20.2%	(28.4%)	(10.9%)	79.9%
Fully franked dividends per share (cents)	54.0	25.0	20.0	30.0	30.0
Change in share price * (\$)	0.30	0.64	(0.08)	0.19	1.50
Return on equity (%)	28.67%	17.00%	14.85%	20.66%	25.12%

*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

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.

2022	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance related
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Rights		
Non-executive Directors							
Michael Caratti	74,091	-	9,290	7,382	-	90,763	0.0
Lawrence Marshall*	65,966	-	6,967	20,625	-	93,558	0.0
Steven Chadwick	81,500	-	-	-	-	81,500	0.0
Rodney Leonard***	118,901	-	-	11,811	31,006	161,718	19.2
Robert Osmetti**	172,630	-	-	38,878	-	211,508	0.0
Executive Directors							
Peter De Leo	613,300	41,948	9,290	27,500	78,447	770,485	15.6
Bruno Ruggiero	501,401	33,803	9,290	30,800	59,838	635,132	14.7
Karl Cicanese	562,932	37,875	9,290	23,568	137,305	770,970	22.7
Other key management personnel							
Justine Campbell	476,432	37,500	9,290	23,568	88,199	634,989	19.8
Total key management personnel compensation	2,667,153	151,126	53,417	184,132	394,795	3,450,623	15.8

* Resigned 1 April 2022

** Resigned 30 June 2022

*** Payment includes prior year entitlement

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.

2021	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance related
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Rights		
Non-executive Directors							
Michael Caratti	71,233	-	9,033	6,767	-	87,033	-
Lawrence Marshall	117,480	-	9,033	25,000	-	151,513	-
Steven Chadwick	78,000	-	-	-	-	78,000	-
Rodney Leonard***	118,030	-	9,033	11,213	31,006	169,282	18.3
Robert Osmetti	158,209	-	-	17,403	-	175,612	-
Executive Directors							
Peter De Leo	588,600	17,853	9,033	25,000	49,575	690,061	9.8
Bruno Ruggiero	480,550	14,387	9,033	21,694	38,089	563,753	9.3
Peter Dawson*	20,580	1,104	693	1,664	2,832	26,873	14.6
Karl Cicanese**	499,992	15,333	9,033	21,694	111,784	657,836	19.3
Other key management personnel							
Justine Campbell	458,306	13,333	9,033	21,694	-	502,366	2.7
Total key management personnel compensation	2,590,980	62,010	63,924	152,129	233,286	3,102,329	9.5

* Represents remuneration from 1 July 2020 - 28 July 2020

** Appointed 23 November 2020

*** Share based payments relates to performance rights awarded in prior years.

Remuneration Report – Audited

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 \$81,500 p.a.
Rodney Leonard Non-executive Director	No fixed term	Fixed hourly rate of \$234.72 Directors fee of \$81,500 p.a.
Robert Osmetti** Non-executive Director	No fixed term	Fixed hourly rate of \$234.72 Directors fee of \$81,500 p.a.
Lawrence Marshall*** Non-executive Director	No fixed term	Fixed hourly rate of \$234.72 Directors fee of \$81,500 p.a.
Steven Chadwick Non-executive Director	No fixed term	Directors fee of \$81,500 p.a.
Peter De Leo Managing Director	No fixed term	\$559,300 p.a. Directors fee of \$81,500 p.a.
Bruno Ruggiero Executive Director	No fixed term	\$450,700 p.a. Directors fee of \$81,500 p.a.
Karl Cicanese Executive Director	No fixed term	\$505,000 p.a. Directors fee of \$81,500 p.a.
Justine Campbell Company Secretary and Chief Financial Officer	No fixed term	\$500,000 p.a.

* Fixed remuneration payable from 1 July 2021 and reviewed annually by the Remuneration Committee

** Resigned 30 June 2022

*** Resigned 1 April 2022

SHARE-BASED COMPENSATION

Incentive Performance Rights Plan

Performance rights were granted to certain Executive Directors as approved at the Annual General Meeting on 18 November 2021.

Loan Funded Share Acquisition Plan

On 18 January 2022, the company issued limited recourse loan funded shares to two executives totalling to 150,000 shares.

Both the above Plans were designed to give incentive to the executives to provide dedicated and ongoing commitment and effort to the company and aligning the interest of both employee and shareholders.

Further information on the above is set out in Note 37 to the financial statements.

Remuneration Report – Audited

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.

2022	Balance at start of the year	Granted as compensation (*)	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Lycopodium Limited							
Peter De Leo	43,849	19,700	-	-	63,549	-	63,549
Rodney Leonard	23,715	-	-	-	23,715	-	23,715
Bruno Ruggiero	33,188	15,875	-	-	49,063	-	49,063
Karl Cicanese	84,781	17,787	-	-	102,568	-	102,568
Other key management personnel							
Justine Campbell	-	17,611	-	-	17,611	-	17,611

*Granted under the Incentive Performance Rights Plan. Refer to Note 37.

2021	Balance at start of the year	Granted as compensation (*)	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Lycopodium Limited							
Peter De Leo	26,265	17,584	-	-	43,849	-	43,849
Rodney Leonard	23,715	-	-	-	23,715	-	23,715
Bruno Ruggiero	21,165	12,023	-	-	33,188	-	33,188
Peter Dawson**	21,165	-	-	(21,165)	-	-	-
Karl Cicanese***	69,679	15,102	-	-	84,781	-	84,781

*Granted under the Incentive Performance Rights Plan. Refer to Note 37.

** Performance rights held from 1 July to 28 July 2020

*** Appointed 23 November 2020

(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.

2022	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	9,109,367	-	-	9,109,367
Peter De Leo	971,711	-	(75,000)	896,711
Rodney Leonard	1,054,215	-	(75,000)	979,215
Robert Osmetti*	308,148	-	-	308,148
Bruno Ruggiero	3,167,332	-	25,000	3,192,332
Lawrence Marshall**	992,332	-	-	992,332
Steven Chadwick	10,000	-	9,657	19,657
Karl Cicanese	200	-	-	200

* Resigned 30 June 2022

** Resigned 1 April 2022

Remuneration Report – Audited

LOANS TO KEY MANAGEMENT PERSONNEL

No loans were made to Directors of Lycopodium Limited and other key management personnel of the Company, including their personally related parties during the year (2021: Nil).

Loans that are in-substance options and are non-recourse to the Group are excluded from loans 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	\$0.00	50,000
28 November 2019	26 November 2024	\$0.00	151,209
11 December 2020	10 December 2025	\$0.00	86,639
19 November 2021	18 November 2026	\$0.00	127,139

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 29 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 29 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
Managing Director
Lycopodium Limited

Perth
23 August 2022

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 2022, 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 AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 23 August 2022

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



Wahgnion Gold Project, Burkina Faso



Navachab Gold Project, Namibia

Corporate Governance Statement

The Board of Directors of Lycopodium Limited is responsible for the overall corporate governance of the Company and its subsidiary companies (Consolidated entity). The Board governs all matters relating to the strategic direction, policies, practices, management and operations of the Consolidated entity 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

Financial Report

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue from contracts with customers	5(a)	228,711,210	158,062,505
Interest income		563,484	551,307
Other income	5(c)	2,882,139	3,561,836
Total income		232,156,833	162,175,648
Employee benefits expense		(85,216,446)	(61,759,749)
Depreciation and amortisation expense	6	(5,621,299)	(4,784,787)
Project expenses		(3,709,202)	(3,560,682)
Equipment and materials		(45,365,867)	(19,157,291)
Contractors		(46,421,321)	(25,806,496)
Occupancy expense		(1,760,674)	(1,907,537)
Other expenses		(13,353,492)	(13,013,638)
Warranty provision reversal/(expenses)	21	9,305,489	(11,022,306)
Finance costs	6	(886,201)	(816,789)
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method	17	(201,172)	1,143,008
Profit before income tax		38,926,648	21,489,381
Income tax expense	7	(12,074,774)	(7,423,134)
Profit for the year		26,851,874	14,066,247
Profit attributable to:			
Owners of Lycopodium Limited		27,177,701	14,199,449
Non-controlling interests		(325,827)	(133,202)
Profit for the year		26,851,874	14,066,247
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		(817,656)	1,209,198
Total comprehensive income for the year		26,034,218	15,275,445
Other comprehensive income for the year is attributable to:			
Owners of Lycopodium Limited		26,030,215	15,408,647
Non-controlling interests		4,003	(133,202)
Total comprehensive income for the year		26,034,218	15,275,445
	Notes	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	36(a)	68.4	35.7
Diluted earnings per share	36(b)	68.4	35.5

