



## ASX APPENDIX 4E

### FINANCIAL REPORT TO 30 JUNE 2021

#### 1. Details of reporting period:

Name of Entity	Vysarn Limited ("the Company")
ABN	41 124 212 175
Reporting Period	30 June 2021
Previous Corresponding Period	30 June 2020

#### 2. Results for announcement to the market

	12 Months ended 30 June 2021	12 Months ended 30 June 2020	Increase %	Amount Change \$
Revenues	25,824,506	11,912,589	117%	13,911,917
Profit / (loss) before income tax <sup>(1)</sup>	1,137,420	2,472,743	(54%)	(1,335,323)
Profit / (loss) after tax attributable to members <sup>(1)</sup>	344,819	4,835,295	(93%)	(4,490,476)

<sup>1</sup> FY20 NBPT and NPAT were inclusive of a \$7.2 million gain on bargain purchase (non-cash).

Refer to enclosed financial report for the year ended 30 June 2021 for further commentary.

Dividend / distributions	Amount per security (cents)	Franked amount per security (cents)	Amount \$	Amount per security of foreign sourced dividend (cents)	Record date	Date paid / payable
Final dividend – current year	Nil	Nil	Nil	Nil	N/A	N/A
Final dividend – previous year	Nil	Nil	Nil	Nil	N/A	N/A

#### 3. Statement of comprehensive income

Refer to enclosed financial report for the year ended 30 June 2021.

#### 4. Statement of financial position

Refer to enclosed financial report for the year ended 30 June 2021.

#### 5. Statement of cash flows

Refer to enclosed financial report for the year ended 30 June 2021.

6. **Dividend reinvestment plans**  
Not applicable.

7. **Statement of changes in equity**  
Refer to enclosed financial report for the year ended 30 June 2021.

8. **Net tangible assets per security**

	30 June 2021 (cents)	30 June 2020 (cents)
Net tangible assets per ordinary security	0.0640	0.0629

9. **Gain or loss of control over entities**  
Not applicable.

10. **Associates and joint ventures**  
Not applicable.

11. **Other significant information**  
Not applicable.

12. **Foreign entities**  
Not applicable.

13. **Commentary on results for the period**  
Refer to enclosed financial report for the year ended 30 June 2021 for further commentary.

14. **Status of audit**  
The financial report for the year ended 30 June 2021 has been audited. There are no items of dispute with the auditor and the audit is not subject to qualification.



**Signed:** James Clement  
*Managing Director*

**Date:** 27 August 2021



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**VYSARN**  
LIMITED



**VYSARN LIMITED**

ABN 41 124 212 175

**CONSOLIDATED FINANCIAL REPORT**  
**for the year ended 30 June 2021**

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## CORPORATE DIRECTORY

### Directors

Peter Hutchinson	Chairman
James Clement	Managing Director and CEO
Sheldon Burt	Executive Director

### Company Secretary

Matthew Power

### 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

Westpac Banking Corporation  
Level 3, Tower Two, Brookfield Place  
123 St Georges Terrace  
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 consolidated financial statements of Vysarn Limited ("the Company") and its controlled entity ("the Group") for the financial year ended 30 June 2021 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:

<b>Name</b>	<b>Status</b>	<b>Appointed</b>	<b>Resigned</b>
Peter Hutchinson	Chairman	27 October 2017	-
James Clement	Managing Director and CEO	3 February 2020	-
Sheldon Burt	Executive Director	15 May 2019	-
Christopher Brophy	Non-Executive Director	28 October 2019	28 January 2021

### 2. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, other than as outlined in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

### 3. DIVIDENDS PAID OR RECOMMENDED

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

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#### 4. REVIEW OF OPERATIONS

This is the second annual report from the Company since it was reinstated on the ASX on 11 September 2019 and commenced operations. It is also the Company's first full financial year of operations since that date.

The Company focused on executing its operational and growth strategies throughout the period while continuing to set the foundations of its wholly subsidiary Pentium Hydro Pty Ltd ("Pentium Hydro"). The Company actively pursued horizontal and vertical integration opportunities to supplement Pentium Hydro's core business of hydrogeological drilling. Organic and acquisitive entries into new services upstream and downstream of hydrogeological drilling were also investigated.

Employee numbers increased significantly during the period as Pentium Hydro nears full deployment of its entire hydrogeological drilling fleet.

The Company continues to receive strong demand for its services from major mining companies focusing on production across a diverse range of commodities.

#### 5. LIKELY DEVELOPMENTS

The Company will continue to pursue new contract opportunities in Australia for its hydrogeological and dewatering business activities.

#### 6. FINANCIAL PERFORMANCE

The profit for the Company after providing for income tax amounted to \$0.34 million (30 June 2020: \$4.84 million).

Working capital, being current assets less current liabilities, was \$3.93 million (30 June 2020: \$7.10 million). The Company had positive cash flows from operating activities for the year amounting to \$1.71 million (2020: \$1.99 million).

