VYSARN LIMITED
ABN 41 124 212 175

ANNUAL REPORT
for the year ended 30 June 2019

CONTENTS

CORPORATE DIRECTORY

Directors

Peter Hutchinson	Executive Chairman
Faldi Ismail	Non-Executive Director
Nicholas Young	Non-Executive Director
Sheldon Burt	Non-Executive Director
Christopher Brophy	Non-Executive Director

Company Secretary
Kyla Garic

Registered office
108 Outram Street
West Perth, WA 6005
Ph: +61 8 9486 7244

Auditor
Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth, WA 6000

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth, WA 6000

Bankers
National Australia Bank
Level 1, 1238 Hay Street
West Perth, WA 6005

Westpac Banking Corporation
Level 3, Tower Two, Brookfield Place
123 St Georges Tce
Perth, WA 6000

Securities Exchange Listing
ASX Limited
Level 40, Central Park 152-158 St Georges Terrace
Perth, WA 6000
ASX Code – VYS

The Directors present their report together with the financial statements of Vysarn Limited ("the Company"), for the financial year ended 30 June 2019 and auditor's report thereon.

1. DIRECTORS

The names and the particulars of the Directors of the Company during the year and to the date of this report are:

Name	Status	Appointed
Peter Hutchinson	Executive Chairman	Appointed 27 October 2017
Faldi Ismail	Non-Executive Director	Appointed 20 December 2016
Nicholas Young	Non-Executive Director	Appointed 20 December 2016
Sheldon Burt	Non-Executive Director	Appointed 15 May 2019
Christopher Brophy	Non-Executive Director	Appointed 15 May 2019

2. COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Kyla Garic

Ms Garic was appointed as Company Secretary on 15 November 2017. Ms Garic is a Chartered Accountant and Director of Onyx Corporate. Onyx Corporate provides financial reporting, accounting, company secretarial and other services primarily to ASX listed companies. Ms Garic has acted as a Non-Executive Director and Company Secretary for a number of ASX listed companies.

3. PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Company consisted of the assessment of new opportunities to facilitate the relisting of the Company on the ASX with a view to increasing shareholder value, whilst preserving the Company's cash reserves. In April 2019 the Company entered an agreement with Ausdrill Northwest Pty Ltd and Pentium Hydro Pty Ltd under which it will acquire various waterwell drilling assets and associated inventory as described in the Review of Operations section below (**Transaction**). Upon completion, the Transaction will result in a significant change to the nature and scale of the Company's activities and the Company will be reinstated to the Official List of the ASX as a provider of production critical waterwell drilling services.

4. DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid, recommended or declared during the current or previous financial year.

5. REVIEW OF OPERATIONS

On 11 April 2019 the Company announced it had entered into an Asset Sale Agreement with Pentium Hydro Pty Ltd (**Pentium**) and Ausdrill Northwest Pty Ltd (a subsidiary of Ausdrill Limited (ASX:ASL)) (**Ausdrill**) to acquire various waterwell drilling assets (and associated inventory) used by Ausdrill to conduct its hydrogeological drilling business known as 'Connector Drilling'. In consideration for the acquisition of the Assets, the Company has agreed to pay Ausdrill $16 million at completion. The consideration will be paid by the Company from existing cash, funds from a Public Offer of Shares to raise at least $5M and up to $7M and an $8.8M Debt Facility obtained from Westpac Banking Corporation Ltd.

The Asset Sale Agreement is the result of a comprehensive identification and evaluation process by the Board over the past ~2 years seeking to acquire assets that it believes can provide future value for shareholders. Following Shareholder approval of the Transaction obtained at the General Meeting held on 5 July 2019, completion of the acquisition of the Assets remains conditional upon satisfaction of the various conditions precedent including the Company obtaining finance to satisfy the purchase price under the agreement and ASX approval.

In connection with the Asset Sale Agreement, the Company also entered into the Share Sale Agreement with Insight Ecosys Pty Ltd (controlled by Mr Brophy) and Connada Pty Ltd (controlled by Mr Burt), pursuant to which the Company will acquire the entire issued share capital of Pentium from the Pentium Vendors. In consideration for the acquisition of Pentium, the Company has agreed to issue to Pentium Vendors (and/or their nominees) a total of 7,800,000 shares. Completion of the Share Sale Agreement will take place just prior to completion of the Asset Sale Agreement, and Pentium will become a wholly owned (and primary operating) subsidiary of the Company.

5. REVIEW OF OPERATIONS (CONTINUED)

Completion of the acquisition of Pentium remains subject to all the conditions precedent to the Asset Sale Agreement being satisfied.

On 15 May 2019, Messers Burt and Brophy were appointed as Non-Executive Directors of the Company. Mr Burt and Mr Brophy have key roles in implementing the Transaction and will move into Executive Director positions following completion of the Transaction.

6. LIKELY DEVELOPMENTS

Subject to satisfying the conditions precedent to the Transaction as outlined above Pentium (as a wholly owned subsidiary of the Company) intends to commence drilling services operations.

7. FINANCIAL PERFORMANCE

The loss for the Company after providing for income tax amounted to $483,826 (30 June 2018: Profit of $296,558).

Working capital, being current assets less current liabilities, was $6,924,146 (30 June 2018: $7,407,972). The Company had negative cash flows from operating activities for the year amounting to $422,620 (2018: Positive cash flows from operating activities of $227,166).

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the Company's state of affairs during the year are presented in the Review of Operations section above. Changes subsequent to year end are presented in the Events Subsequent to Reporting Date section below. There were no other significant changes in the Company's state of affairs during the year.

9. EVENT SUBSEQUENT TO REPORTING DATE

On 5 July 2019, the Company's shareholders approved at its General Meeting:

- Change to the Nature and Scale of Company's Activities;
- Ratification of prior election of Messers Burt and Mr Brophy as Directors;
- Issue of 7,800,000 Pentium Vendor shares to the Pentium Vendors pursuant to the share sale agreement on completion of the Transaction;
- Issue of up to 129,629,630 fully paid ordinary shares at an issue price of $0.054 per share under a Public Offer;
- Related party's participation in Public Offer for Mr Hutchinson to the extent of up to 20,129,630 shares at an issue price of $0.054 per share for a subscription amount up to $1,087,000;
- Related party's participation in Public Offer for Mr Ismail to the extent of up to 5,175,926 shares at an issue price of $0.054 per share for a subscription amount up to $279,500;
- Related party's participation in Public Offer for Mr Young to the extent of up to 5,175,926 shares at an issue price of $0.054 per share for a subscription amount up to $279,500;
- Related party's participation in Public Offer for Mr Burt to the extent of up to 1,851,852 shares at an issue price of $0.054 per share for a subscription amount up to $100,000;
- Related party's participation in Public Offer for Mr Brophy to the extent of up to 1,851,852 shares at an issue price of $0.054 per share for a subscription amount up to $100,000;
- Issue up to 15,500,000 shares, or cash payment, up to $837,000 to Mr Hutchinson or his nominee for consideration of past service to the Company on completion of the Transaction;
- Issue up to 4,250,000 shares, or cash payment, up to $229,500 to Mr Ismail or his nominee for consideration of past service to the Company on completion of the Transaction;
- Issue up to 4,250,000 shares, or cash payment, up to $229,500 to Mr Young or his nominee for consideration of past service to the Company on completion of the Transaction;
- 5,000,000 Performance Rights to Mr Burt have been approved which was contemplated by the Burt ESA and to be issued on completion of the Transaction;
- 5,000,000 Performance Rights to Mr Brophy have been approved which was contemplated by the Brophy ESA and to be issued on completion of the Transaction; and
- 10,000,000 Options to Mr Hutchinson to be issued as per NED agreement on completion of the Transaction.

On 10 July 2019 the Company, together with Pentium, entered into a binding conditional financing agreement with Westpac Banking Corporation Limited. Under the facility, subject to the satisfaction of specified conditions, Westpac will provide debt funding of $8.8 million as part of the funding for the acquisition by the Company and Pentium of various waterwell drilling assets (and associated inventory) from Ausdrill.

9. EVENT SUBSEQUENT TO REPORTING DATE (CONTINUED)

On 11 July 2019, the Company lodged a prospectus to ASIC for its offer to the public of up to 129,629,630 shares at an issue price of $0.054 each to raise a total of up to $7million (before costs). It was also announced that ASX has extended the Company's de-listing deadline to the commencement of trading on 11 October 2019. The extension was granted on the basis that the Company is in the final stages of completing the Transaction.