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	100,946,619	76,841,139
Trade and other receivables	9	67,111,605	43,887,117
Inventories	10	347,627	1,540,415
Current tax receivables		-	1,971,240
Other current assets		5,518,861	2,482,762
Total current assets	11	173,924,712	126,722,673
Non-current assets			
Property, plant and equipment	12	6,897,962	4,671,757
Right-of-use assets	13	13,687,667	14,925,280
Intangible assets	14	6,524,274	6,743,650
Deferred tax assets	15	12,621,890	6,189,450
Investments in listed equities	16(a)	2,471,669	739,920
Investments accounted for using the equity method	17	2,768,361	3,870,307
Other receivables	18	42,459	189,413
Total non-current assets		45,014,282	37,329,777
Total assets		218,938,994	164,052,450
LIABILITIES			
Current liabilities			
Trade and other payables	19	26,024,079	15,399,106
Contract and other liabilities	5(b)	43,468,918	17,055,363
Borrowings	16(b)	841,470	760,274
Lease liabilities	16(a)	3,426,992	2,669,183
Current tax liabilities		18,960,637	4,941,192
Derivative liabilities		536,081	
Employee benefits	20	8,869,891	7,572,761
Provisions	21	4,087,367	13,340,431
Total current liabilities		106,215,435	61,738,310
Non-current liabilities			
Borrowings	16(b)	683,317	1,404,749
Employee benefits	23	671,369	165,864
Lease liabilities	16(a)	11,693,453	13,069,705
Total non-current liabilities		13,048,139	14,640,318
Total liabilities		119,263,574	76,378,631
Net assets		99,675,420	87,673,822
EQUITY			
Contributed equity	24	19,344,160	20,854,574
Reserves	25	(337,504)	(229,936)
Retained earnings	26	81,496,413	67,758,814
Parent entity interest		100,503,069	88,383,452
Non-controlling interests	27	(827,649)	(709,630)
Total equity		99,675,420	87,673,822

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

Attributable to members of Lycopodium Limited						
	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Performance rights reserve	Non-con- trolling interests \$	Total equity \$
Balance at 1 July 2020	20,823,772	59,520,398	(2,062,155)	215,306	(654,697)	77,842,624
Profit for the year	-	14,199,449	-	-	(133,202)	14,066,247
Other comprehensive income	-	-	1,209,198	-	-	1,209,198
Total comprehensive income for the year	-	14,199,449	1,209,198	-	(133,202)	15,275,445
Transactions with owners in their capacity as owners:						
Foreign currency translation with non-controlling interest	-	-	-	-	78,269	78,269
Dividends provided for or paid	-	(5,961,033)	-	-	-	(5,961,033)
Performance rights - value of rights	-	-	-	438,517	-	438,517
Exercise of performance rights	30,802	-	-	(30,802)	-	-
	30,802	(5,961,033)	-	407,715	78,269	(5,444,247)
Balance at 30 June 2021	20,854,574	67,758,814	(852,957)	623,021	(709,630)	87,673,822
Balance at 1 July 2021	20,854,574	67,758,814	(852,957)	623,021	(709,630)	87,673,822
Profit for the year	-	26,851,874	-	-	(325,827)	26,526,047
Other comprehensive loss	-	-	(817,656)	-	-	(817,656)
Total comprehensive income for the year	-	26,851,874	(817,656)	-	(325,827)	25,708,391
Transactions with owners in their capacity as owners:						
Foreign currency translation with non-controlling interest	-	-	-	-	207,808	207,808
Dividends provided for or paid	-	(13,114,275)	-	-	-	(13,114,275)
Purchase of share under employee share trust	(889,693)	-	-	-	-	(889,693)
Performance rights - value of rights	-	-	-	487,419	-	487,419
Loan shares to senior management	(901,828)	-	-	-	-	(901,828)
Loan shares - value of rights	-	-	-	220,500	-	220,500
Tax effect of transfer to cash to employee share trust	-	-	-	283,276	-	283,276
Exercise of performance rights	281,107	-	-	(281,107)	-	-
	(1,510,414)	(13,114,275)	-	710,088	207,808	(13,706,793)
Balance at 30 June 2022	19,344,160	81,496,413	(1,670,613)	1,333,109	(827,649)	99,675,420

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		236,975,004	116,872,692
Payments to suppliers and employees (inclusive of GST)		(186,499,411)	(126,078,673)
		50,475,593	(9,205,981)
Interest received		563,484	520,152
Interest and other finance cost paid		(86,988)	
Income taxes paid		(10,177,435)	(5,031,728)
Net cash inflow/(outflow) from operating activities	35	40,774,654	(13,717,557)
Cash flows from investing activities			
Dividends received from joint ventures and associate		900,774	803,624
Payments for property, plant and equipment	12	(3,947,067)	(2,667,040)
Proceeds from sale of property, plant and equipment		1,416	10,358
Payments for intangible assets	14	(6,219)	(238,608)
Loan to associates and joint ventures		(20,000,000)	(4,000,000)
Repayment of loans from associates and joint ventures		24,000,000	-
Proceeds from investments in listed equities		607,038	288,456
Net cash inflow/(outflow) from investing activities		1,555,942	(5,803,210)
Cash flows from financing activities			
Proceeds from issue of shares		-	30,802
Proceeds from borrowings		-	4,197,273
Repayments of borrowings		(574,679)	(2,367,229)
Proceeds from repayment of loans from employees		-	35,679
Repayments of hire purchase liabilities		-	(140,225)
Purchase of shares under employee share plans		(1,015,250)	-
Reduction of lease liabilities		(3,804,194)	(3,531,048)
Dividends paid to Company's shareholders		(13,114,275)	(5,961,033)
Net cash outflow from financing activities		(18,508,398)	(7,735,781)
Net increase/(decrease) in cash and cash equivalents		23,822,198	(27,256,548)
Cash and cash equivalents at the beginning of the financial year		76,841,139	102,888,489
Effects of exchange rate changes on cash and cash equivalents		283,282	1,209,198
Cash and cash equivalents at the end of financial year	8	100,946,619	76,841,139

Notes to the Financial Statements

As of 30 June 2022

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 report 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 and its subsidiaries 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 Consolidated entity 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. Any new Accounting Standards are not expected to have a material impact.

(ii) Historical Cost Convention

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

(iii) Critical Accounting Estimates

The preparation of the Financial Report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity'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 Consolidated entity has control.

The Consolidated entity controls an entity when the Consolidated entity 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 Consolidated entity. They are deconsolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated entity 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 Consolidated entity.

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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation (continued)

(ii) Employee Share Trust

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

(iii) Joint Arrangements

Under AASB 11 Joint Arrangements 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.

(iv) Joint Ventures

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

(v) Associates

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

(vi) Equity Method

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

When the Consolidated entity'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 Consolidated entity 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 Consolidated entity and its associates and joint ventures are eliminated to the extent of the Consolidated entity'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 Consolidated entity.

The Consolidated entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Consolidated entity. 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.

(vii) Changes in Ownership Interests

When the Consolidated entity 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 Consolidated entity 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

As of 30 June 2022

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

- Engineering and related services
- Construction contracts

To determine whether to recognise revenue, the Consolidated entity follows a 5-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 man-hours and expense based. In these circumstances, revenue is recognised over time as the Consolidated entity 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 Consolidated entity therefore recognises revenue in the amount to which the Consolidated entity has the right to invoice.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

(e) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Financial Report of each of the Consolidated entity'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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency Translation (continued)

(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.

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 substantively 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 Consolidated entity 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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income Tax (continued)

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) 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 Consolidated entity 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 Consolidated entity 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.

(h) 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 Consolidated entity. 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 Consolidated entity 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.

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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 group 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.

(j) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(k) Cash and Cash Equivalents

For Statement of cash flow 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.

(l) 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 Consolidated entity 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. 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.

(m) Contract Assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Customer Acquisition Costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

(o) Customer Fulfilment Costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

(p) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(q) Non-Derivative Financial Assets

(i) Classification

The Consolidated entity 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 Consolidated entity'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 Consolidated entity 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 Consolidated entity reclassifies debt investments when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Consolidated entity 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

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Non-Derivative Financial Assets (continued)

Debt Instruments

Subsequent measurement of debt instruments depends on the Consolidated entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories which the Consolidated entity 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 Consolidated entity.
- **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 Consolidated entity.

Equity Instruments

The Consolidated entity subsequently measures all equity investments at fair value. Where the Consolidated entity'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 Consolidated entity'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 Consolidated entity 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 Consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(r) 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 Consolidated entity's countries of operation.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Contract Liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

(u) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(v) 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 consolidated entity'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.

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.

(w) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(x) 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 Consolidated entity 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 Consolidated entity 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 Consolidated entity designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Derivative Financial Instruments (continued)

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 Consolidated entity 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.

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.

(y) 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 Consolidated entity 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(i)).

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

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) 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 3 years.