Operational revenue for the year ended 30 June 2021 was \$25.8 million (2020: \$11.9 million). The strong growth was generated primarily from obtaining new water well drilling contracts and deploying additional drill rigs.

The table below provides a comparison of the key results for the year ended 30 June 2021 to the preceding year ended 30 June 2020:

<b>Statement of Profit or Loss</b>	<b>30-June-21</b>	<b>30-June-20</b>
	<b>(\$)</b>	<b>(\$)</b>
Revenue from operations	25,824,506	11,912,589
Reported profit / (loss) after tax <sup>(1)</sup>	344,819	4,835,295

<sup>1</sup> FY20 NPAT was inclusive of a \$7.2 million gain on bargain purchase (non-cash).

<b>Statement of Financial Position</b>	<b>30-June-21</b>	<b>30-June-20</b>
	<b>(\$)</b>	<b>(\$)</b>
Net Assets	24,762,964	24,334,908
Total Assets	45,334,680	40,861,623
Cash and cash equivalents	6,555,486	9,706,113

## 7. PRINCIPAL ACTIVITIES

The Company currently operates a hydrogeological and dewatering drilling business and is located at a number of mine sites across Western Australia.

The Company aims to become a significant provider of production critical services and solutions to the resources, construction and utilities industries.

## 8. EVENT SUBSEQUENT TO REPORTING DATE

The Company released an ASX announcement titled *Investor Presentation 5 July 2021* that contained an operational, strategic and earning update.

There is no other matter or circumstance that has arisen since 30 June 2021 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.

## 9. INDUSTRY AND GEOGRAPHIC EXPOSURES

The Company is exposed to the Australian mining industry. On a geographic basis, the Company is predominantly exposed to Western Australia.

## 10. ENVIRONMENTAL REGULATION

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

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## 11. INFORMATION ON DIRECTORS & COMPANY SECRETARY

### **Peter Hutchinson**

Experience and Expertise:

Chairman (Appointed 27 October 2017)

Mr Hutchinson holds a Bachelor of Commerce (UWA) and is a Fellow of both the Australian Institute of Company Directors and Certified Practising Accountants.

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. 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. He also currently chairs Western Plant Hire Holdings Ltd.

Mr Hutchinson has substantial experience in mergers and acquisitions, 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 listed directorships:

N/A

Former listed directorships (last 3 years):

Mareterram Limited (ceased 23 November 2017)

Interests in shares:

56,000,000 fully paid ordinary shares

Interests in options:

10,000,000 options

### **James Clement**

Experience and Expertise:

Managing Director and CEO (appointed 3 February 2020)

Mr Clement holds a Master of Business Administration, a Bachelor of Science, a Graduate Diploma of Agribusiness, a Graduate Certificate in Applied Finance and is a Graduate of the Australian Institute of Company Directors. He is an experienced ASX company director with a demonstrated history of successfully managing and leading businesses in the finance and agribusiness industries.

Prior to his appointment at Vysarn Ltd, Mr Clement was previously the Managing Director and CEO of sustainable agricultural company Mareterram Ltd. He led the cornerstone asset acquisitions, the ASX listing of the company and its subsequent successful takeover at a significant premium to the market price.

Mr Clement is currently a director of the Fremantle Football Club and is a past director and vice chairman of the Western Australia Fishing Industry Council. He also has over a decade of experience in finance and investment during his time as an institutional dealer and retail fund manager for financial service companies specialising in Western Australian small cap industrial and resource companies.

Other current listed directorships:

N/A

Former listed directorships (last 3 years):

Mareterram Limited (ceased 15 April 2019)

Interests in shares:

13,366,315 fully paid ordinary shares

Interest in options:

10,000,000 options

Interest in performance rights:

5,000,000 performance rights



**Sheldon Burt**

Experience and Expertise:

Executive Director (appointed 15 May 2019)

Mr Burt is a drilling industry professional with over 35-years national and international experience. His career started as a Drillers Offsider in 1986 and over the following years has held many differing roles within the drilling industry including field based, operational, senior management, executive management and company ownership.

Mr Burt's international experience extends from Southeast Asia to the Middle East and West Africa. In 2004 he co-founded and was the Managing Director of SBD Drilling, a Perth based exploration drilling company with successful operations in Australia and West Africa, before selling his shareholding in July 2011.

From 2012 to 2018 Mr Burt was the General Manager of Easternwell Minerals prior to co-founding Pentium Hydro in January 2019 and joining the Vysarn Board in May of the same year.

Other current listed directorships:

N/A

Former listed directorships (last 3 years):

N/A

Interests in shares:

6,117,315

Interest in performance rights:

5,000,000

**Christopher Brophy**

Experience and Expertise:

Former Non-Executive Director (appointed as Executive Director on 15 May 2019, transition to Non-Executive Director on 28 October 2019, resigned 28 January 2021)

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 Economics and is a member of the Australian Institute of Company Directors (MAICD).