On 26 July 2019, the Company lodged a supplementary prospectus with ASIC under which the Company announced that it had entered into a deed of assignment with Pentium, Hancock Prospecting Pty Ltd (**Hancock**) and Ausdrill under which Ausdrill's rights and obligation under its existing drilling services contract with Hancock will be assigned to the Company and Pentium with effect from completion of the Asset Sale Agreement.

On 14 August 2019, the Company lodged a second supplementary prospectus with ASIC noting that it had received strong demand from investors under the Public Offer in excess of the full subscription amount of $7,000,000 and extended the closing date of the public offer (and ancillary offers) to Monday 26 August 2019 to allow investors sufficient time to transfer funds and return application forms.

On 16 August 2019, the Company lodged a third supplementary prospectus with ASIC under which the Company announced that Pentium had entered into a hire agreement with Easternwell in which under the agreement, will hire, on a dry hire arrangement, two rigs (and ancillary equipment) for use at BHP's mining operation in Olympic Dam, South Australia.

There is no other matter or circumstance that has arisen since 30 June 2019 other than mentioned above that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

10. ENVIRONMENTAL REGULATION

In the normal course of business, there are no environmental regulations or requirements that the Company is currently subject to.

11. INFORMATION ON DIRECTORS

Peter Hutchinson	Executive Chairman (Appointed 27 October 2017)
Experience and Expertise:	Mr Hutchinson holds a Bachelor of Commerce (UWA) and is a Fellow of both the Australian Institute of Company Directors and Certified Practicing Accountants. Mr Hutchinson has at the most senior level managed a diverse portfolio of investments in manufacturing, engineering, construction and property over a 30-year period. Mr Hutchinson was a Non-Executive Director of Zeta Resources (formerly Kumarina Resources Ltd). Mr Hutchinson was the founding director of ASX listed Forge Group Ltd, floated in 2007 with a market capitalisation of $12m and reaching over $450m at the time of Mr Hutchinson's resignation as CEO and final sell down in July 2012. More recently Mr Hutchinson has chaired ASX listed company Resource Equipment Ltd and was the founding shareholder and Chairman of Mareterram Ltd, both the subject of successful takeover bids at significant premiums to market prices. Mr Hutchinson has substantial experience in M&A. prospectus preparation, ASX listing, compliance and corporate governance, company secretarial requirements and exit strategies, and has been a Member of Audit, Remuneration and Nomination Committees, often as Chairman.
Other current directorships:	-
Former directorships (last 3 years):	Mareterram Limited (ceased 23 November 2017)
Interests in shares:	16,978,955 fully paid ordinary shares

11. INFORMATION ON DIRECTORS (CONTINUED)

Faldi Ismail	Non-Executive Director (Appointed 20 December 2016)
Experience and Expertise:	Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of various of ASX listed companies having many years of investment banking experience covering a wide range of sectors. Mr Ismail has significant cross border experience, having advised on numerous overseas transactions including capital raisings, structuring of acquisitions and joint ventures in numerous countries.
Other current directorships:	Ookami Limited
Former directorships (last 3 years):	Dotz Nano Limited (ceased 1 February 2018) Flamingo AL Limited (ceased 27 June 2017) Quantify Technology Holdings Limited (ceased 1 March 2017) TV2U International Limited (ceased 21 October 2016)
Interests in shares:	N/A

Nicholas Young	Non-Executive Director (appointed 20 December 2016)
Experience and Expertise:	Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Mr Young commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation and transformation of various ASX-listed companies.
Other current directorships:	Bunji Corporation Limited
Former directorships (last 3 years):	Raiden Resources Limited (ceased 25 March 2019) Calidus Resources Limited (ceased 13 June 2017)
Interests in shares:	N/A

Christopher Brophy	Non-Executive Director (appointed 15 May 2019)
Experience and Expertise:	Mr Brophy is an accomplished business leader with 15+ years of senior leadership and consulting experience with the Mining, Oil & Gas and Infrastructure industries. Mr Brophy is a specialist in strategy, portfolio growth, financial and operational restructuring. Mr Brophy currently holds the role of CEO for OnContrator and prior to this was Maintenance Service Director for the TRACE JV and Woodside Offshore Portfolio Manager Boardspectrum. Mr Brophy holds a Master of Business Administration, a Masters of Science in Mineral and Energy Economic and is a member of the Australian Institute of Company Directors (MAICD).
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	N/A

11. INFORMATION ON DIRECTORS (CONTINUED)

Sheldon Burt	Non-Executive Director (appointed 15 May 2019)
Experience and Expertise:	Mr Burt is a drilling industry professional with over 30 years national and international experience. Mr Burt started his career as a Drillers Offsiders in 1986 and has held differing roles over the years including field based, operations, senior management and directorship. Mr Burt's international experience extends to South East Asia, the Middle East and West Africa. In 2004 he co-founded and was the Managing Director of SBD Drilling, an exploration drilling company with successful operations in Australia and West Africa. Mr Burt was General Manager of Easternwell Minerals and Gorey & Cole Drillers. Easternwell is subsidiary of Broadspectrum (formerly Transfield Services Ltd)
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	N/A

12. MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director was:

	Full Board	
	Attended	Held
Peter Hutchinson	3	3
Faldi Ismail	3	3
Nicholas Young	3	3
Sheldon Burt	-	-
Chris Brophy	-	-

Held: Represents the number of meetings held during the time the Directors held office.

There is no separate committee and all matters are dealt with by the full Board. The Board met informally on a number of occasions to discuss ongoing opportunities with formal board meetings held intermittently to fully assess such opportunities and perform government activities.

13. INDEMNITY AND INSURANCE OF OFFICERS

To the extent permitted by law, the Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from 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. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

14. SHARES UNDER OPTION

At the date of this report there are nil unissued ordinary share under option of Vysarn Limited.

15. PROCEEEDINGS 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.

16. NON-AUDIT SERVICES

During the last financial year, Pitcher Partners BA&A Pty Ltd consented to, and was appointed, as the Company's auditors.

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Company are important. Non-audit services provided during the financial year by the auditor are detailed below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Acts 2001.*

	30 June 2019	30 June 2018
	$	$
Amount paid/payable to Pitcher Partners BA&A Pty Ltd or related entities for non-audit services		
Pitcher Partners Accountants & Advisors WA Pty Ltd – Taxation compliance services	4,555	-
Total auditors' remuneration for non-audit services	4,555	-

In the event that non-audit services are provided by Pitcher Partners, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirement of the *Corporation Act 2001.* These procedures include:

- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- Ensuring non-audit services do not involve 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 risks and rewards.
- Decision on non-audit services were decided upon by the full Board in the absence of any audit committee meetings.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* for the year ended 30 June 2019 has been received and can be found on page 14 of the Annual Report.

18. ROUNDING OF AMOUNTS

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191,* the amounts in the Directors' report and in the financial report have been rounded to the nearest $1 (where rounding is applicable).

REMUNERATION REPORT (AUDITED)

The remuneration report for the year ended 30 June 2019 outlines the remuneration arrangement of the Company in accordance with the requirements of the *Corporations Act 2001 (Cth),* as amended (the Act) and its regulations. This information has been audited, as required by section 308(3C) of the Act.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangement
4. Non-Executive Director fee arrangement
5. Details of remuneration
6. Share-based compensation
7. Loans to Directors and executives
8. Other transactions and balances with KMP and their related parties

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel ("KMP") of the Company (the Directors and executives) for the year ended 30 June 2019 are set out below:

Key Management Personnel covered under this report are as follows:

Name	**Status**	**Appointed**
Peter Hutchinson	Executive Chairman	Appointed 27 October 2017
Faldi Ismail	Non-Executive Director	Appointed 20 December 2016
Nicholas Young	Non-Executive Director	Appointed 20 December 2016
Sheldon Burt	Non-Executive Director	Appointed 15 May 2019
Christopher Brophy	Non-Executive Director	Appointed 15 May 2019

1. Introduction

KMP have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the Directors of the Company.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given the trend in comparative companies both locally and internationally and objectives of the Company's compensation strategy.

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Capital management.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

The Company has structured a market competitive executive remuneration framework.