(aa) 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.

(ab) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Consolidated entity 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.

(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 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.

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. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Employee Benefits

The obligations are presented as current liabilities in the consolidated balance sheet 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.

(ii) 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.

(iii) 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 37.

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.

(iv) Loan Funded Share Plan

A limited recourse loans was provided to eligible employees of the Company or such other persons as the Board determines.

A broad outline of the plan is summarised below:

- The company will loan funds to participating employees to purchase Lycopodium Limited.
- The loan will be a limited recourse loan provided the employee stays with the Company for greater than 3 years.
- During the term of the loan, dividends will be offset against the outstanding loan balance.

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 participating employees represents the cost to the company for providing the loan to the employees. This amount is expensed in the profit and loss upon vesting.

Loan funded shares

The loan funded shares purchased by the eligible employee are classified as reduction in equity as at the reporting date.

(v) Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(ad) 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.

(ae) 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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(af) 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.

(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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ag) 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 balance sheet.

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.

(ah) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(ai) Employee share trust

The group has in place a trust to administer the consolidated entity's employee share and share rights schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the group. Shares held by the Lycopodium Employee Share Trust are disclosed as Treasury shares and deducted from contributed equity.

Movement in treasury shares represent acquisition of the Company's shares on market and allocation of shares to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment trust.

(aj) Parent Entity Financial Information

The financial information for the parent entity, Lycopodium Limited, disclosed in note 38 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.

Notes to the Financial Statements

As of 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aj) Parent Entity Financial Information (continued)

(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.

2. FINANCIAL RISK MANAGEMENT

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

The main risks arising from the Consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Consolidated entity 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 Consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD) and Canadian dollars (CAD). 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 Consolidated entity's exposure to foreign currency risk at the reporting period, expressed in Australian dollar, was as follows:

	30 June 2022		30 June 2021	
	USD \$	CAD \$	USD \$	CAD \$
Cash and cash equivalents	33,482,749	12,528,908	5,749,131	2,797,024
Trade and other receivables	3,072,668	3,725,417	-	5,790,522
Other current assets	-	191,108	-	180,705
Trade and other payables	(2,765,401)	(5,218,615)	(7,290,945)	(1,948,025)
Net exposure	33,790,016	11,226,817	(1,541,814)	6,820,226

Sensitivity

Based on the financial instruments held at 30 June 2022, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Consolidated entity's post-tax profit and equity for the year would have been \$3,379,002 higher/\$3,379,002 lower (2021: \$154,181 higher/\$154,181 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 less sensitive to movements in the Australian dollar/US dollar exchange rates in 2022 than 2021 due to forward contract hedge entered by the consolidated entity.

Notes to the Financial Statements

As of 30 June 2022

2. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

Based on the financial instruments held at 30 June 2022, had the Australian dollar weakened/strengthened by 10% against the Canadian Dollar with all other variables held constant, the Consolidated entity's post-tax profit and equity for the year would have been \$1,122,682 higher/\$1,122,682 lower (2021: \$682,023 higher/\$682,023 lower), mainly as a result of foreign exchange gains/losses on translation of Canadian dollars denominated financial instruments as detailed in the above table.

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 Consolidated entity's exposure to currency risk.

(ii) Price Risk

The Consolidated entity has 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 Consolidated entity does not have a risk management policy surrounding price risk in place as the Board considers the risk minimal.

(iii) Interest Rate Risk

The Consolidated entity is exposed to interest rate risk arising mainly from borrowings and cash balances held. The risk is considered minimal as the Consolidated entity's borrowings are minimal. The Consolidated entity 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.

Sensitivity

At 30 June 2022, 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 \$326,965 lower/higher (2021: \$268,566 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 Consolidated entity, which comprise cash and cash equivalents, trade and other receivables and other current assets. The Consolidated entity's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

	2022 \$	2021 \$
Cash and cash equivalents	100,946,619	76,841,138
Trade and other receivables	67,111,605	43,887,117
Deposits held with banks (note 11)	1,889,649	532,468
	169,947,873	121,260,723

Cash and Cash Equivalents

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

Notes to the Financial Statements

As of 30 June 2022

2. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

Trade and Other Receivables

The Consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated entity'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 Consolidated entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated entity's policy to securitise its trade and other receivables. All receivables at balance date that are neither past due nor impaired comply with the Consolidated entity's policy on credit quality.

It is the Consolidated entity'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 Consolidated entity's exposure to bad debts is minimised.

There are no significant concentrations of credit risk within the Consolidated entity. The Consolidated entity 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 major operators in the industry and junior/emerging operators. There are multiple contracts with our significant customers, across a number of their subsidiaries and 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.

(b) 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 consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing Arrangements

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

	2022 \$	2021 \$
Leasing facility	6,385,136	3,000,000
Standby credit facility	9,748,669	10,401,171
Insurance bonds	28,277,568	36,084,211
	44,411,373	49,485,382

Notes to the Financial Statements

As of 30 June 2022

2. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity Risk (continued)

Maturities of financial liabilities

The following tables detail the Consolidated entity'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 Consolidated entity can be required to pay. The table includes both interest and principal cash flows.

Consolidated - At 30 June 2022	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	21,259,240	-	-	-	21,259,240	21,259,240
Finance leases	39,518	25,736	36,146	-	101,400	97,316
Lease Liabilities	4,092,226	3,455,115	7,179,753	2,295,125	17,022,219	15,120,444
Borrowings	692,568	692,568	-	-	1,385,136	1,349,846
Total	26,083,552	4,173,419	7,215,899	2,295,125	39,767,995	37,826,846

Consolidated - At 30 June 2021	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	12,083,924	-	-	-	12,083,924	12,083,924
Finance leases	71,873	39,517	61,883	-	173,273	165,023
Lease Liabilities	3,391,422	3,234,606	7,061,438	4,505,412	18,192,878	15,738,888
Borrowings	692,568	692,568	692,567	-	2,077,703	2,000,000
Total	16,239,787	3,966,691	7,815,888	4,505,412	32,527,778	29,987,835

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

New Accounting Standards and Interpretations not yet mandatory or early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Consolidated entity 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 Consolidated entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). 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 14 for details of these assumptions and the potential impact of changes to the assumptions.

Notes to the Financial Statements

As of 30 June 2022

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(ii) Service and Equipment Warranties

In accordance with the accounting policy stated in note 1(ab), the Consolidated entity 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 21 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 Consolidated entity 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 Consolidated entity 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.

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 (2021: 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

As of 30 June 2022

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 2022 and 30 June 2021 are as follows:

2022	Minerals			Project Services - Africa \$	Process Industries \$	Other \$	Total \$
	Asia Pacific \$	North America \$	Africa \$				
Total segment revenue	104,576,794	51,155,417	42,514,478	7,269,200	11,653,876	28,733,157	245,902,922
Inter-segment revenue	(1,151,598)	(3,470,366)	-	0	(722,281)	(10,928,485)	(16,272,730)
Revenue from external customers	103,425,196	47,685,051	42,514,478	7,269,200	10,931,595	17,804,672	229,630,192
Profit before tax	28,432,069	2,420,380	7,987,780	1,611,640	2,597,395	2,734,374	45,783,638
Depreciation and amortisation	475,418	366,409	619,002	121,528	159,834	964,781	2,706,972
Income tax (expense)	(9,220,666)	(803,834)	(2,040,375)	(278,362)	(752,491)	(857,697)	(13,953,425)
Total segment assets	45,293,323	63,543,838	32,411,302	10,037,668	10,742,081	17,312,406	179,340,618
Total assets includes:							
Additions to non-current assets (other than financial assets and deferred tax)	68,245	46,246	542,644	40,118	69,760	284,818	1,051,831
Total segment liabilities	25,091,989	57,062,671	15,936,810	8,275,800	6,816,515	6,830,479	120,014,264

Notes to the Financial Statements

As of 30 June 2022

4. SEGMENT INFORMATION (continued)

(b) Segment Information Provided to the Board of Directors

2021	Minerals			Project Services - Africa \$	Process Industries \$	Other \$	Total \$
	Asia Pacific \$	North America \$	Africa \$				
Total segment revenue	88,202,707	20,307,900	33,077,346	747,888	7,388,070	26,638,281	176,362,192
Inter-segment revenue	(1,217,496)	(4,990,779)	-	(158,801)	(627,857)	(7,833,129)	(14,828,062)
Revenue from external customers	86,985,211	15,317,121	33,077,346	589,087	6,760,213	18,805,152	161,534,130
Profit before tax	13,909,841	1,868,798	5,824,933	51,596	558,868	4,284,542	26,498,578
Interest in the profit of equity accounted joint ventures	-	-	-	-	-	-	-
Depreciation and amortisation	881,399	354,051	660,341	18,955	231,279	929,117	3,075,142
Income tax (expense)	(6,010,461)	(564,584)	(1,094,194)	(90,212)	(148,078)	(1,304,288)	(9,211,817)
Total segment assets	60,182,343	9,218,774	26,399,689	4,234,021	5,326,095	16,539,053	121,899,975
Total assets includes:							
Additions to non-current assets (other than financial assets and deferred tax)	13,927	57,535	211,344	152,051	4,127	192,720	631,704
Total segment liabilities	42,192,413	5,024,086	12,761,886	3,516,697	2,245,434	6,413,006	72,153,522

Notes to the Financial Statements

As of 30 June 2022

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 \$63,718,954 (2021: \$46,399,257), and the total of revenue from external customers from other countries is \$164,372,290 (2021: \$111,663,247). Segment revenues are allocated based on the country in which the customer is located.