Other current listed directorships:

N/A

Former listed directorships (last 3 years):

N/A

Interests in shares:

N/A

Interests in shares:

N/A

**Matthew Power**

Company Secretary (appointed 30 June 2021)

Mr Power is a finance professional who has acquired public company experience whilst previously employed as group financial controller for Babylon Pump & Power Limited, a Perth based ASX mining services company. Experienced in financial reporting and analysis, and company secretarial duties in the public company environment, Mr Power holds a Bachelor of Commerce from Curtin University (double major in Accounting & Finance) and a Graduate Diploma of Chartered Accounting with the Chartered Accountants, Australia and New Zealand. Prior to working in the Australian listed company space, Mr Power worked in professional services, working across a variety of industry sectors including resources and mining, mining services, agribusiness and retail in insolvency and restructuring.

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**Kyla Garic**

Former Company Secretary (resigned 30 June 2021)

Ms Garic was appointed as Company Secretary on 15 November 2017. Ms Garic is a Chartered Accountant, Chartered Secretary, a Fellow of the Governance Institute and Director of Onyx Corporate. Onyx Corporate provides financial reporting, accounting and company secretarial services to ASX listed companies. Ms Garic has acted as a non-executive Director and Company Secretary for a number of ASX listed companies.

**12. MEETINGS OF DIRECTORS**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director is set out below:

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Peter Hutchinson	11	11	3	3	1	1
James Clement	11	11	3	3	1	1
Sheldon Burt	11	11	3	3	1	1
Chris Brophy	7	7	2	2	1	1

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

Given the size of the Company, the full Board meet in their capacity as Audit and Risk Committee and Remuneration and Nomination Committee ("Committees") and all matters are dealt with by the full Board in their capacity as members of the Committees.

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### 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 30 June 2021 and as at the date of this report, the unissued ordinary shares of the Company under options are as follows:

Grant Date	Expiration Date	Exercise Price (\$)	Number Under Option
05-Jul-19	05-Jul-24	0.054	10,000,000
03-Feb-20	03-Feb-23	0.075	5,000,000
03-Feb-20	03-Feb-23	0.075	5,000,000
<b>Total</b>	-	-	<b>20,000,000</b>

No shares have been issued during or since the year end as a result of the exercise of options.

### 15. SHARES UNDER PERFORMANCE RIGHTS

At 30 June 2021 and as at the date of this report, the unissued ordinary shares of the Company under performance rights are as follows:

Grant Date	Date of Vesting	Vesting Conditions	Number Under Performance Rights
28-Aug-19	30-Jun-22	Employment and cumulative EPS condition	1,666,666
28-Aug-19	30-Jun-23	Employment and cumulative EPS condition	1,666,666
28-Aug-19	30-Jun-24	Employment and cumulative EPS condition	1,666,668
30-Jan-20	30-Jun-22	Employment and cumulative EPS condition	1,666,666
30-Jan-20	30-Jun-23	Employment and cumulative EPS condition	1,666,666
30-Jan-20	30-Jun-24	Employment and cumulative EPS condition	1,666,668
<b>Total</b>			<b>10,000,000</b>

#### 16. PROCEEDINGS ON BEHALF OF THE COMPANY

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

#### 17. NON-AUDIT SERVICES

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-21	30-June-20
	\$	\$
<b>Amount paid/payable to Pitcher Partners BA&amp;A Pty Ltd or related entities for non-audit services</b>		
Pitcher Partners Accountants & Advisors WA Pty Ltd – Taxation compliance services	20,750	19,669
<b>Total auditors' remuneration for non-audit services</b>	<b>20,750</b>	<b>19,669</b>

In the event that non-audit services are provided by Pitcher Partners BA&A Pty Ltd or related entities, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditors 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 other general principles to independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*; 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.

#### 18. 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 2021 has been received and can be found on page 21 of the financial report.

#### 19. 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 2021 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.

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
9. Key performance indicators of the Company over the last 5 years

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 2021 are set out below:

Key Management Personnel covered under this report are as follows:

Name	Status	Appointed	Resigned
Peter Hutchinson	Chairman	27 October 2017	-
James Clement	Managing Director and CEO	3 February 2020	-
Sheldon Burt	Executive Director	15 May 2019	-
Christopher Brophy	Non-Executive Director	28 October 2019	28 January 2021

### 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.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 1. Introduction (continued)

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. 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 caliber 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.

### 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 arrangement

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.

The compensation structures take into account:

- The capability and experience of the executive;
- The executive's ability to control the relevant segment's performance; and
- The Company's performance including:
  - The Company's earnings; and
  - The growth in share price and delivering constant returns on shareholder wealth.