REMUNERATION REPORT (AUDITED) (CONTINUED)

1. Introduction (continued)

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- Focusing on shareholder value and returns; and
- Attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience;
- Reflecting a competitive reward for contribution to growth in shareholder wealth;
- Providing a clear structure for earning rewards; and
- Providing recognition for contribution.

Given the extent of the Company's operations in the current and previous financial year, no aspects of KMP compensation has been dependent on the satisfaction of performance conditions.

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all remuneration matters are considered by the full Board of Directors, in accordance with a nomination and remuneration committee charter. During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued to Directors subject to approval by shareholders in a general meeting.

At this stage the Board does not consider the Company's earnings or earnings related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Company's remuneration policy and the consequences for the Company's shareholder wealth measures such as successful completion of business development and corporate activities are considered.

The Company has entered into an executive services agreement on 24 June 2019 with each of Mr Burt and Mr Brophy in respect of their proposed employment as Executive Directors of the Company, subject to the completion of the Acquisition. The terms of Mr Burt and Mr Brophy's agreements are the same, and the key terms are set out below;

(a) Remuneration: Each Executive Director will receive:
- **(i)** a commencement fee of $10,500;
- **(ii)** a base salary of $300,000 per annum, excluding mandatory superannuation contributions;
- **(iii)** a short term incentive of up to $150,000 per annum, subject to the achievement of certain short term incentive key performance indicators; and
- **(iv)** a long term incentive being the issue of 5,000,000 Performance Rights.

(b) General termination: the agreement can be terminated:
- **(i)** by either party for no reason by giving 3 months' notice in writing to the other party;
- **(ii)** by the Executive Director if the Company breaches the agreement and does not remedy the breach within 10 business days on notice of breach; and
- **(iii)** by the Company effective immediately in the event the Executive Director is guilty of gross misconduct, becomes bankrupt or insolvent, is convicted of a criminal offence or other similar grounds.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Executive remuneration arrangements

(c) Termination on material diminution: an Executive Director can terminate the agreement if he suffers material diminution in his status or position in the Company. If this occurs:

- **(i)** within 2 years of employment, the Company will pay the Executive Director an amount equal to 3 months base salary, and 50% of the Performance Rights held by him shall vest subject to any restrictions the Board may impose; and
- **(ii)** after 2 years of employment, the Company will pay the executive Director an amount equal to 3 months base salary, and all of the Performance Rights held by him shall vest subject to any restrictions by the Board may impose.

4. Non-Executive Director fee arrangement

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Executive Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is presently limited to an aggregate of $200,000 per annum and any change in subject to approval by shareholder at the general meeting. Fees for Non-Executive Directors are not linked to the performance of the Company.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')
Vysarn Limited received more than 90% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

5. Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables.

No percentage of the remuneration paid to KMP's in the year was performance based (2018: $NIL)

	Short-term Salary, Fees & Commissions	Post-employment Superannuation	Other	Share-based payments	Total
2019	$	$	$	$	$
Chairman:					
Peter Hutchinson	-	-	-	-	-
Non-Executive Directors:					
Faldi Ismail[1]	66,000	-	-	-	66,000
Nicholas Young[1]	66,000	-	-	-	66,000
Christopher Brophy[2]	21,000	-	-	-	21,000
Sheldon Burt[2]	21,000	-	-	-	21,000
Total	**174,000**	**-**	**-**	-	**174,000**

[1] Mr Ismail and Mr Young's director fees are for the period November 2017 to March 2019.

[2] Mr Brophy and Mr Burt were appointed as Non-Executive Directors on 15 May 2019. For the financial year ending 30 June 2019, Mr Brophy and Mr Burt did not receive director fee payments. The payments made to Mr Brophy and Mr Burt were for project management and consultation services received in relation to the Ausdrill Transaction (refer to the Review of Operations on page 2 for further information on the Transaction).

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Details of remuneration (continued)

	Short-term Salary, Fees & Commissions	Post-employment Superannuation	Other	Share-based payments	Total
2018	$	$	$	$	$
Chairman:					
Peter Hutchinson[1]	-	-	-	-	-
Non-Executive Directors:					
Faldi Ismail[2]	16,000	-	-	-	16,000
Nicholas Young[3]	16,000	-	-	-	16,000
Bryn Hardcastle[4]	16,000	-	-	-	16,000
Total	**48,000**	**-**	**-**	**-**	**48,000**

[1] Mr Peter Hutchinson was appointed as Chairman on 27 October 2017.
[2] Mr Faldi Ismail was appointed as Non-Executive Director on 20 December 2016.
[3] Mr Nicholas Young was appointed as Non-Executive Director on 20 December 2016.
[4] Mr Bryn Hardcastle resigned as Non-Executive Director on 27 October 2017.

Bonuses

No bonuses have been awarded during the financial year ending 30 June 2019 (2018: Nil).

6. Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below;

30 June 2019	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Peter Hutchinson	16,978,955	-	-	-	16,978,955
Faldi Ismail	-	-	-	-	-
Nicholas Young	-	-	-	-	-
Sheldon Burt	-	-	-	-	-
Christopher Brophy	-	-	-	-	-
Total	16,978,955	-	-	-	16,978,955

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Share-based compensation

30 June 2018	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Peter Hutchinson	-	-	-	16,978,955	16,978,955
Faldi Ismail	-	-	-	-	-
Nicholas Young	-	-	-	-	-
Bryn Hardcastle	-	-	-	-	-
Total	-	-	-	16,978,955	16,978,955

7. Loans to Directors and executives

There are no loans to Directors or other KMP of Vysarn Limited.

8. Other transactions and balances with KMPs and their related parties

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. The Company acquired the following services from entities that are controlled by members of the Company's KMP.

Some Directors, or former Directors of the Company, hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Key Management Personnel	**2019**	**2018**
		$	**$**
Payment for goods and services:			
Payment for services to Onyx Corporate	Mr Nicholas Young	54,150	28,000
Payment for services to Otsana Capital	Mr Faldi Ismail / Mr Nicholas Young	30,000	5,000
Payment for services to Bellanhouse Legal	Mr Bryn Hardcastle	-	12,765

Onyx Corporate Pty Ltd, an entity associated with Mr Nicholas Young, received payments totalling $54,150 in relation to accounting and Company secretarial services provided to the Company (2018: $28,000).

During the year, the Company engaged with Otsana Pty Ltd trading as Otsana Capital (**Otsana**), an entity associated with Messers Ismail and Young, to act as corporate advisor and lead manager in relation to the Transaction. The mandate will continue until the date of transaction completion, being successful reinstatement of the Company to the Official List of ASX or when either party terminates the agreement. Under the terms of the mandate, the Company will pay the Lead Manager (and/or its nominee) a fee of $180,000 (excluding GST) for corporate advisory and project management services provided in connection with the Transaction and a capital raising fee of 6% (excluding GST) on the amount raised under the Public Offer. The services are otherwise being provided on terms standard for an agreement of this nature. During the year ended 30 June 2019, the Company has paid Otsana $30,000 (2018: $5,000). Commitments of $150,000 remain at the end of reporting period (2018: Nil).

Bellanhouse Legal, an entity associated with former Director Mr Bryn Hardcastle, received payments in financial year 2018 of $12,765 in relation to legal services provided to the Company.

There were no trade receivables from or trade payables to related parties for the financial year ending 30 June 2019 (2018: Nil).

There were no loans to / from related parties for the financial year ending 30 June 2019 (2018: Nil).

REMUNERATION REPORT (END)

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

Signed in accordance with a resolution of the Board of Directors

Peter Hutchinson
Chairman
Dated 23 August 2019

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VYSARN LIMITED

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 23 August 2019

	Note	30 June 2019 $	30 June 2018 $
Revenue			
Income		163,459	132,453
Other income	4	-	460,499
Expenses			
Administration expense		(30,455)	(41,407)
Accounting and company secretarial expense		(57,097)	(72,620)
Auditor remuneration	7	(33,545)	(27,000)
Corporate consulting expense		(11,000)	(33,690)
Employee benefit expense	6	(174,000)	(48,000)
Insurance expense		(19,222)	(24,920)
Legal fees		(14,341)	(37,242)
Business development expense		(34,061)	-
Transaction costs		(238,711)	-
Other expenses		(34,853)	(11,515)
(Loss)/profit before income tax		(483,826)	296,558
Income tax expense	5	-	-
(Loss)/profit after income tax expense		(483,826)	296,558
(Loss)/profit after income tax expense for the year attributable to the owners of Vysarn Limited		(483,826)	296,558
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	(15,366)
Loss on the revaluation of assets		-	(135,000)
Other comprehensive loss for the year, net of tax		-	(150,366)
Total comprehensive (loss)/income for the year attributable to the owners of Vysarn Limited		(483,826)	146,192
Basic and diluted earnings per share for (loss)/profit attributable to the owners of Vysarn Limited		(0.355)	0.218

The accompanying notes form part of these financial statements.