	2022 \$	2021 \$
Total segment revenue	229,630,192	161,534,130
Unallocated	2,526,641	641,518
Total revenue as per the consolidated statement of comprehensive income	232,156,833	162,175,648

Revenues of approximately \$67,250,491 (2021: \$50,394,067) are derived from the top 3 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:

	2022 \$	2021 \$
Segment profit before tax	45,783,638	26,498,578
Unallocated items:		
Depreciation and amortisation	(2,914,328)	(1,709,645)
Others	(3,942,662)	(3,299,552)
Profit before income tax as per statement of comprehensive income	38,926,648	21,489,381

(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:

	2022 \$	2021 \$
Segment Assets	179,340,618	121,899,975
Intersegment eliminations	(11,298,480)	(5,670,938)
Intangibles arising on consolidation	6,126,228	6,126,228
Unallocated Segment Assets:		
Cash and cash equivalents	16,931,895	15,109,761
Trade and other receivables	6,628,598	6,541,616
Right-of-use assets	10,656,223	11,482,192
Other unallocated segment assets	10,553,912	8,563,616
Total assets as per the consolidated balance sheet	218,938,994	164,052,450

Notes to the Financial Statements

As of 30 June 2022

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:

	2022 \$	2021 \$
Segment Liabilities	120,014,264	72,153,522
Intersegment eliminations	(11,304,983)	(5,670,938)
Unallocated Segments Liabilities:		
Trade and other payables	1,677,014	1,934,706
Provision for income tax	(5,219,734)	(2,600,645)
Lease liabilities	11,751,152	12,046,619
Other unallocated segment liabilities	2,345,861	(1,484,633)
Total liabilities as per the consolidated balance sheet	119,263,574	76,378,631

5. REVENUE

(a) Disaggregation of Revenue from Contracts with Customers

	2022			2021		
	Engineering & related services \$	Construction contracts \$	Total \$	Engineering & related services \$	Construction contracts \$	Total \$
Minerals	138,822,883	54,801,842	193,624,725	87,906,029	47,473,649	135,379,678
Project Services - Africa	7,269,200	-	7,269,200	589,087	-	589,087
Process Industries	10,930,869	-	10,930,869	6,760,213	-	6,760,213
Other	16,886,416	-	16,886,416	15,333,527	-	15,333,527
Total revenue	173,909,368	54,801,842	228,711,210	110,588,856	47,473,649	158,062,505

(b) Assets and Liabilities Related to Contracts with Customers

	2022 \$	2021 \$
Asset recognised for costs incurred to fulfil a contract	-	-
Total contract assets	-	-
Advances received for construction contract work	29,337,296	8,933,937
Deferred services income	14,131,622	8,121,426
Total contract liabilities	43,468,918	17,055,363

(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 FY 2023.

Notes to the Financial Statements

As of 30 June 2022

5. REVENUE (continued)

(c) Other Income

	2022 \$	2021 \$
Profit on sale of shares	435,957	213,458
Net Fair value gain on financial instruments	1,366,747	-
Rental income	548,715	568,786
Wages subsidies	-	1,762,566
Sundry income	530,720	1,017,026
Total other income	2,882,139	3,561,836

6. EXPENSES

	2022 \$	2021 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation and Amortisation</i>		
Fixtures and fittings	1,070,109	869,313
Leasehold improvements	604,217	223,302
Motor vehicles	19,868	8,920
Leased plant and equipment	22,053	40,150
Office premises right-of-use assets	3,721,586	3,344,937
Computer software	183,466	298,165
Total depreciation and amortisation	5,621,299	4,784,787
Net foreign exchange losses	(773,317)	465,165
Finance costs		
Interest and finance charges paid/payable on borrowings	86,988	45,902
Interest and finance charges paid/payable on lease liabilities	799,213	770,887
Total finance costs	886,201	816,789
Share based payments	707,919	438,517
Defined contribution superannuation expense	4,250,413	2,944,476

7. INCOME TAX EXPENSE

(a) Income Tax Expense

	2022 \$	2021 \$
Current tax on profits for the year	18,158,343	9,810,950
Deferred tax on profits for the year	(6,432,440)	(2,427,789)
Adjustments for current tax of prior periods	114,137	39,973
Adjustments for deferred tax of prior periods	234,734	-
	12,074,774	7,423,134
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Increase in deferred tax assets (note 15)	(6,006,859)	(7,021,931)
Increase/(decrease) in deferred tax liabilities (note 22)	(425,581)	4,594,142
	(6,432,440)	(2,427,789)

Notes to the Financial Statements

As of 30 June 2022

7. INCOME TAX EXPENSE (continued)

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

	2022 \$	2021 \$
Profit before income tax expense	38,926,648	21,489,381
Tax at the Australian tax rate of 30% (2021: 30%)	11,677,994	6,446,814
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	212,376	131,555
Sundry items	(155,968)	40,618
Withholding tax gross-up	671,599	521,854
	12,406,000	7,140,841
Adjustments for current tax of prior periods - under/(over) provision of prior year income tax	228,664	(136,631)
Difference in overseas tax rates	(318,495)	(193,118)
Deferred taxes not recognised	(127,420)	(184,076)
Share of net profit of joint ventures accounted for using the equity method	(113,975)	(104,550)
Foreign tax incurred	-	900,668
Total income tax expense	12,074,774	7,423,134

(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

	2022 \$	2021 \$
Cash at bank and in hand	100,946,619	76,841,139

(a) Risk Exposure

The Consolidated entity'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

As of 30 June 2022

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
Trade receivables	50,695,024	34,250,867
Allowance for expected credit loss (a)	(1,029,030)	(1,185,825)
	49,665,994	33,065,042
GST and other receivables	17,322,655	6,789,217
Cash advanced to employees	102,956	12,858
Loan to joint ventures	20,000	4,020,000
	17,445,611	10,822,075
	67,111,605	43,887,117

(a) Allowance for Expected Credit Loss

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

	2022 \$	2021 \$
At 1 July	1,185,825	1,228,158
Allowance for expected credit loss recognised during the year	-	-
Unused amount reversed	(185,922)	(104,045)
Exchange difference	29,127	61,712
At 30 June	1,029,030	1,185,825

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

The expected credit loss for trade receivables as at 30 June 2022 and 30 June 2021 are as follows:

30 June 2022	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%	34.1%	-
Gross carrying amount	29,302,087	12,968,225	5,405,791	3,018,921	50,695,024
Lifetime expected credit loss	-	-	-	1,029,030	1,029,030

30 June 2021	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%	44.1%	-
Gross carrying amount	19,313,488	7,554,980	4,692,350	2,690,049	34,250,867
Lifetime expected credit loss	-	-	-	1,185,825	1,185,825

(b) Risk Exposure

Information about the Consolidated entity'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 Consolidated entity does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the Consolidated entity.

Notes to the Financial Statements

As of 30 June 2022

10. CURRENT ASSETS - INVENTORIES

	2022 \$	2021 \$
Consumables	347,627	1,540,415
	347,627	1,540,415

11. CURRENT ASSETS - OTHER CURRENT ASSETS

	2022 \$	2021 \$
Other current assets (a)	1,889,649	532,468
Prepayments	3,629,212	1,950,294
	5,518,861	2,482,762

(a) Other Current Assets

Other current assets consist of deposits of \$591,844 (2021:\$532,468) held with licensed banks as security/bond on the various properties leased by the Consolidated entity.