The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPI's") being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. The long-term incentives ("LTI") include long service leave and share-based payments. Shares are awarded to executives based on long-term incentive measures. These include increase in shareholders' value relative to the entire market. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

#### *Consolidated entity performance and link to remuneration*

Remuneration for certain individuals is directly linked to the performance of the Company. A portion of cash bonus and incentive payments, including performance rights, are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

#### *Voting and comments made at the company's 2020 Annual General Meeting ("AGM")*

The Company received more than 99% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The key terms of Mr Burt and Mr Clement's agreements are set out below;

**James Clement, Managing Director and CEO**

- (a) **Term of agreement:** commencing 3 February 2020 with indefinite duration.
- (b) **Remuneration:**
- (i) a base salary of \$350,000 per annum, including mandatory superannuation contributions;
  - (ii) a short-term incentive of up to \$100,000 per annum, subject to the achievement of certain short-term incentive key performance indicators; and
  - (iii) a long-term incentive being the issue of 5,000,000 performance rights and 10,000,000 options upon commencement.
- (c) **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; and
  - (ii) 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.

**Sheldon Burt, Executive Director**

- (a) **Term of agreement:** commencing 15 May 2019 with indefinite duration.
- (b) **Remuneration:**
- (iv) a base salary of \$300,000 per annum, including mandatory superannuation contributions;
  - (v) a short-term incentive of up to \$150,000 per annum, subject to the achievement of certain short-term incentive key performance indicators; and
  - (vi) a long-term incentive being the issue of 5,000,000 performance rights.
- (c) **General termination:** the agreement can be terminated:
- (iii) by either party for no reason by giving 3 months' notice in writing to the other party;
  - (iv) 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
  - (v) 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.
- (d) **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 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.

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 is subject to approval by shareholders at the general meeting. Fees for non-executive Directors are not linked to the performance of the Company.

The table below summarises the annual fees payable to non-executive Directors for the 2021 financial year (inclusive of superannuation):

	<b>Board</b>	<b>Committee</b>	<b>Total</b>
<b>Board Fees – per annum</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Chair	42,000	-	42,000
Non-Executive Directors	30,000	-	30,000

Non-executive Directors may be reimbursed for expenses reasonably incurred in attending to the Company's affairs. Non-executive Directors do not receive retirement benefits. The Company or the non-executive Directors can terminate the above arrangements at any time upon written notice being provided, with no minimum notice period applicable.



## 5. Details of remuneration

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

	Short-term benefits			Other employee benefits	Post-employment	Equity	Total
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits		Post-employment Superannuation	Share-based payments	
2021	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson	38,356	-	-	-	3,644	-	42,000
<i>Executive Directors</i>							
James Clement <sup>1, 2</sup>	309,919	-	18,444	-	21,637	44,552	394,552
Sheldon Burt <sup>2</sup>	278,306	-	-	-	21,694	43,742	343,742
<i>Former Non-Executive Director</i>							
Christopher Brophy <sup>2</sup>	15,982	-	-	-	1,518	-	17,500
<b>Total</b>	<b>642,563</b>	<b>-</b>	<b>18,444</b>	<b>-</b>	<b>48,493</b>	<b>88,294</b>	<b>797,794</b>

<sup>1</sup> The amount of \$18,444 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.

<sup>2</sup> Refer to section 6 of this remuneration report for further information pertaining to share-based payment expenses recognised for key management personnel.

<sup>3</sup> Resigned 28 January 2021

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	Short-term benefits				Post-employment	Equity	Total
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Superannuation	Share-based payments	
2020	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson <sup>4</sup>	12,785	-	-	-	1,215	1,078,000	<b>1,092,000</b>
<i>Executive Directors</i>							
James Clement <sup>1</sup>	137,082	25,000	6,118	-	8,751	123,000	<b>299,952</b>
Sheldon Burt <sup>2</sup>	258,498	75,000	-	-	17,615	-	<b>351,113</b>
Christopher Brophy <sup>3</sup>	147,500	-	-	-	3,613	-	<b>151,113</b>
<i>Non-Executive Director</i>							
Christopher Brophy <sup>3</sup>	9,132	-	-	-	868	-	<b>10,000</b>
<i>Former Directors</i>							
Faldi Ismail <sup>5</sup>	-	-	-	-	-	229,500	<b>229,500</b>
Nicholas Young <sup>5</sup>	-	-	-	-	-	229,500	<b>229,500</b>
<b>Total</b>	<b>564,997</b>	<b>100,000</b>	<b>6,118</b>	<b>-</b>	<b>32,062</b>	<b>1,660,000</b>	<b>2,363,178</b>

<sup>1</sup> The amount of \$6,118 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle. The STI of \$25,000 is a cash incentive payable on accomplishment of certain role-specific, financial and non-financial measures determined by the Board and remained unpaid as at 30 June 2020.