	Note	30 June 2019 $	30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	6,983,931	7,411,551
Trade and other receivables	10	36,206	18,839
Other assets	11	14,501	9,068
TOTAL CURRENT ASSETS		7,034,638	7,439,458
TOTAL ASSETS		7,034,638	7,439,458
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	110,492	31,486
TOTAL CURRENT LIABILITIES		110,492	31,486
TOTAL LIABILITIES		110,492	31,486
NET ASSETS		6,924,146	7,407,972
SHAREHOLDERS' EQUITY			
Issued capital	13	29,912,298	29,912,298
Accumulated losses		(22,988,152)	(22,504,326)
SHAREHOLDERS' EQUITY		6,924,146	7,407,972

The accompanying notes form part of these financial statements.

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2017	29,912,298	150,366	(22,800,884)	7,261,780
Profit after income tax expense for the year	-	-	296,558	296,558
Other comprehensive loss for the year, net of tax	-	(150,366)	-	(150,366)
Total comprehensive income/(loss) for the year	-	(150,366)	296,558	146,192
Balance at 30 June 2018	29,912,298	-	(22,504,326)	7,407,972
Balance at 1 July 2018	29,912,298	-	(22,504,326)	7,407,972
Loss after income tax expense for the year	-	-	(483,826)	(483,826)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(483,826)	(483,826)
Balance at 30 June 2019	29,912,298	-	(22,988,152)	6,924,146

The accompanying notes form part of these financial statements.

	Note	30 June 2019 $	30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(379,523)	(293,697)
Payments for business development		(57,460)	-
Payment for transaction costs		(164,745)	-
Interest received		179,108	113,905
R&D tax offset		-	406,958
Net cash (used in)/provided by operating activities	9a	(422,620)	227,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of equity investments		-	289,355
Payment for disposal of assets		-	(15,000)
Proceeds from disposal of property, plant and equipment		-	(1,059)
Net cash provided by investing activities		-	273,296
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction costs related to loans and borrowings		(5,000)	-
Net cash used in financing activities		(5,000)	-
Net (decrease)/increase in cash and cash equivalents		(427,620)	500,462
Cash and cash equivalents at beginning of financial year		7,411,551	6,926,219
Effects of exchange rate changes on cash and cash equivalents		-	(15,130)
Cash and cash equivalents at the end of financial year	9	6,983,931	7,411,551

The accompanying notes form part of these financial statements.

NOTE 1: GENERAL INFORMATION

Vysarn Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity. Its registered office and principal place of business is 108 Outram Street, West Perth, WA 6005.

The financial statements are presented in Australian dollars, which is Vysarn Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 August 2019. The Directors have the power to amend and reissue the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standard Board ("AASB") and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

b) Basis of preparation

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs.

Comparatives

The comparatives include the results of Alreco Pty Ltd, MHM Corporation USA LLC and Goldstock Ease Africa Limited (former subsidiaries). During the year ended 30 June 2018 the Company disposed of its 100% interest in the subsidiaries. The financial statements at 30 June 2019 are for the Company as a single entity. Supplementary information about the parent entity for financial year ending 30 June 2018 is disclosed in Note 15.

Historical cost convention

The financial statements have been prepared on an accrual basis and are based on historical cost modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and available current information. Estimates assume a reasonable expectation of future events and are based on the current trends and economic data, obtained both externally and within the Company.

c) Foreign currency translation

Foreign currency transactions

In the prior year, 30 June 2018, foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

In the prior year, 30 June 2018, the assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

e) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

f) 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 Company'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 Company'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.

g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the assets (ie, trade date accounting is adopted).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial Instruments (continued)

Classification and subsequent measurement

Financial liabilities
Financial instruments are subsequently measured at amortised cost using the effective interest methods.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets
Financial assets are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie, when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder’s contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of financial assets:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie, the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

h) Impairment of non-financial assets
Goodwill and other 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 non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

i) Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Goods and Services Tax ('GST') and other similar taxes (continued)

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

j) Research and Development Incentive refund

To the extent the Company incurs eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the Company is to recognise the claims once reviewed by an independent expert and submitted to the ATO. During the year, the Company has not received R&D tax incentive refund (2018: $406,958 R&D tax incentive refund received).

k) New Accounting Standards adopted for the period

The following Australian Accounting Standards have been issued or amended and are applicable to financial report of the Company for the first time at 30 June 2019.

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Company effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. With the exception of hedge accounting, the Company has applied AASB 9 retrospectively, with the initial application date of 1 July 2018, as mentioned above. The Company does not currently apply hedge accounting.

As at the date of initial application, and following assessment by management, the effect of adopting AASB 9 did not have a material impact on the transactions and balances recognised in the financial statements.

The Company's accounting policies for financial instruments from 1 July 2018 are as follows:

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Company's business model for managing them. With the exception of the Company's trade receivables that do not contain a significant financing component, the Company initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the Company's accounting policy for revenue recognition.

The Company applies the simplified approach in calculating Expected Credit Loss (ECLs) in respect to trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In determining the provision required, the Company utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade creditors and other payables which are carried at amortised cost.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) New Accounting Standards adopted for the period (continued)

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 'Construction Contracts', AASB 118 'Revenue' and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Company to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. At the initial date of application (1 July 2018), the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements.

The Company's accounting policy for revenue and other income from 1 July 2018 is as follows:

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. Revenue from contracts with customers is recognised when control of services is transferred to the customer at an amount of that reflects the consideration to which the Company expects to be entitled in exchange for those services. This standard has no impact as there is no revenue for the year ended 30 June 2019.

l) New Accounting Standards not yet adopted

AASB 16 'Leases'

AASB 16 requires leases to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 'Leases'. The standard includes two recognition exemptions for leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payment (I.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosure to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. This standard will have no impact on transition. The Transaction occurred after the balance date and hence do not impact the Company at 1 July 2019.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

m) Going concern

The financial statements have been prepared on a going concern basis. The Company is currently in process of completing the acquisition of various waterwell drilling assets from Ausdrill Limited (refer to Note 18 for further details) and expects to complete the Transaction and commence drilling service within the first half of the 2020 financial year.

Subsequent to year end, the Company has entered a binding conditional financing agreement with Westpac Banking Corporation Limited for a $8.8 million debt funding facility. The Company has also lodged a prospectus to raise a total of up to $7 million before costs (refer to note 18 for further information).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Going concern

The Directors have reviewed a budget/forecast and having considered the above, are of the opinion that the use of the going concern basis is appropriate and that the Company will be able to pay its debts as and when they fall due for the next 12 months.

n) Critical accounting judgement, estimates and assumption

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Following is the significant management judgements made in applying the accounting policies of the Company.

Business combination/asset acquisition (Transaction)

As announced on 11 April 2019, the Company has entered into:

- an Asset Sale Agreement with Pentium Hydro Pty Ltd ("Pentium") and Ausdrill Northwest Pty Ltd ("Ausdrill") to acquire waterwell drilling assets (and associated inventory) for $16,000,000 cash. The acquisition underpins the Company's aim to become a significant provider of production critical services and solutions to the resources, construction and utilities industry.
- a Share Sale Agreement with the shareholders of Pentium Hydro Pty Ltd ("Pentium") to acquire all the issued shares of Pentium in consideration for the issue of 7,800,000 shares in the Company at which point Pentium will become subsidiary of the Company.

At the date of this report the Transaction has not been completed and the accounting treatment for the transaction is yet to be assessed and finalised.

NOTE 3: OPERATING SEGMENTS

Identification of reportable operating segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Accounting policy for operating segments

The operating segments were previously identified by management based on the nature of activities. The financial information presented to the chief operating decision makers is consistent with that presented in the statement of profit and loss and other comprehensive income, statement of financial position and statement of cash flows for the current and prior year.