12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2021	Fixtures and fittings \$	Motor vehicles \$	Leasehold improvements \$	Leased plant and equipment \$	Total \$
Opening net book amount	1,974,996	16,188	1,011,565	190,407	3,193,156
Additions	2,537,663	129,377	-	-	2,667,040
Disposals	(17,568)	(1,337)	-	-	(18,905)
Depreciation charge	(869,313)	(8,920)	(223,302)	(40,150)	(1,141,685)
Transfers	47,439	-	-	(47,439)	-
Exchange differences	5,653	1,865	(35,367)	-	(27,849)
Closing net book amount	3,678,870	137,173	752,896	102,818	4,671,757
At 30 June 2021					
Cost or fair value	12,570,686	271,138	1,613,854	137,738	14,593,416
Accumulated depreciation	(8,891,816)	(133,965)	(860,958)	(34,920)	(9,921,659)
Net book amount	3,678,870	137,173	752,896	102,818	4,671,757

Year ended 30 June 2022	Fixtures and fittings \$	Motor vehicles \$	Leasehold improvements \$	Leased plant and equipment \$	Total \$
Opening net book amount	3,678,870	137,173	752,896	102,818	4,671,757
Additions	1,732,100	130,709	2,227,857	-	4,090,666
Disposals	(2,122)	(2,492)	-	-	(4,614)
Depreciation charge	(1,070,109)	(19,868)	(604,217)	(22,053)	(1,716,247)
Transfers	(85,447)	(7,907)	-	-	(93,354)
Exchange differences	(47,748)	(12,790)	10,292	-	(50,246)
Closing net book amount	4,205,544	224,825	2,386,828	80,765	6,897,962
At 30 June 2022					
Cost	14,220,357	374,187	3,855,145	137,738	18,587,427
Accumulated depreciation	(10,014,813)	(149,362)	(1,468,317)	(56,973)	(11,689,465)
Net book amount	4,205,544	224,825	2,386,828	80,765	6,897,962

Notes to the Financial Statements

As of 30 June 2022

13. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	2022 \$	2021 \$
Land and buildings – right-of-use	20,656,734	18,639,560
Accumulated depreciation	(6,969,067)	(3,714,280)
Net book amount	13,687,667	14,925,280

Additions to the right-of-use assets during the year were \$2,518,289

Movements:	2022 \$	2021 \$
Right-of-Use Assets		
Opening balance 1 July	14,925,280	3,000,988
Additions	2,518,829	15,448,289
Depreciation	(3,721,586)	(3,344,937)
Currency translation differences during the year	(34,856)	(179,060)
Balance 30 June	13,687,667	14,925,280

The Consolidated entity leases office space under agreements of between three 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 Consolidated entity leases office equipment and motor vehicles under agreements 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.

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Goodwill \$	Software \$	Customer contracts \$	Total \$
Year ended 30 June 2021				
Opening net book amount	6,207,274	631,456	-	6,838,730
Additions	-	238,608	-	238,608
Impairment	-	(60,215)	-	(60,215)
Amortisation charge*	-	(298,165)	-	(298,165)
Exchange differences	-	24,692	-	24,692
Closing net book amount	6,207,274	536,376	-	6,743,650
At 30 June 2021				
Cost	8,885,406	3,142,631	315,000	12,343,037
Accumulated amortisation and impairment	(2,678,132)	(2,606,255)	(315,000)	(5,599,387)
Net book amount	6,207,274	536,376	-	6,743,650

Notes to the Financial Statements

As of 30 June 2022

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

	Goodwill \$	Software \$	Customer contracts \$	Total \$
Year ended 30 June 2022				
Opening net book amount	6,207,274	536,376	-	6,743,650
Additions	-	6,219	-	6,219
Disposals	-	-	-	-
Amortisation charge*	-	(183,466)	-	(183,466)
Exchange differences	-	(42,129)	-	(42,129)
Closing net book amount	6,207,274	317,000	-	6,524,274
At 30 June 2022				
Cost	8,885,406	2,954,605	315,000	12,155,011
Accumulated amortisation	(2,678,132)**	(2,637,605)	(315,000)	(5,630,737)
Net book amount	6,207,274	317,000	-	6,524,274

* Consolidated entity amortisation of \$183,466 (2021: \$298,165) is included in depreciation and amortisation expense in the Statement of Profit or Loss and Other Comprehensive Income.

** The accumulated amortisation on goodwill relates to impairment accounted for in prior years.

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Consolidated entity cash-generating units (CGUs) identified according to business segment and country of operation.

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

2022	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
2021	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 CGU's. 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% (2021: 1.4%).

Notes to the Financial Statements

As of 30 June 2022

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

Discount Rate

For the Australian CGUs, the pre-tax discount rate applied to cash flow projections is 6.10% (2021: 6.88%) and for the Minerals CGUs in other countries, the pre-tax discount rate is 13.60% (2021: 14.26%).

Cash Flows

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

Revenue

The value-in-use model is based on the 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.

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 considerations 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.

15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	2022 \$	2021 \$
<i>The balance comprises temporary differences attributable to:</i>		
Unused tax losses	57,383	64,789
Employee benefits	2,574,453	2,374,441
Doubtful debts	130,522	175,150
Accrued expenses	96,219	112,044
Deferred revenue	8,727,417	497,837
Other provisions	1,531,110	4,344,299
Depreciation	48,427	27,476
Finance leases	4,005	-
Lease liabilities	4,205,718	4,201,860
	429,501	
	17,804,755	11,797,896
Set-off of deferred tax liabilities pursuant to set-off provisions (note 22)	(5,182,865)	(5,608,446)
Net deferred tax assets	12,621,890	6,189,450
Deferred tax assets expected to be recovered within 12 months	16,066,084	7,593,741
Deferred tax assets expected to be recovered after more than 12 months	1,738,671	4,204,155
	17,804,755	11,797,896

Notes to the Financial Statements

As of 30 June 2022

15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS (continued)

Movements:	Doubtful debts \$	Employee benefits \$	Deferred revenue \$	Accrued expenses \$	Other provisions \$	Depreciation \$	Finance leases \$	Unused tax losses \$	Lease liabilities \$	Employee Share Trust	Total \$
At 1 July 2020	57,802	2,217,721	117,778	200,657	941,202	9,539	58,324	541,646	631,296		4,775,965
Credited/(charged) - to profit or loss	117,348	156,720	380,059	(88,613)	3,403,097	17,937	(58,324)	(476,857)	3,570,564		7,021,931
At 30 June 2021	175,150	2,374,441	497,837	112,044	4,344,299	27,476	-	64,789	4,201,860		11,797,896

Movements:	Doubtful debts \$	Employee benefits \$	Deferred revenue \$	Accrued expenses \$	Other provisions \$	Depreciation \$	Finance leases \$	Unused tax losses \$	Lease liabilities \$	Employee Share Trust	Total \$
At 1 July 2021	175,150	2,374,441	497,837	112,044	4,344,299	27,476	-	64,789	4,201,860		11,797,896
Credited/(charged) - to profit or loss	(44,628)	200,012	8,229,580	(15,825)	(2,813,189)	20,951	4,005	(7,406)	3,858	429,501	6,006,859
At 30 June 2022	130,522	2,574,453	8,727,417	96,219	1,531,110	48,427	4,005	57,383	4,205,718	429,501	17,804,755

Notes to the Financial Statements

As of 30 June 2022

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Categories of Financial Assets and Liabilities

Notes 1(q) and 1(r) 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:

Financial Assets 2022	Note	Fair value through profit or loss \$	Amortised cost \$	Total \$
Cash and cash equivalents	8	-	100,946,619	100,946,619
Trade and other receivables	9	-	67,111,605	67,111,605
Deposits held with banks	11	-	591,844	591,844
Investment in listed equities	16(c)	2,471,669	-	2,471,669
Other Receivables	18	-	42,459	42,459
		2,471,669	168,692,527	171,164,196

Financial Assets 2021	Note	Fair value through profit or loss \$	Amortised cost \$	Total \$
Cash and cash equivalents	8	-	76,841,139	76,841,139
Trade and other receivables	9	-	43,887,117	43,887,117
Deposits held with banks	11	-	532,468	532,468
Investment in listed equities	16(c)	739,920	-	739,920
Other Receivables	18	-	189,413	189,413
		739,920	121,450,137	122,190,057

Financial Liabilities 2022	Note	Fair value through profit or loss \$	Amortised cost \$	Total \$
Trade and other payables		-	21,259,240	21,259,240
Borrowings	16(b)	-	1,524,787	1,524,787
Lease liabilities		-	15,120,445	15,120,445
		-	37,904,472	37,904,472

Financial Liabilities 2021	Note	Fair value through profit or loss \$	Amortised cost \$	Total \$
Trade and other payables		-	12,083,924	12,083,924
Borrowings	16(b)	-	2,165,023	2,165,023
Lease liabilities		-	15,738,888	15,738,888
		-	29,987,835	29,987,835

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

Notes to the Financial Statements

As of 30 June 2022

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Borrowings

Borrowings include the following financial liabilities:

	2022			2021		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Finance leases	841,470	683,317	1,524,787	760,274	1,404,749	2,165,023
Total secured borrowings	841,470	683,317	1,524,787	760,274	1,404,749	2,165,023
Unsecured						
Other loans	-	-	-	-	-	-
Total unsecured borrowings	-	-	-	-	-	-
Total borrowings	841,470	683,317	1,524,787	760,274	1,404,749	2,165,023

All borrowings are denominated in AUD.