<sup>2</sup> Mr Burt, per his respective employment agreement, was entitled to a short-term incentive (STI) in the form of a cash bonus payment. The amount shown as STI of \$75,000 is a cash incentive payable on accomplishment of company set short-term incentive criteria that were based on achievement of financial performance, role-specific non-financial measures and a service retention component. The STI period was for the period 1 July 2019 to 30 June 2020 and remained unpaid as at 30 June 2020. \$14,000 of the above amount paid to Mr Burt for services rendered was paid to his related party Connada Pty Ltd for his time as a non-executive Director.

<sup>3</sup> Mr Brophy was originally employed as an executive Director before transitioning to the role of non-executive on 28 October 2019. Included within Mr Brophy's remuneration were fees of \$151,113 and \$10,000 respectively for executive and non-executive services provided. \$89,000 of the above amounts paid to Mr Brophy was paid to his related party, Insight Ecosys Pty Ltd.

<sup>4</sup> \$837,000 of the share-based payments amount recognised for Mr Hutchinson related to the Director past services offer, approved at the General Meeting on 5 July 2019. Mr Hutchinson did not receive any remuneration from the Company since his appointment as Chairman in October 2017 until completion of the Acquisitions. The Company subsequently agreed to pay Mr Hutchinson a fee of \$837,000 (value in cash or shares) on completion of the Acquisitions. The remaining amount in share-based payments provided to Mr Hutchinson was for options provided in lieu of remuneration for the first 6 months of his appointment as Chairman. Refer to section 6 of this remuneration report for further information.

<sup>5</sup> Mr Ismail and Mr Young's share-based payments related to the Director past services offer, approved at the General Meeting on 5 July 2019. Mr Ismail and Mr Young both resigned as non-executive Directors on 29 August 2019.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At Risk STI		At Risk LTI	
	2021	2020	2021	2020	2021	2020
<b>Directors</b>						
Peter Hutchinson	100%	78%	-	-	-	22%
James Clement	89%	51%	-	8%	11%	41%
Sheldon Burt	87%	79%	-	21%	13%	-
Chris Brophy	100%	100%	-	-	-	-
Faldi Ismail	-	100%	-	-	-	100%
Nicholas Young	-	100%	-	-	-	100%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board.

## 6. Share-based compensation

### Issue of Shares

During the year ended 30 June 2021 no share-based payments in the form of ordinary shares were issued by the Company to key management personnel as remuneration.

Since the end of the financial year no ordinary shares have been granted to key management personnel.

### Executive Performance Rights

During the year ended 30 June 2021, the Company did not issue any performance rights as performance incentives to key management personnel.

### Movements in performance rights

The movement during the reporting period in the number of performance rights in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Key Management Personnel	Opening balance	Granted as compensation	Exercised	Unvested, Lapsed and Cancelled	Closing balance	Vested during the year
	No.	No.	No.	No.	No.	No.
2021						
Peter Hutchinson	-	-	-	-	-	-
James Clement	5,000,000	-	-	-	5,000,000	-
Sheldon Burt	5,000,000	-	-	-	5,000,000	-
Christopher Brophy	-	-	-	-	-	-
<b>Total</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>

*Performance rights on issue at year end*

At 30 June 2021, the unissued ordinary shares of the Company under performance rights are as follows:

Tranche	Number Under Performance Rights	Value at Grant Date (\$)	Date of Vesting	Management Probability Assessment 30-Jun-21	Fair Value (\$)
1	3,333,332	191,666	30-Jun-22	75%	143,750
2	3,333,332	191,667	30-Jun-23	0%	-
3	3,333,336	191,667	30-Jun-24	0%	-
<b>Total</b>	<b>10,000,000</b>	<b>575,000</b>	-	-	<b>143,750</b>

Each performance right will convert on a 1:1 basis to fully paid ordinary shares upon achievement of their relevant vesting conditions (refer below).

Tranche	Number of Performance Rights on Issue	Condition Test Date	Vesting Condition
1	3,333,333	30 June 2022	<ul style="list-style-type: none"> <li>• Employment condition</li> <li>• Cumulative EPS condition</li> </ul>
2	3,333,333	30 June 2023	
3	3,333,334	30 June 2024	

**Where the:**

- Employment condition – means the holder of the Rights remains employed by the Company at the condition Test Date; and
- Cumulative EPS condition – means the earnings per share (EPS) based on the achievement of compound annual growth in the Company's EPS of 15% per annum from the financial year 30 June 2020, subject to a minimum EPS of \$0.01 for the financial year ending 30 June 2020. The EPS calculation will be based on the Company's cumulative net profit after tax up until the relevant condition test date divided by the weighted average number of shares on issue over the relevant period, taking into account any new shares issued (or cancelled by the Company in the relevant period).

The executive performance rights have been valued based on the Company's share price as at the date of their approval for issue. A total valuation of \$575,000 has been determined, assuming satisfaction of performance conditions in full and 100% vesting rate.