NOTE 4: OTHER INCOME

	30 June 2019	**30 June 2018**
	$	**$**
Net gain in sale of equity investments	-	53,541
R&D tax incentive refunds	-	406,958
Total Other income	-	460,499

To the extent the Company incurs eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the Company is to recognise the claims once reviewed by an independent expert and submitted to the ATO, therefore, no amount has been recorded for a potential R&D tax incentive refund as at 30 June 2019.

NOTE 5: INCOME TAX EXPENSE

	2019	2018
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
(Loss)/Profit before income tax expense from continuing operations	(483,826)	296,558
Tax at the statutory tax rate of 30% (2018: 30%)	(145,148)	88,968
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- R&D incentive recognised in other income not taxable	-	(122,087)
- Unrecognised DTA on tax losses	145,148	33,119
Income tax expense attributable to (loss)/profit	-	-

At 30 June 2019, the Company has carried forward revenue tax losses of $512,951 (2018: $29,125). These losses remain available to offset against future taxable income amounts subject to passing the Ownership and business continuity tests as required by the Australian Taxation Office.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

The total of remuneration paid to Key Management Personnel during the year are as follows:

	2019	2018
	$	$
Short-term employee benefits (1)	174,000	48,000
Total KMP Compensation	174,000	48,000

(1) Short-term employee benefits for 30 June 2019 include $42,000 payment to Mr Sheldon Burt and Mr Chris Brophy for project management and consultation services received in relation to the Ausdrill Transaction and $66,000 payment each for Mr Faldi Ismail and Mr Nicholas Young's director fees for the period from November 2017 to March 2019.

Loans to Key Management Personnel

There were no loans made to Key Management Personnel during the financial year (2018: Nil).

Other Key Management Personnel Transactions

Refer to Note 16 for detailed notes on other transactions with Key Management Personnel.

NOTE 7: REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	2019	2018
	$	$
Remuneration of the auditor of the Company (Pitcher Partners BA&A Pty Ltd and its related entities) for:		
- Auditing or reviewing the financial reports	28,990	27,000
- Non-audit services	4,555	-
	33,545	27,000

In the prior year, the Company's auditor was Pitcher Partners Corporate (WA) Pty Ltd.

NOTE 8: EARNINGS PER SHARE

	2019	2018
	$	$
Earnings per share for (loss)/profit		
(Loss)/profit after income tax attributes to the owners of Vysarn Limited	(483,826)	296,558
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	136,228,616	136,228,616
	Cents	**Cents**
Basic and diluted (loss)/earnings per share	(0.355)	0.218

Accounting policy for earnings per share

Basic earnings per share
Basic earnings or loss per share is calculated by dividing the profit or loss attributable to the owners of Vysarn Limited, 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 financial year.

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 9: CURRENT ASSETS – CASH AND CASH EQUIVALENTS	**30 June 2019**	**30 June 2018**
	$	**$**
Cash at bank	6,983,931	7,411,551
	6,983,931	7,411,551

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

NOTE 9a: CASH FLOW INFORMATION

(Loss)/profit after income tax expense for the year	(483,826)	296,558
Adjustments for:		
Exchange (gain)/loss	-	(237)
Net gain on sale of equity investments	-	(54,355)
Transaction costs related to loans/borrowings	5,000	-
Change in operating assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(22,800)	596
- Increase/(decrease) in trade and other payables	79,006	(15,396)
Net cash (used in)/provided by operating activities	(422,620)	227,166

NOTE 10: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	30 June 2019	30 June 2018
	$	$
GST receivable	33,307	291
Interest receivable	2,899	18,548
	36,206	18,839

Trade and other receivables are held at amortised cost.

NOTE 11: CURRENT ASSETS – OTHER

	30 June 2019	30 June 2018
	$	$
Prepayments	14,501	9,068
	14,501	9,068

NOTE 12: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	30 June 2019	30 June 2018
	$	$
Trade payables	68,824	3,977
Other payables	41,668	27,509
	110,492	31,486

Refer to Note 14 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Company 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.

NOTE 13: EQUITY - ISSUED CAPITAL

	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	Number	Number	$	$
Ordinary shares - fully paid	136,228,616	136,228,616	29,912,298	29,912,298
	136,228,616	136,228,616	29,912,298	29,912,298

There were no movement in the issued capital of the Company for the current financial year and previous financial year.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Options
There were no Options on issue at the end of the financial year (2018: Nil).

NOTE 13: EQUITY - ISSUED CAPITAL (CONTINUED)

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

Capital is regarded as total equity as recognised in the statement of financial position.

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

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

NOTE 14: FINANCIAL INSTRUMENTS

Financial risk management objectives
The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

Financial risk management objectives
These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Market risk
Foreign currency risk
The Company is not exposed to any significant foreign currency risk.

Price risk
The Company is not exposed to any significant price risk.

Interest rate risk
The Company's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

The weighted average effective interest rate of the Company's deposit was 2.29% (2018: 1.60%).

The table below illustrate the impact on profit before tax based upon expected volatility of interest rates using market date and analysis forecasts.

	Basis points change	Basis points increase effect on profit before tax	Effect on equity	Basis points % change	Basis points decrease effect on profit before tax	Effect on equity
30 June 2019						
Cash and equivalents	50	35,989	35,989	50	(35,989)	(35,989)
30 June 2018						
Cash and equivalents	50	37,058	37,058	50	(37,058)	(37,058)

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	30 June 2019 $	30 June 2018 $
Cash and cash equivalents – AA Rated	9	6,983,931	7,411,551
		6,983,931	7,411,551

Liquidity risk

Liquidity risks arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities. Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and continuously monitoring actual and forecast cash flows.

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30 June 2019	$	$	$	$	$
Non-derivatives					
Non-interest bearing					
Trade payables	68,824	-	-	-	68,824
Other payables	41,668	-	-	-	41,668
Total non-derivatives	110,492	-	-	-	110,492
30 June 2018					
Non-derivatives					
Non-interest bearing					
Trade payables	3,977	-	-	-	3,977
Other payables	27,509	-	-	-	27,509
Total non-derivatives	31,486	-	-	-	31,486

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 15: PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity for financial year ending 30 June 2018. During the year ended 30 June 2018 the Company disposed of its 100% interest in the subsidiaries.

Statement of profit or loss and other comprehensive income	**Parent 2018 $**
Profit after income tax	164,394
Total comprehensive income	164,394

Statement of financial position	**Parent 2018 $**
Total current assets	7,439,458
Total assets	7,439,458
Total current liabilities	31,486
Total liabilities	31,486
Equity	
- Issued capital	29,912,298
- Reserves	-
- Accumulated losses	(25,204,326)
Total equity	7,407,972

NOTE 16: RELATED PARTY TRANSACTIONS

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions.

Some Directors, or former Directors of the Company, hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Key Management Personnel	**2019 $**	**2018 $**
Payment for goods and services:			
Payment for services to Onyx Corporate	Mr Nicholas Young	54,150	28,000
Payment for services to Otsana Capital	Mr Faldi Ismail / Mr Nicholas Young	30,000	5,000
Payment for services to Bellanhouse Legal	Mr Bryn Hardcastle	-	12,765

NOTE 16: RELATED PARTY TRANSACTIONS (CONTINUED)

Onyx Corporate Pty Ltd, an entity associated with Mr Nicholas Young, received payments totalling $54,150 in relation to accounting and Company secretarial services provided to the Company (2018: $28,000).

During the year, the Company engaged with Otsana Pty Ltd trading as Otsana Capital (**Otsana**), an entity associated with Messers Ismail and Young, to act as corporate advisor and lead manager in relation to the Transaction with Ausdrill Northwest Pty Ltd. The mandate will continue until the date of transaction completion, being successful reinstatement of the Company to the Official List of ASX or when either party terminates the agreement. Under the terms of the Mandate, the Company will pay the Lead Manager (and/or its nominee) a fee of $180,000 (excluding GST) for corporate advisory and project management services provided in connection with the Acquisition and a capital raising fee of 6% (excluding GST) on the amount raised under the Public Offer. The services are otherwise being provided on terms standard for an agreement of this nature. During the year ended 30 June 2019, the Company has paid Otsana $30,000 (2018: $5,000). Commitments of $150,000 remain at the end of reporting period (2018: Nil).

Bellanhouse Legal, an entity associated with former Director Mr Bryn Hardcastle, received payments in financial year 2018 of $12,765 in relation to legal services provided to the Company.