Bank borrowings are secured by plant and equipment owned by the Consolidated entity. Current interest rates are variable and average 2.55% (2021: 2.55%). The carrying amount of bank borrowings is considered to be a reasonable approximation of fair value.

(c) 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.

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 2022 and 30 June 2021.

2022	Goodwill \$	Software \$	Customer contracts \$	Total \$
Financial assets / (liabilities)				
Listed Securities	2,471,669	-	-	2,471,669
Derivative liabilities – foreign exchange forward contracts	-	(536,081)	-	(536,081)
Net fair value	2,471,669	(536,081)	-	1,935,588
2021	Goodwill \$	Software \$	Customer contracts \$	Total \$
Financial assets / (liabilities)				
Listed Securities	739,920	-	-	739,920
Net fair value	739,920	-	-	739,920

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

Notes to the Financial Statements

As of 30 June 2022

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Movements	2022 \$	2021 \$
Listed Securities		
Balance 1 July	739,920	886,377
Additions	-	-
Revaluation	1,902,830	(29,790)
Disposals	(171,081)	(116,667)
Balance 30 June	2,471,669	739,920

Measurement of Fair Value of Financial Instruments

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

Foreign Currency Forward Contracts (Level 2)

The Consolidated entity'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.

17. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2022 \$	2021 \$
Investment in joint ventures	819,990	2,093,622
Investment in associates	1,948,371	1,776,685
	2,768,361	3,870,307

(a) Investment in Joint Ventures

The Consolidated entity 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 Consolidated entity	
			2022	2021
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%	50%

Notes to the Financial Statements

As of 30 June 2022

17. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The Consolidated entity's share of the results of its principal joint ventures:	2022 \$	2021 \$
(Loss)/profit from continuing operations	(1,273,632)	181,826
Other comprehensive income	-	-
Total comprehensive income	(1,273,632)	181,826
Carrying amount of the Consolidated entity's interest in joint ventures	819,990	2,093,622

Joint ventures summarised Statement of Financial Position	2022 \$	2021 \$
Cash and cash equivalents	24,843,579	4,582,826
Current assets	25,528,103	64,054,104
Non-current assets	4,856,975	4,238,517
Total assets	30,385,078	68,292,621
Current liabilities	(25,340,707)	59,614,443
Non-current liabilities	(2,998,955)	3,444,123
Total liabilities	(28,339,662)	63,058,566
Net assets	2,045,416	5,234,055
Consolidated entity's share of joint ventures net assets	819,990	2,093,622

(b) Investment in Associates

Name of Joint Venture	Country of incorporation & principal place of business	Principal activities	Proportion of ownership interest held by the Consolidated entity	
			2022	2021
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%	49%

The Consolidated entity's share of the results of its principal associates:	2022 \$	2021 \$
Profit from continuing operations	1,072,460	961,183
Other comprehensive income	-	-
Total comprehensive income	1,072,460	961,183
Carrying amount of the Consolidated entity's interest in associates	1,948,371	1,776,685

Included in the carrying amount of the company interest in associate is dividends of \$900,774 (2021: \$803,624).

Notes to the Financial Statements

As of 30 June 2022

18. NON-CURRENT ASSETS - OTHER RECEIVABLES

	2022 \$	2021 \$
Other receivables	42,459	189,413
	42,459	189,413

(a) Impaired Receivables and Receivables Past Due

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

19. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2022 \$	2021 \$
Trade payables	3,550,925	4,731,031
Goods and services tax (GST) payable	4,811,718	3,315,182
Sundry creditors and accrued expenses	17,661,436	7,352,893
	26,024,079	15,399,106

Included in the above are financial liabilities of \$21,259,240 (2021: \$12,083,924).

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

20. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	2022 \$	2021 \$
Employee benefit obligations	8,869,891	7,572,761
	8,869,891	7,572,761

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 Consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated entity 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:

	2022 \$	2021 \$
Annual leave obligation expected to be settled after 12 months	1,519,360	1,293,083
Long service leave obligation expected to be settled after 12 months	1,437,788	1,338,608
	2,957,148	2,631,691

Notes to the Financial Statements

As of 30 June 2022

21. CURRENT LIABILITIES – PROVISIONS

	2022 \$	2021 \$
Service and equipment warranties	4,087,367	13,340,431

(a) Movements in Provisions

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

2022	Service and equipment warranties \$	Total \$
Carrying amount at beginning of year	13,340,431	13,340,431
Provisions reversed	(13,215,923)	(13,215,923)
Provisions recognised	3,962,859	3,962,859
Exchange differences	(52,425)	(52,425)
Carrying amount at end of year	4,087,367	4,087,367

The Consolidated entity 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.

22. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	2022 \$	2021 \$
The balance comprises temporary differences attributable to:		
Accrued income	(15,624)	199,548
Other provisions	37,681	1,359,638
Depreciation & amortisation	1,368,892	42,461
Prepaid expenses	(1,129)	10,540
Right-of-use assets	3,793,045	3,996,259
	5,182,865	5,608,446
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	(5,182,865)	(5,608,446)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	20,929	1,569,726
Deferred tax liabilities expected to be settled after more than 12 months	5,161,936	4,038,720
	5,182,865	5,608,446

Movements	Depreciation & amortisation \$	Accrued income \$	Other provisions \$	Prepaid expenses \$	Right-of-use assets \$	Total \$
At 1 July 2019	200,698	182,859	10,344	34,946	585,457	1,014,304
Charged/(credited) - profit or loss	(158,237)	16,689	1,349,294	(24,406)	3,410,802	4,594,142
At 30 June 2021	42,461	199,548	1,359,638	10,540	3,996,259	5,608,446
At 1 July 2021	42,461	199,548	1,359,638	10,540	3,996,259	5,608,446
Charged/(credited) - profit or loss	1,326,431	(215,172)	(1,321,957)	(11,669)	(203,214)	(425,581)
At 30 June 2022	1,368,892	(15,624)	37,681	(1,129)	3,793,045	5,182,865

Notes to the Financial Statements

As of 30 June 2022

23. NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	2022 \$	2021 \$
Employee benefits - long service leave	671,369	165,864

24. CONTRIBUTED EQUITY

(a) Share Capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares				
Fully paid	39,740,226	39,740,226	20,854,574	20,854,574
Less: Treasury shares (Employee Share Trust)	(153,921)	-	(608,586)	-
Less: Loan funded shares to senior management	(150,000)	-	(901,828)	-
Balance at the end of the period	39,436,305	39,740,226	19,344,160	20,854,574

Refer Note 1 (ai) for accounting policy on accounting for Employee Share Trust. Refer Note 37(b) for further details on loan funded shares.

The average issue price of ordinary shares fully paid is \$0.52 (2021: \$0.52).

(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 Consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to 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 Consolidated entity 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 Consolidated entity 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 2022, the Consolidated entity's strategy was to maintain a gearing ratio of less than 40%. The gearing ratios at 30 June 2022 and 30 June 2021 were as follows:

	2022 \$	2021 \$
Total borrowings (including payables)	79,887,673	42,192,253
Less: cash and cash equivalents	(100,946,619)	(76,841,139)
Net debt	(21,058,946)	(34,648,886)
Total equity	99,675,420	87,673,819
Total capital	78,616,474	53,024,933
Gearing ratio	(21%)	(40%)

Notes to the Financial Statements

As of 30 June 2022

25. RESERVES

	2022 \$	2021 \$
Performance rights reserve	1,333,109	623,021
Foreign currency translation reserve	(1,670,613)	(852,957)
	(337,504)	(229,936)

Movements:	2022 \$	2021 \$
Share-based Payments Reserve		
Balance 1 July	623,021	215,306
Performance rights plan expense	487,419	438,517
Loan funded shares	220,500	-
Transfer to share capital - exercise of rights	(281,107)	(30,802)
Tax effect of transfer to cash to employee share trust	283,276	-
Balance 30 June	1,333,109	623,021
Foreign Currency Translation Reserve		
Balance 1 July	(852,957)	(2,062,155)
Currency translation differences arising during the year	(817,656)	1,209,198
Balance 30 June	(1,670,613)	(852,957)

(a) Nature and Purpose of Reserves

(i) Share-based Payments Reserve

The performance rights reserve is used to recognise the fair value of rights issued to certain directors or employees during the year. This also includes reserve for other share-based payments.

(ii) Foreign Currency Translation Reserve

Exchange differences arising 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.