At 30 June 2021, the Company has assessed the likelihood of the achievement of the vesting conditions in respect of tranches 1 – 3 of the executive performance rights and determined that the achievement of the vesting conditions is uncertain at this point in time.

As a result, Management have applied varying probabilities of the performance conditions being met, resulting the fair value of the performance rights at 30 June 2021 to be \$143,750 (2020: nil). An expense of \$88,293 has been recognised (2020: nil) in line with the vesting periods per class, representing the Company's best estimate of the performance rights that will eventually vest.

	30-June-21	30-June-20
	\$	\$
<b>Share Based Payment Expense – Performance Rights</b>		
Share based payments	88,293	-
<b>Total</b>	<b>88,293</b>	<b>-</b>

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## Options

During the year ended 30 June 2021, no options over ordinary shares have been granted to key management personnel as remuneration. Further, during the reporting period, there were no shares issued on the exercise of options previously granted as compensation.

### *Options over equity instruments*

During and since the end of the financial year, the Company did not issue ordinary shares as a result of the exercise of options (there are no amounts unpaid on the shares issued).

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Key Management Personnel	Opening balance	Granted as compensation	Exercised	Expired	Closing balance	Vested during the year	Vested and exercisable at the end of the year	Unvested and not exercisable at the end of the year
Peter Hutchinson	10,000,000	-	-	-	10,000,000	-	10,000,000	-
James Clement	10,000,000	-	-	-	10,000,000	10,000,000	10,000,000	-
Sheldon Burt	-	-	-	-	-	-	-	-
Chris Brophy	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000,000</b>	<b>10,000,000</b>	<b>20,000,000</b>	<b>-</b>

### *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 2021	Opening balance	Granted as compensation	Received on exercise of options	Purchases	Other	Closing balance
Peter Hutchinson	56,000,000	-	-	-	-	56,000,000
James Clement	13,366,315	-	-	-	-	13,366,315
Sheldon Burt	6,117,315	-	-	-	-	6,117,315
Chris Brophy <sup>1</sup>	2,925,000	-	-	-	(2,925,000)	-
<b>Total</b>	<b>78,408,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,925,000)</b>	<b>75,483,630</b>

<sup>1</sup> Resigned on 28 January 2021

30 June 2020	Opening balance	Granted as compensation	Received on exercise of options	Purchases	Other	Closing balance
Peter Hutchinson	16,978,955	15,500,000	-	23,521,045	-	56,000,000
James Clement	-	-	-	13,366,315	-	13,366,315
Sheldon Burt <sup>1</sup>	-	-	-	3,192,315	2,925,000	6,117,315
Chris Brophy <sup>1</sup>	-	-	-	-	2,925,000	2,925,000
Faldi Ismail <sup>2</sup>	-	4,250,000	-	-	(4,250,000)	-
Nicholas Young <sup>2</sup>	-	4,250,000	-	-	(4,250,000)	-
<b>Total</b>	<b>16,978,955</b>	<b>24,000,000</b>	<b>-</b>	<b>40,079,675</b>	<b>(2,650,000)</b>	<b>78,408,630</b>

<sup>1</sup> Received as consideration under the Pentium Hydro offer

<sup>2</sup> Resigned 29 August 2020

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## 7. Loans to Directors and executives

There are no loans to Directors or other KMP of the Company during the year ended 30 June 2021 (2020 \$Nil).

## 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.

Related party	Nature of transactions	Transaction value		Payable balance	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		\$	\$	\$	\$
Connada Pty Ltd / Mr Sheldon Burt <sup>1</sup>	Shares issued under the Pentium Hydro offer (acquisition)	-	157,950	-	-
Insight Ecosys Pty Ltd / Mr Chris Brophy <sup>2</sup>	Shares issued under the Pentium Hydro offer (acquisition)	-	157,950	-	-
Otsana Pty Ltd trading as Otsana Capital / Mr Faldi Ismail and Mr Nicholas Young	Lead manager and capital raising services	-	642,701	-	11,000
Onyx Corporate Pty Ltd / Mr Nicholas Young, Mr Faldi Ismail and Ms Kyla Garic	Accounting and company secretarial services	61,047	224,251	5,533	11,034

<sup>1</sup> Connada Pty Ltd an entity controlled by Mr Burt received \*2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950.

<sup>2</sup> Insight Ecosys Pty Ltd an entity controlled by Mr Brophy received \*2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950.

There were no trade receivables to related parties for the financial year ending 30 June 2021 (2020: \$Nil).

\* Mr Burt and Brophy received 5,850,000 collectively of the 7,800,000 shares issued under the Pentium Hydro offer. Artificial Holdings Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 1,170,000 shares under the Pentium Hydro offer equivalent to consideration of \$63,180. STRK Corporate Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 780,000 shares under the Pentium Hydro offer equivalent to consideration of \$42,120.