There were no trade receivables from or trade payables to related parties for the financial year ending 30 June 2019 (2018: Nil).

There were no loans to / from related parties for the financial year ending 30 June 2019 (2018: Nil).

NOTE 17: COMMITMENTS AND CONTINGENCIES

On 11 April 2019 the Company announced it had entered into an Asset Sale Agreement with Pentium Hydro Pty Ltd (**Pentium**) and Ausdrill Northwest Pty Ltd (a subsidiary of Ausdrill Limited (ASX:ASL)) (**Ausdrill**) to acquire various waterwell drilling assets (and associated inventory) used by Ausdrill to conduct its hydrogeological drilling business known as 'Connector Drilling'. In consideration for the acquisition of the Assets, the Company has agreed to pay Ausdrill $16 million at completion. The consideration will be paid by the Company from existing cash, funds from a Public Offer of Shares to raise at least $5M and up to $7M and an $8.8M Debt Facility obtained from Westpac Banking Corporation Ltd.

The Asset Sale Agreement is the result of a comprehensive identification and evaluation process by the Board over the past ~2 years seeking to acquire assets that it believes can provide future value for shareholders. Following Shareholder approval of the Transaction obtained at the General Meeting held on 5 July 2019, completion of the acquisition of the Assets remains conditional upon satisfaction of the various conditions precedent including the Company obtaining finance to satisfy the purchase price under the agreement and ASX approval.

In connection with the Asset Sale Agreement, the Company also entered into the Share Sale Agreement with Insight Ecosys Pty Ltd (controlled by Mr Brophy) and Connada Pty Ltd (controlled by Mr Burt), pursuant to which the Company will acquire the entire issued share capital of Pentium from the Pentium Vendors. In consideration for the acquisition of Pentium, the Company has agreed to issue to Pentium Vendors (and/or their nominees) a total of 7,800,000 shares. Completion of the Share Sale Agreement will take place just prior to completion of the Asset Sale Agreement, and Pentium will become a wholly owned (and primary operating) subsidiary of the Company.

Completion of the acquisition of Pentium remains subject to all the conditions precedent to the Asset Sale Agreement being satisfied.

The Company has entered into corporate advisor and lead manager mandate with Otsana (an entity associated with Mr Faldi Ismail). Under the terms of the Mandate, the Company will pay the Lead Manager (and/or its nominee) a fee of $180,000 (excluding GST) for corporate advisory and project management services provided in connection with the Acquisition (please refer to Note 2(n)) and a capital raising fee of 6% (excluding GST) on the amount raised under the Public Offer. The services are otherwise being provided on terms standard for an agreement of this nature. During the financial year ended 30 June 2019, the Company has paid Otsana $30,000. Commitments of $150,000 remain at the end of reporting period (2018: Nil).

NOTE 18: EVENTS SUBSEQUENT AFTER THE REPORTING DATE

On 5 July 2019, the Company's shareholders approved at its General Meeting:

- Change to the Nature and Scale of Company's Activities;
- Ratification of prior election of Messers Burt and Mr Brophy as Directors;
- Issue of 7,800,000 Pentium Vendor shares to the Pentium Vendors pursuant to the share sale agreement on completion of the Transaction;
- Issue of up to 129,629,630 fully paid ordinary shares at an issue price of $0.054 per share under a Public Offer;
- Related party's participation in Public Offer for Mr Hutchinson to the extent of up to 20,129,630 shares at an issue price of $0.054 per share for a subscription amount up to $1,087,000;
- Related party's participation in Public Offer for Mr Ismail to the extent of up to 5,175,926 shares at an issue price of $0.054 per share for a subscription amount up to $279,500;
- Related party's participation in Public Offer for Mr Young to the extent of up to 5,175,926 shares at an issue price of $0.054 per share for a subscription amount up to $279,500;
- Related party's participation in Public Offer for Mr Burt to the extent of up to 1,851,852 shares at an issue price of $0.054 per share for a subscription amount up to $100,000;
- Related party's participation in Public Offer for Mr Brophy to the extent of up to 1,851,852 shares at an issue price of $0.054 per share for a subscription amount up to $100,000;
- Issue up to 15,500,000 shares, or cash payment, up to $837,000 to Mr Hutchinson or his nominee for consideration of past service to the Company on completion of the Transaction;
- Issue up to 4,250,000 shares, or cash payment, up to $229,500 to Mr Ismail or his nominee for consideration of past service to the Company on completion of the Transaction;
- Issue up to 4,250,000 shares, or cash payment, up to $229,500 to Mr Young or his nominee for consideration of past service to the Company on completion of the Transaction;
- 5,000,000 Performance Rights to Mr Burt have been approved which was contemplated by the Burt ESA and to be issued on completion of the Transaction;
- 5,000,000 Performance Rights to Mr Brophy have been approved which was contemplated by the Brophy ESA and to be issued on completion of the Transaction; and
- 10,000,000 Options to Mr Hutchinson to be issued as per NED agreement on completion of the Transaction.

On 10 July 2019 the Company, together with Pentium, entered into a binding conditional financing agreement with Westpac Banking Corporation Limited. Under the facility, subject to the satisfaction of specified conditions, Westpac will provide debt funding of $8.8 million as part of the funding for the acquisition by the Company and Pentium of various waterwell drilling assets (and associated inventory) from Ausdrill.

On 11 July 2019, the Company lodged a prospectus to ASIC for its offer to the public of up to 129,629,630 shares at an issue price of $0.054 each to raise a total of up to $7million (before costs). It was also announced that ASX has extended the Company's de-listing deadline to the commencement of trading on 11 October 2019. The extension was granted on the basis that the Company is in the final stages of completing the Transaction.

On 26 July 2019, the Company lodged a supplementary prospectus with ASIC under which the Company announced that it had entered into a deed of assignment with Pentium, Hancock Prospecting Pty Ltd (**Hancock**) and Ausdrill under which Ausdrill's rights and obligation under its existing drilling services contract with Hancock will be assigned to the Company and Pentium with effect from completion of the Asset Sale Agreement.

On 14 August 2019, the Company lodged a second supplementary prospectus with ASIC noting that it had received strong demand from investors under the Public Offer in excess of the full subscription amount of $7,000,000 and extended the closing date of the public offer (and ancillary offers) to Monday 26 August 2019 to allow investors sufficient time to transfer funds and return application forms.

On 16 August 2019, the Company lodged a third supplementary prospectus with ASIC under which the Company announced that Pentium had entered into a hire agreement with Easternwell in which under the agreement, Easternwell will hire, on a dry hire arrangement, two rigs (and ancillary equipment) for use at BHP's mining operation in Olympic Dam, South Australia.

There is no other matter or circumstance that has arisen since 30 June 2019 other than mentioned above that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the opinion of the Directors of Vysarn Limited:

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
   (a) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
   (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for an on behalf of the Directors by:

Peter Hutchinson
Chairman
Dated 23 August 2019

VYSARN LIMITED
ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VYSARN LIMITED

Opinion

We have audited the financial report of Vysarn Limited "the Company", which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

VYSARN LIMITED
ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VYSARN LIMITED

Key Audit Matter	**How our audit addressed the key audit matter**
Going concern *Refer to Note 1(m)*	
The Company is currently in the process of completing the acquisition of certain waterwell drilling assets from Ausdrill Limited ('Transaction').	Our procedures included, amongst others:
For the year ended 30 June 2019, the Company has incurred a deficit of $483,826 and has net cash outflow from operating and investing activities of $422,620.	Checking and satisfying ourselves that the cash flow forecasts prepared by Directors were consistent with the Company's strategy and current position.
The Directors have continued to adopt the going concern basis of preparation in preparing the Company's financial statements, and having prepared detailed cash flow forecasts which support the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the date of these financial statements were approved.	Challenging management assumptions regarding the likelihood that the transaction will complete and that drilling will commence within the first half of the 2020 financial year. This includes, amongst others, checking the mathematical accuracy of the financial model, assessing the assumptions of inputs used in the cash flow forecasts such as working capital requirements, drilling revenue, consumables, rent and outgoings and labour rate inputs.
The Director's assessment of the Company's going concern ability was an area of audit focus and particular attention was paid to the key assumptions and judgements taken by the Directors that most significantly impacted these cash flow forecasts, including the likelihood that the Transaction would complete and that drilling would commence within the first half of the 2020 financial year, and the assumptions used in forecasting projected drilling revenue and cash outflows.	Assessing the Company's disclosures within the financial report and the appropriateness, including consistency with the assumptions and judgements made by management.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report, which was obtained as at the date of our audit report, and any additional other information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our 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 above 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.