26. RETAINED EARNINGS

	2022 \$	2021 \$
Balance 1 July	67,758,814	59,520,398
Profit for the year	26,851,874	14,199,449
Dividends paid or payable	(13,114,275)	(5,961,033)
Balance 30 June	81,496,413	67,758,814

27. NON-CONTROLLING INTERESTS

	2022 \$	2021 \$
Share capital	13,264	13,264
Reserves	4,003	4,003
Non-controlling interest on acquisition	(288,240)	(288,240)
Retained earnings	(556,676)	(438,657)
	(827,649)	(709,630)

Notes to the Financial Statements

As of 30 June 2022

28. DIVIDENDS

(a) Ordinary Shares

	2022 \$	2021 \$
Final dividends for year ended 30 June 2021 of 15.0 cents (2020: 5.0 cents) per fully paid share paid on 8 October 2021 (2020: 8 October 2020) Fully franked based on tax paid at 30% (2021: 30%)	5,961,034	1,987,011
Interim dividend for the year ended 30 June 2022 of 18.0 cents (2021: 10.0 cents) per fully paid share paid on 7 April 2022 (2020: 8 April 2021) Fully franked based on tax paid at 30% (2021: 30%)	7,153,241	3,974,022
Total dividends provided for or paid	13,114,275	5,961,033

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

	2022 \$	2021 \$
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 36.0 cents per fully paid ordinary share (2021: 15.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 7 October 2022 out of retained earnings at 30 June 2022, but not recognised as a liability at year end, is	14,306,481	5,961,034

(a) Franked Dividends

	2022 \$	2021 \$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)	16,987,218	14,203,976

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 \$6,131,349 (2021: \$2,554,729).

Notes to the Financial Statements

As of 30 June 2022

29. 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 (2021: RSM Australia Partners)

	2022 \$	2021 \$
Audit and Other Assurance Services		
Audit and review of financial reports	220,000	174,500
Total remuneration	220,000	174,500

(b) Non-RSM Australia Partners (2021: Non-RSM Australia Partners)

	2022 \$	2021 \$
Audit and Other Assurance Services		
Audit and review of financial statements	117,373	110,440
Taxation Services		
Tax compliance services (including income tax returns)	27,583	41,103
Other Services		
Other services	20,219	15,386
Total remuneration of non-RSM Australia Partners audit firms	165,175	166,929
Total auditors' remuneration	385,175	341,429

30. CONTINGENCIES

The Consolidated entity had contingent liabilities at 30 June 2022 and 30 June 2021 in respect of:

(a) Contingent Liabilities

(i) Guarantees

Guarantees are given in respect of rental bonds for \$9,097,573 (2021: \$2,174,870).

These guarantees may give rise to liabilities in the event that the Consolidated entity 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 \$12,624,858 are provided in respect of performance and defects warranty as at 30 June 2022 (2021: \$13,915,789).

No material losses are anticipated in respect of any of the above contingent liabilities (2021: Nil).

31. COMMITMENTS

(a) Capital Commitments

There was no capital expenditure contracted for at the reporting date which has not been recognised as a liability (2021: Nil).

Notes to the Financial Statements

As of 30 June 2022

32. RELATED PARTY TRANSACTIONS

(a) Parent Entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Key Management Personnel

	2022 \$	2021 \$
Short-term employee benefits	2,880,986	2,716,132
Post-employment benefits	184,132	152,129
Share-based payments	394,795	233,286
	3,459,913	3,101,547

Detailed remuneration disclosures are provided in the Remuneration Report on pages 14 to 19.

(d) Transactions with Other Related Parties

The following transactions occurred with related parties:

	2022 \$	2021 \$
Sales of Goods and Services	8,621,467	9,948,179
Sales to associates and joint ventures		
Purchases of Goods and Services	7,647,209	5,071,260
Purchases from associates		

(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:

	2022 \$	2021 \$
Current Receivables	605,259	800,960
Associates and joint ventures		
Current Payables	107,948	588,497
Associates		

(f) Loans to/from Related Parties

	2022 \$	2021 \$
Movements:		
Loans to Joint Ventures		
Beginning of the year	4,020,000	20,000
Loans advanced	20,000,000	4,000,000
Repayments made	(24,000,000)	-
End of the year	20,000	4,020,000

Total loan commitment to Mondium Pty Ltd is up to \$24 million.

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.

Notes to the Financial Statements

As of 30 June 2022

32. RELATED PARTY TRANSACTIONS (continued)

(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 repayable within 12 months. Interest is payable on the loan at a rate of 2.05% per annum.

Outstanding balances are unsecured and are repayable in cash.

33. 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	
			2022 \$	2021 \$
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 Cote D'Ivoire SARL	Cote D'Ivoire ⁽²⁾	Ordinary	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
Lycopodium Asset Management Pty Ltd	Australia	Ordinary	100	100
Lycopodium Minerals QLD Pty Ltd	Australia	Ordinary	100	100
Lycopodium Rail Pty Ltd	Australia	Ordinary	100	100
Lycopodium Management Consulting Pty Ltd	Australia	Ordinary	100	100
Lycopodium Share Plan Pty Ltd	Australia	Ordinary	100	100
Lycopodium Rail Pty Ltd	Australia	Ordinary	100	100
Lycopodium Americas Pty Ltd	Australia	Ordinary	100	100
Lycopodium (Ghana) Pty Ltd	Australia	Ordinary	100	100
Orway Mineral Consultants Americas Pty Ltd	Australia	Ordinary	100	100

(1) Engineering, procurement, construction management services

(2) Offshore project support services

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to year end the Directors have recommended the payment of a final dividend on ordinary shares in respect of the 2022 financial year. The total amount of the dividend is \$14,306,481 (2021: \$5,961,034), which represents a fully franked dividend of 36.0 (2021: 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 Consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Consolidated entity's state of affairs in future financial years.

Notes to the Financial Statements

As of 30 June 2022

35. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022 \$	2021 \$
Profit for the year	26,851,874	14,066,247
Depreciation and amortisation	5,621,300	4,784,787
Non-cash employee benefits expense - share-based payments	710,088	-
Net loss/(profit) on sale of non-current assets	(432,759)	407,715
Share of net loss/(profit) of associate and joint venture accounted for using the equity method	201,172	-
Interest relating to financing activities	886,201	68,762
Net fair value gains from financial instruments	(2,000,159)	(1,143,008)
Other non-cash items	(28,828)	737,724
<i>Change in operating assets and liabilities:</i>		
(Increase)/Decrease in trade debtors and other receivables	(27,164,810)	(14,157,278)
Increase in inventories	1,192,787	-
Decrease in deferred tax assets	-	(435,092)
Decrease in other operating assets	(2,051,490)	112,809
(Decrease)/increase in trade creditors	11,951,976	32,426
(Decrease)/Increase in contract liabilities	26,413,554	(929,243)
Decrease in provision for income taxes payable	-	(30,602,040)
Increase/(decrease) in other provisions	(1,376,252)	2,278,599
Net cash (outflow)/inflow from operating activities	40,744,654	(13,717,557)

Notes to the Financial Statements

As of 30 June 2022

36. EARNINGS PER SHARE

(a) Basic Earnings Per Share

	2022 Cents	2021 Cents
Basic earnings per share attributable to the ordinary equity holders of the Consolidated entity	68.4	35.7

(b) Diluted Earnings Per Share

	2022 Cents	2021 Cents
Diluted earnings per share attributable to the ordinary equity holders of the Consolidated entity	68.4	35.5

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

	2022 \$	2021 \$
For Basic Earnings Per Share		
Profit attributable to the ordinary equity holders of the Consolidated entity used in calculating basic earnings per share	27,177,702	14,199,449
For Diluted Earnings Per Share		
Profit attributable to the ordinary equity holders of the Consolidated entity used in calculating diluted earnings per share	27,177,702	14,199,449

(d) Weighted Average Number of Shares Used as Denominator

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	39,740,226	39,740,226
Adjustments for calculation of diluted earnings per share: Performance rights	-	277,498
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	39,740,226	40,017,724

Notes to the Financial Statements

As of 30 June 2022

37. 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 18 November 2021. The rights were designed to give incentive to the employees and Executive Directors to provide dedicated and ongoing commitment and effort to the Consolidated entity and aligning the interest of both employees and shareholders.

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

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
2022			Number	Number	Number	Number	Number
1 July 2019	29 June 2024	\$0.00	50,000	-	-	-	50,000
28 November 2019	26 November 2024	\$0.00	168,320	-	(7,998)	(9,113)	151,209
11 December 2020	10 December 2025	\$0.00	107,168	-	(6,531)	(13,998)	86,639
19 November 2021	18 November 2026	\$0.00		127,139			127,139
			325,488	127,139	(64,529)	(23,111)	364,987

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
2021			Number	Number	Number	Number	Number
1 July 2019	29 June 2024	\$0.00	50,000	-	-	-	50,000
28 November 2019	26 November 2024	\$0.00	184,820	-	(7,853)	(8,647)	168,320
11 December 2020	10 December 2025	\$0.00	-	107,168	-	-	107,168
			234,820	107,168	(7,853)	(8,647)	325,488

Rights exercised during the financial year 14,529 (2021: 7,853).