## 9. Key performance indicators of the Company over the last 5 years

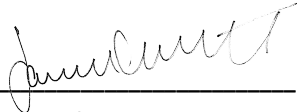
<i>Consolidated</i>	30-June-21 (\$)	30-June-20 (\$)	30-June-19 (\$)	30-June-18 (\$)	30-June-17 (\$)
Revenue	25,824,506	11,912,589	163,459	132,453	75,008
Net profit / (loss) before tax	1,137,420	2,472,743	(483,826)	296,558	37,842
Net profit / (loss) after tax	344,819	4,835,295	(483,826)	296,558	37,842
Share price at start of year	0.05	N/A	N/A	N/A	0.350
Share price at end of year	0.10	0.05	N/A	N/A	0.350
Interim and final dividend	-	-	-	-	-
Basic profit / (loss) per share (cents)	0.0009	0.0178	(0.3550)	0.2180	(0.4160)

REMUNERATION REPORT (END)

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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



**James Clement**

**Managing Director and Chief Executive Officer**

Dated 27 August 2021

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF VYSARN LIMITED**

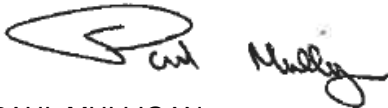
In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (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 (including Independence Standards)*.

This declaration is in respect of Vysarn Limited and the entity it controlled during the year.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN  
Executive Director  
Perth, 27 August 2021

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		30 June 2021	30 June 2020
	<i>Notes</i>	\$	\$
<b>Revenue</b>			
Revenue from contracts with customers	4	25,824,506	11,912,589
Other income	5	542,722	7,383,749
<b>Expenses</b>			
Administration and corporate expense	6	(1,383,824)	(1,267,399)
Employee benefits expense	6	(10,574,043)	(6,724,729)
Depreciation and amortisation expense	6	(3,436,923)	(2,987,580)
Finance costs	6	(435,819)	(595,036)
Consumables and other direct expenses	6	(9,399,199)	(5,248,851)
<b>Profit / (loss) before income tax</b>		<b>1,137,420</b>	<b>2,472,743</b>
Income tax benefit / (expense)	7	(792,601)	2,362,552
<b>Profit / (loss) after income tax expense</b>		<b>344,819</b>	<b>4,835,295</b>
<b>Profit / (loss) after income tax expense for the year attributable to the owners of Vysarn Limited</b>		<b>344,819</b>	<b>4,835,295</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income / (loss) for the year attributable to the owners of Vysarn Limited</b>		<b>344,819</b>	<b>4,835,295</b>
<b>Basic earnings per share for profit/(loss) attributable to the owners of Vysarn Limited</b>			
	9	0.0009	0.0178
<b>Diluted earnings per share for profit/(loss) attributable to the owners of Vysarn Limited</b>			
	9	0.0008	0.0160

The accompanying Notes form part of these financial statements

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		30 June 2021	30 June 2020
	<i>Notes</i>	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	6,555,486	9,706,113
Trade and other receivables	11	4,983,227	2,766,495
Inventories	12	2,518,854	2,641,305
Other current assets	13	968,257	-
Assets classified as held for sale		-	152,727
Prepayments and deposits	14	244,145	161,871
<b>TOTAL CURRENT ASSETS</b>		<b>15,269,969</b>	<b>15,428,512</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	15	29,548,656	24,707,782
Right of use asset	16	516,055	725,330
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,064,711</b>	<b>25,433,112</b>
<b>TOTAL ASSETS</b>		<b>45,334,680</b>	<b>40,861,623</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	17	5,616,854	3,070,264
Trade and other payables	18	5,050,530	4,852,027
Employee liabilities	19	458,468	215,488
Lease liability		218,784	186,473
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,344,636</b>	<b>8,324,252</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	17	7,183,223	6,707,770
Lease liability		334,575	581,895
Employee liabilities-non-current	19	4,781	-
Deferred tax liability	7	1,704,501	912,798
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,227,080</b>	<b>8,202,463</b>
<b>TOTAL LIABILITIES</b>		<b>20,571,716</b>	<b>16,526,715</b>
<b>NET ASSETS</b>		<b>24,762,964</b>	<b>24,334,908</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	20	19,130,558	19,135,614
Reserves	21	452,293	364,000
Retained earnings		5,180,113	4,835,294
<b>SHAREHOLDERS' EQUITY</b>		<b>24,762,964</b>	<b>24,334,908</b>