VYSARN LIMITED
ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VYSARN LIMITED

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 Company's ability 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 Company or to cease operations, or has 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2019. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2019, 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.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 23 August 2019

CORPORATE GOVERNANCE STATEMENT

Introduction

Vysarn Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company refers to the recommended corporate governance practices for ASX listed entities set out in the ASX Corporate Governance Council Principles and Recommendations (**Principles and Recommendations**). During the period 1 July 2018 to 30 June 2019 (**Reporting Period**), the Company's governance framework was established with reference to the 3rd edition of the Principles and Recommendations. Subsequent to the Reporting Period , on 10 July 2019, the Company adopted a new corporate governance framework with reference to the 4th edition of the Principles and Recommendations.

This Corporate Governance Statement discloses the extent to which the Company followed the recommendations set out in the Principles and Recommendations (**Recommendations**) for the Reporting Period. The Recommendations are not mandatory, however, the Recommendations not followed have been identified and reasons have been provided for not following them along with what (if any) alternative governance practices the Company adopted in lieu of the recommendation.

The 4th edition of the Principles and Recommendations will take effect for the Company's first full financial year commencing on or after 1 January 2020. For the purposes of this statement, the Company has reported against the 3rd edition of the Principles and Recommendations.

The information in the statement is current at 31 October 2019 and was approved by a resolution of the Board on the 31 October 2019.

Corporate governance policies and procedures

The Company has adopted the following suite of corporate governance policies and procedures (together, the **Corporate Governance Policies**):

- Board Charter;
- Audit and Risk Committee Charter;
- Nomination and Remuneration Committee Charter;
- Policy and Procedure for the selection and (Re)Appointment of Directors;
- Process for performance evaluations;
- Risk Management Policy;
- Shareholder Communication and Investor Relations Policy;
- Securities Trading Policy;
- Code of Conduct;
- Anti-Bribery and Corruption Policy
- Whistleblower Policy;
- Diversity Policy;
- Continuous Disclosure Policy; and
- Continuous Disclosure Compliance Procedures.

The Company's Corporate Governance Policies are available on the Company's website at www.vysarn.com.au

Recommendations	Comply	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter, which is disclosed on the Company's website.

<table>
<tr><th>Recommendations</th><th>Comply</th><th>Explanation</th></tr>
<tr><td>Recommendation 1.2
A listed entity should:
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</td><td>Yes</td><td>The Board undertakes appropriate checks to verify the suitability of the new candidates prior to their appointment. These checks were undertaken for all Directors appointed during the Reporting Period.

The Company has appropriate procedures in place to ensure that material information relevant to election or re-election of a director, was disclosed in the Notice of Meeting provided to Shareholders. The Company provided all material information to Shareholders in relation to the re-election of Director Faldi Ismail at the annual general meeting held on 27 November 2018.</td></tr>
<tr><td>Recommendation 1.3
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</td><td>Yes</td><td>The Company has a written agreement with each of its Directors, including its Executive Directors. The Company did not have any Senior Executives during the Reporting Period.

The Board Charter outlines the Company's requirement to have a written agreement with each Director and senior executive of the Company which sets out the terms of that Director's or senior executive's appointment.</td></tr>
<tr><td>Recommendation 1.4
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</td><td>Yes</td><td>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary was during the Reporting Period accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</td></tr>
<tr><td>Recommendation 1.5
A listed entity should:
(a) have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary or it; and
(c) disclose as at the end of each reporting period:
(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and
(ii) either:
(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Workplace Gender Equality Act.</td><td>No</td><td>The Company has a Diversity Policy, which is disclosed on the Company's website. The Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Board has not set measurable objectives for achieving gender diversity.

Given the Company's stage of development and the number of employees, the Board considers it is not practical to set measurable objectives for achieving gender diversity at this time.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisations are set out in the following table. Senior executives for these purposes means those person who report directly to the chief executive officer (or equivalent):

<table><tr><th></th><th>Male</th><th>Female</th><th>Total</th></tr><tr><td>Board of Vysarn</td><td>5</td><td>-</td><td>5</td></tr><tr><td>Senior executives</td><td>-</td><td>1</td><td>1</td></tr><tr><td>Balance of employees</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>5</td><td>1</td><td>6</td></tr></table></td></tr>
<tr><td>Recommendation 1.6
A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td><td>No</td><td>During the Reporting Period the full Board in its capacity as the Nomination and Remuneration Committee was responsible for conducting a performance evaluation of the Board, its Committees (if any) and individual Directors. The Company did not have an established process for performance evaluation.
No performance evaluation of the Board or individual Directors was conducted during the Reporting Period. Performance evaluations were deferred due to the anticipated changes to the Board as a result of the completion of the transaction under the Asset Sale Agreement, for full details refer to Section 5. Review of Operations, in the Annual Report commencing at page 5.

Subsequent to the Reporting Period the Company has now adopted a Process for Performance Evaluations which is disclosed on the Company's website.</td></tr>
</table>

Recommendations	Comply	Explanation
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	No performance evaluation for senior executives was undertaken during the Reporting Period, as there were no senior executives during the Reporting Period. Subsequent to the Reporting Period the Company has now adopted a Process for Performance Evaluations which is disclosed on the Company's website.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Yes	The Company did not have a separate Nomination and Remuneration Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination and Remuneration Committee. Accordingly, the Board as a whole performed the role of the Nomination and Remuneration Committee. Although the Board did not establish a separate Nomination and Remuneration Committee, it did adopt a Nomination and Remuneration Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Nomination and Remuneration Committee which is disclosed on the Company's website. During the Reporting Period, items that are usually required to be discussed by a Nomination and Remuneration Committee are marked as separate agenda items at Board meetings when required, and when the Board convened to address matters as the Nomination and Remuneration Committee it carried out the functions which are delegated to it in the Company's Nomination and Remuneration Committee Charter. The Board deals with any conflicts of interest that occur when it performs the functions of a Nomination and Remuneration Committee by ensuring that any Director with a conflicting interest is not party to the relevant discussions.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The details of the current skill set of the current Directors are set out in the description of each Director in the Annual Report commencing at page 4. Key Skill sets identified as being appropriate by the Board include: - strategic expertise; - public company director experience; - mining and resource drilling and water management services; - human resources occupational health and safety

Recommendations	Comply	Explanation
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	Yes	The board considered the independence of Directors with regards to factors set out in Box 2.3 of the ASX Principle and Recommendations. During the Reporting Period the Company had two independent directors Messrs Ismail and Young (former directors). These directors were independent for the period 1 July 2018 to 19 June 2019. The former directors became non-independent with the execution of a mandate with Vysarn Limited to provide Corporate Advisor and Lead Manager services to the Company. The Company does not currently have any independent directors. Names of Directors during the Reporting Period and their length of service up to the date of this statement, or their resignation date is noted below: **Name** — **Length of Service** Mr Peter Hutchinson (Chairman) — 2 years[1] Mr Faldi Ismail — 2 years and 8 months[2] Mr Nicholas Young — 2 years and 8 months[3] Mr Sheldon Burt — 5 months[4] Mr Christopher Brophy — 5 months [5]
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	As set out in the Company's Board Charter, where practical and consistent with the Company's stage of development, a majority of the Board should be comprised of independent directors, and the Chairman should be an independent non-executive director. However, following the Company's re-admission to the Official List, the Board had no independent directors as Messrs Brophy and Burt perform an executive role with the Company, and Mr Hutchinson is a substantial shareholder of the Company. Subsequent to the Reporting Period, on 28 October 2019, Mr Brophy resigned from his executive position with the Company, and remains as a Non-executive Director of the Company. However, due to his previous executive role with the Company, he remains a non-independent Director. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. However, the Board considered that a Board weighted towards industry and technical experience is appropriate at the stage of the Company's development. As the Company's operations progress, the Board will review the composition of the Board, including independence of its Directors.