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 3.2 years (2021: 3.7).

Notes to the Financial Statements

As of 30 June 2022

37. SHARE-BASED PAYMENTS (continued)

For the rights granted during the current financial year, the valuation model inputs used to determine 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	Fair value at grant date
19 November 2021	18 November 2026	\$5.21	\$0.00	34%	4.8%	0.1%	\$4.10

Rights exercised during the financial year 64,529 (2021: 7,853).

The weighted average remaining contractual life of rights outstanding at the end of the financial year was 3.2 years (2021: 3.7).

(b) Loan funded shares

On 18 January 2022, the company issued limited recourse loan funded shares to two executives totalling to 150,000 shares (including 50,000 shares to Justine Campbell). The transaction of limited recourse loan was accounted as share based payments in accordance with AASB 2. The valuation was carried out under Black Scholes option pricing model.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24 January 2022	23 January 2032	\$5.02	\$5.02	30.0%	0%	1.62%	\$1.47

The term of the grant was considered as 5 years. Under the terms of the arrangement, dividends are assumed to be automatically applied towards repayment of the loan, effectively reducing the exercise price. Therefore, to reflect the impact on the assessed value of the loan funded shares, no dividend yield has been included in the valuation model.

Accordingly, the share-based payments expense recognised on account of this grant is \$220,500 (including \$73,500 share-based expenses resulting from 50,000 loan shares issued to Justine Campbell).

(c) Expenses Arising from Share-Based Payment Transactions

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

	2022 \$	2021 \$
Rights issued under the Incentive Performance rights plan	487,419	438,517
Share-based expense relating to Loan funded shares	220,500	-
	707,919	438,517

Notes to the Financial Statements

As of 30 June 2022

38. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial Information

The individual financial report for the parent entity shows the following aggregate amounts:

	2022 \$	2021 \$
Statement of Financial Position		
Current assets	26,274,640	31,849,768
Non-current assets	50,396,013	45,813,335
Total assets	76,670,653	77,663,103
Current liabilities	2,092,262	4,743,593
Non-current liabilities	10,433,270	12,157,664
Total liabilities	12,525,532	16,901,257
Net assets	64,145,121	60,761,846
Shareholders' Equity		
Contributed equity	1,333,109	623,021
Performance rights reserve	43,467,852	39,284,251
Retained earnings	64,145,121	60,761,846
Profit after income tax	17,344,811	6,440,102
Total comprehensive income	17,344,811	6,440,102

(b) Guarantees Entered into by the Parent Entity

In 2018, the parent entity entered an arrangement with an insurer for a standby insurance bond 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 2022 or 30 June 2021.

(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 2022 or 30 June 2021.

(e) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment



ANSTO Australian Synchrotron, Victoria



Track inspection, Melbourne, Victoria

Directors' Declaration

In the Directors' opinion:

- (a) the attached financial statement and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional report requirements;
- (b) The attached financial statement and notes comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- (c) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- (d) There are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable; and

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

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peter De Leo
Managing Director
Lycopodium Limited

Perth
23 August 2022

Independent Auditor's Report



RSM Australia Partners

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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 2022, 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 2022 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Independent Auditor's Report (continued)



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	
<p>The Group has recognised a total of \$228,711,210 revenue from contracts with customers. As disclosed in note 1 (d), these revenues are recognised over time as performance obligations are fulfilled.</p> <p>Construction contracts, engineering and related services revenue is recognised by the Group after assessing all factors relevant to each contract, including specifically the following as applicable:</p> <ul style="list-style-type: none"> • Determination of the stage of completion and measurement of progress towards performance obligations; • Estimation of total contract revenue and costs including the estimation of cost contingencies; • Determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims; and • Estimation of project completion date. <p>This area is a key audit matter due to the number and type of estimation events over the course of the contract life, the unique nature of individual contract conditions, leading to complex and judgmental revenue recognition from contracts.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • considering the appropriateness of the revenue recognition policies applied by the Group against the criteria in the accounting standards; • considering contractual terms with customers and testing 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 the mathematical accuracy of revenue and profit recognised during the year based on the stage of completion; • considering 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; • discussing with project personnel and management the rationale for revisions made to budgeted costs and checked supporting documentation; and • assessing disclosures in the financial report against the results of our testing and the requirements of the accounting standards.
Impairment of goodwill Refer to Note 14 in the financial statements	
<p>The carrying amount of goodwill at 30 June 2022 was \$6,207,274.</p> <p>Management performs an annual impairment test on the recoverability of goodwill as required by Australian Accounting Standards.</p> <p>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.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the value in use model applied by the Group against the criteria in the accounting standards; • assessing management's determination of how goodwill is allocated to each CGU; • challenging the reasonableness of key assumptions, including future cash flow projections, expected revenue growth rates and the discount rate; • assessing management's sensitivity analysis over the key assumptions used in the model; • 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; • assessing disclosures in the financial report against the results of our testing and the requirements of the accounting standards.

Independent Auditor's Report (continued)



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 2022 but does not include the financial report and the auditor's report thereon.

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/ar1.pdf. This description forms part of our auditor's report.

Independent Auditor's Report (continued)



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 2022.

In our opinion, the Remuneration Report of Lycopodium Limited, for the year ended 30 June 2022, 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.

A handwritten signature in grey ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in grey ink, appearing to be 'James Komninos'.

JAMES KOMNINOS
Partner

Perth, WA
Dated: 23 August 2022

Shareholder Information

The shareholder information set out below was applicable as at 6 August 2022.

A. DISTRIBUTION OF EQUITY SECURITIES

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

Holding	Total Holders
1 - 1000	600
1,001 - 5,000	611
5,001 - 10,000	212
10,001 - 100,000	226
100,001 and over	31
	1,680

There were 100 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:

Holding	Ordinary shares	
	Number held	Percentage of Units
1 REESH PTY LTD <THE M J CARATTI FAMILY A/C>	9,109,367	22.92
2 CHIMAERA CAPITAL LIMITED <BRUNNO RUGGIERO>	3,192,332	8.03
3 BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	3,088,727	7.77
4 UBS NOMINEES PTY LTD <THORNEY INVESTMENT GROUP>	2,732,800	6.88
5 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED <CLIME ASSET GROUP>	1,636,891	4.12
6 ACCEDE PTY LTD <THE L W MARSHALL FAMILY A/C>	992,332	2.50
7 CADDY FOX PTY LTD <THE LEONARD FAMILY A/C>	979,215	2.46
8 MR PETER DE LEO & MRS TIANA DE LEO <DE LEO SUPER FUND A/C>	896,711	2.26
9 MONADELPHOUS GROUP LIMITED	603,511	1.52
10 CITICORP NOMINEES PTY LIMITED	530,684	1.34
11 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	446,931	1.12
12 GOTTERDAMERUNG PTY LIMITED <GOTTERDAMERUNG FAMILY A/C>	432,078	1.09
13 NATIONAL NOMINEES LIMITED	413,326	1.04
14 MR DAVID JAMES TAYLOR	370,000	0.93
15 DFA - AUSTRALIA	328,359	0.83
16 YARRA CAPITAL MANGEMENT	328,201	0.83
17 MR ROBERT JOSEPH OSMETT	308,148	0.78
18 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	294,015	0.74
19 MR JAMES SMITH	240,000	0.60
20 BOTECH PTY LTD <BOTTECCHIA SUPER FUND A/C>	224,365	0.56
	27,147,993	68.32

C. SUBSTANTIAL HOLDERS

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

	Number held	Percentage of Units
1 REESH PTY LTD <THE M J CARATTI FAMILY A/C>	9,109,367	22.92
2 CHIMAERA CAPITAL LIMITED <BRUNNO RUGGIERO>	3,192,332	8.03
3 BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	3,088,727	7.77
4 UBS NOMINEES PTY LTD <THORNEY INVESTMENT GROUP>	2,732,800	6.88
5 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED <CLIME ASSET GROUP>	1,636,891	4.12

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

Bruno Ruggiero
Executive Director

Karl Anthony Cicanese
Executive Director

Steven John Micheil Chadwick
Non-Executive, Independent Director

Louise Bower
Non-Executive, Independent Director

Audit Committee

Peter De Leo
Rodney Leonard
Louise Bower

Remuneration Committee

Michael Caratti
Steven Chadwick

Risk Committee

Peter De Leo
Rodney Leonard
Bruno Ruggiero

Company Secretary

Justine Campbell

Registered and Principal Office

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Share Registry

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Lawyers

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Auditors

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Principal Banker

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