[1] At the date of this statement
[2] At the date of resignation 29.08.2019
[3] At the date of resignation 29.08.2019
[4] At the date of this statement
[5] At the date of this statement

Recommendations	Comply	Explanation
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	The Non-executive Chairman of the Board is Mr Hutchinson. Mr Hutchinson is a substantial security holder of the Company who acted in the capacity of CEO during the Reporting Period. Notwithstanding the lack of independence, the Board deemed Mr Hutchinson to be the most appropriate person as the Chair or the Company given his: - experience in the role of Chairman; and - extensive Public Company experience Subsequent to the end of the Reporting Period Mr Hutchinson moved into the role of the non-executive Chairman.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Yes	During the Reporting Period, the Board Charter stated the Company was committed to the development of its Directors. The Board was responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company now has an induction program for its executive and senior executives that was adopted subsequent to the Reporting Period.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	During the Reporting Period, the Company had a Corporate Code of Conduct for its directors, senior executive and employees, which was disclosed on the Company's website. Subsequent to the Reporting Period, the Company adopted a new Code of Conduct, Anti-Bribery and Corruption Policy and Whistle-blower Policy, all of which are available on the Company's website.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	The Company did not have a separate Audit and Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of the Audit and Risk Committee. Although the Board does not have a separate Audit and Risk Committee, it had adopted an Audit and Risk Committee Charter, which is disclosed on the Company's website. During the Reporting Period, items that are usually required to be discussed by an Audit and Risk Committee are marked as separate agenda items at Board meetings when required, and when the Board convened to address matters as the Audit and Risk Committee it carried out the functions which are delegated to it in the Company's Audit and Risk Committee Charter. The Board deals with any conflicts of interest that occur when it performs the functions of an Audit and Risk, Committee by ensuring that any Director with a conflicting interest is not party to the relevant discussions. During the Reporting Period, the Board was responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor was reviewed on an annual basis by the Board. Subsequent to the end of the Reporting Period the Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to the Audit and Risk Committee Charter.

Recommendations	Comply	Explanation
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	During the Reporting Period, the Board received, prior to approving the Company's financial statements, from the CEO and CFO the declaration required that in their opinion the financial records of the entity had been properly maintained and that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company and that the opinion had been formed on the basis of a sound system of risk management and internal control which was operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company ensures that its external auditor attends its Annual General Meeting (AGM) and are available to answer questions from security holders relevant to the audit. A representative from the Company's auditors Pitcher Partners (Perth) attended the AGM held on 27 November 2018.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	During the Reporting Period, the Company had a Continuous Disclosure Policy which set out the processes the Company followed to comply with its continuous disclosure obligations under the ASX Listing Rules. During the Reporting period, the Continuous Disclosure Policy was disclosed on the Company's website. Subsequent to the Reporting Period, the Company adopted an updated Continuous Disclosure Policy and Continuous Disclosure Compliance Procedures, both of which are available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance practices is available on its website at www.vysarn.com.au
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	During the Reporting Period, the Company had a Shareholder Communications Strategy, which aimed to promote and facilitate effective two-way communication with investors. During the Reporting Period, the Shareholder Communications Strategy was available on the Company's website. Subsequent to Reporting Period the Company adopted a Shareholder Investor Relations and Communications Policy, which is available on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all Shareholder meetings of the Company. Upon the despatch of any Notice of Meeting to Shareholders, the Company Secretary shall send out material with that Notice of Meeting stating that all Shareholders are encouraged to participate at the meeting. Subsequent to the Reporting Period, the Company adopted a Shareholder Investor Relations and Communications Policy, which is available on the Company's website. The policy outline the processes the Company has place to facilitate and encourage participation at meetings by Shareholders.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	During the Reporting Period Shareholders were given the option to receive and send communications electronically, this was a service provided through the Company Share Registry.

Recommendations	Comply	Explanation
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Yes	The Company did not have a separate Risk Committee. Please refer to disclosure in relation to Recommendation 4.1 above.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	The Board reviewed the Company's risk management framework during the Reporting Period in conjunction with the ASX reinstatement process and the establishment of the Company's new governance framework.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management process and internal control process. The Board relies on the ongoing reporting and discussion of the management of material business risk as part of the risk management framework, which is now outlined in its risk management policy.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	During the Reporting Period the Company did not have material exposure to economic, environmental or social sustainability risks.

Recommendations	Comply	Explanation
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	The Company did not have a separate Remuneration Committee. Please refer to disclosure in relation to Recommendation 2.1 above.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Details of the Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives for the Reporting Period are set out in the Company's Remuneration Report commencing on page 7 of the Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	The Company does not have an equity-based remuneration scheme in place.

The following information is current as at 29 October 2019.

Ordinary Share Capital

297,658,246 Shares are held by 1,121 individual holders.

Voting Rights

The voting rights attached to each class of equity security are as follows:

- **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.
- **Unlisted Options and Performance Rights:** Unlisted Options and Performance Rights do not carry any voting rights.

Twenty Largest Shareholders

Position	Holder Name	Holding	% IC
1	MOLONGLO PTY LTD <P&J HUTCHINSON S/F A/C>	37,108,585	12.47
2	INVIA CUSTODIAN PTY LIMITED <NJ FAMILY A/C/SHARE A/C>	14,592,325	4.90
3	MR ANASTASIOS KARAFOTIAS	8,395,000	2.82
4	AH SUPER PTY LTD <THE AH SUPER FUND NO 3 A/C>	6,133,333	2.06
5	BNP PARIBAS NOMINEES PTY LTD <IOOF INSMT MGMT LTD DRP>	6,000,000	2.02
6	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	6,000,000	2.02
7	MR ANTHONY JOHN POWER & MRS SUSAN JANET POWER <THE POWER SUPER FUND A/C>	5,000,000	1.68
8	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	4,629,630	1.56
9	GARRISON HOLDINGS PTY LTD <PAUL COOK SUPER FUND A/C>	4,527,778	1.52
10	BENITO TOSCANA PTY LTD <BENITO A/C>	4,250,000	1.43
11	KENDALI PTY LTD	4,000,000	1.34
12	Connada Pty Ltd <Sheldon Burt Family A/C>	3,850,926	1.29
13	ALLORA EQUITIES PTY LTD <C&E RETIREMENT FUND A/C>	3,703,704	1.24
14	LONGREACH 52 PTY LTD	3,703,704	1.24
15	ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	3,455,000	1.16
16	INSIGHT ECOSYS PTY LTD	2,925,000	0.98
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	2,916,852	0.98
18	RICHCAB PTY LTD <DALE-MCKENZIE S/FUND A/C>	2,777,778	0.93
19	KINGSLANE PTY LTD <CRANSTON SUPER PENSION A/C>	2,777,778	0.93
20	CORNUCOPIA ASSETS PTY LTD <CORNUCOPIA SUPER FUND A/C>	2,677,778	0.90
		129,425,171	43.48

Substantial Shareholder

Holder Name	Holding Balance	% IC
MOLONGLO PTY LTD <P&J HUTCHINSON S/F A/C>	37,108,585	12.47

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares		
	Holders	**Total Units**	**%**
1 - 1,000	88	20,798	0.01
1,001 - 5,000	90	285,518	0.10
5,001 - 10,000	77	649,518	0.22
10,001 - 100,000	514	20,758,038	6.97
100,001 and over	352	275,944,374	92.71
Totals	**1,121**	**297,658,246**	**100.00%**

Restricted Securities

As at 29 October 2019 the following securities are subject to escrow for 24 months from the date the Company was reinstated to the Official List of ASX:

- 31,800,000 Ordinary Shares;
- 10,000,000 Unlisted Options exercisable at $0.054, expiring 28 August 2024; and
- 10,000,000 Performance Rights, expiring 29 August 2024.

Unquoted Securities

At 29 October 2019 the Company has on issue 10,000,000 Unlisted Options and 10,000,000 Performance Rights.

The names of security holders holding more than 20% of an unlisted class of security are as follows:

Holder	**Unlisted Options $0.054, 28 August 2024**	**Performance Rights 29 August 2024**
Molonglo Pty Ltd <Peter Hutchinson Fam A/C>	10,000,000	-
Connada Pty Ltd <Sheldon Burt Family A/C>	-	5,000,000
Insight Ecosys Pty Ltd	-	5,000,000
Holders individually less than 20%	-	-
Totals	**10,000,000**	**10,000,000**

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares:

Holders: 216

Units: 580,008

On-market Buy Back

There is no current on-market buy-back.

ASX Listing Rule 4.10.19

The Company has used cash and assets in a form readily convertible to cash that it had at the time of reinstatement of the Company's securities to quotation in a way consistent with its business objectives.