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021



	Issued Capital	Share Based Payment Reserve	Retained earnings / (Accumulated losses)	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>29,912,298</b>	-	<b>(22,988,152)</b>	<b>6,924,146</b>
Profit for the period	-	-	4,835,295	<b>4,835,295</b>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	4,835,295	<b>4,835,295</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	12,735,593	-	-	<b>12,735,593</b>
Capital raising costs	(524,126)	-	-	<b>(524,126)</b>
Share based payments	-	364,000	-	<b>364,000</b>
Reduction in capital not represented by available assets	(22,988,151)	-	22,988,151	-
Total transactions with owners	(10,776,684)	364,000	22,988,151	12,575,467
<b>Balance at 30 June 2020</b>	<b>19,135,614</b>	<b>364,000</b>	<b>4,835,294</b>	<b>24,334,908</b>
<b>Balance at 1 July 2020</b>	<b>19,135,614</b>	<b>364,000</b>	<b>4,835,294</b>	<b>24,334,908</b>
Profit for the period	-	-	344,819	<b>344,819</b>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	344,819	<b>344,819</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	-	-	-	-
Capital raising costs	(5,056)	-	-	<b>(5,056)</b>
Share based payments	-	88,293	-	<b>88,293</b>
Total transactions with owners	(5,056)	88,293	-	83,237
<b>Balance at 30 June 2021</b>	<b>19,130,558</b>	<b>452,293</b>	<b>5,180,113</b>	<b>24,762,964</b>

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021



	30 June 2021	30 June 2020
<i>Notes</i>	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	26,255,351	10,120,793
Payments to suppliers and employees	(24,145,714)	(7,844,838)
Interest received	9,001	27,255
Interest and other costs of finance paid	(411,553)	(313,909)
<b>Net cash provided by operating activities</b>	<b>1,707,085</b>	<b>1,989,299</b>
	<i>10a</i>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for completion of Ausdrill Transaction	-	(16,000,000)
Purchase of plant and equipment	(6,694,451)	(4,149,691)
Proceeds from disposal of property, plant and equipment	376,593	661,710
<b>Net cash used in investing activities</b>	<b>(6,317,858)</b>	<b>(19,487,981)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gross proceeds from the issue of shares	-	11,018,593
Proceeds from borrowings	5,085,684	10,961,993
Repayment of borrowings	(3,388,595)	(1,159,037)
Payments for principal portion of lease liabilities	(230,987)	(76,559)
Payment of capital/transaction costs	(5,954)	(524,126)
<b>Net cash provided by financing activities</b>	<b>1,460,148</b>	<b>20,220,864</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,150,627)</b>	<b>2,722,182</b>
Cash and cash equivalents at beginning of financial year	9,706,113	6,983,931
<b>Cash and cash equivalents at the end of financial year</b>	<b>6,555,486</b>	<b>9,706,113</b>
	<i>10</i>	

The accompanying Notes form part of these financial statements.

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**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 25 August 2021. 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, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Amounts are presented in Australian dollars and have been rounded off to the nearest dollar, unless stated otherwise.

*Critical accounting estimates*

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 2(cc) below.

*Changes In accounting estimates - Plant and Equipment*

Depreciation of plant and equipment constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as a depreciation expense over the estimated useful lives of the respective assets using the straight-line method and is reflected in the Group's statement of profit or loss and other comprehensive income.

The Group decided to revise the useful life of certain classes of plant and equipment during the half year, from 7 years to 10 years. The basis of this change was as a result of a number of internal factors including;

- A greater understanding of asset conditions and their expected operating useful lives, gained over the last 12 months since the Group established its operation;
- Industry considerations and guidance including peer reviews conducted; and
- Discussions with suitably qualified and experienced internal personnel as to Group's assets and their past experience with similar plant and equipment.

In implementing the revised useful lives, the Group has applied the change in depreciation based on an assessment of individual asset useful lives prospectively, from 1 July 2020, as required under Australian Accounting Standards. As a result of the change in estimate, depreciation for the 30 June 2021 year decreased from approximately \$3,802,993 to \$3,227,648. Further information on the Group's Plant and Equipment is contained within Note 15 of this report

**c) Going concern**

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

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.

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**d) Adoption of New Accounting Standards**

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

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

*AASB 2019-1 Amendments to Australian Accounting Standards – References to the “Conceptual Framework”*

AASB 2019-1 amends Australian Accounting Standards to reflect the issue of the Conceptual Framework. The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. The application of AASB 2019-1 has not materially impacted the financial statements of the group.

*AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information required by paragraph 30 of AASB 108 (regarding disclosing the effect of new standards not yet issued) to IFRS Standards that have not yet been issued by the Australian Accounting Standards Board. AASB 2019-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Group in the financial year commencing 1 July 2020. The application of AASB 2019-5 has not materially impacted the financial statements of the group.

**e) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

**f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

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**g) Trade receivables**

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional which is considered to be fair value; none of the Group's trade receivables contain a financing component. The Group holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on share credit risk characteristics and the days past due. The expected loss rates are based on existing market conditions and forward-looking estimates at the end of each reporting period.

**h) Inventories**

Inventories, including raw materials and stores, work in progress and contract fulfilment costs are measured at the lower of cost and net realisable value. The cost of inventories comprises; expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition, including direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**i) Plant & Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / (expense) in the statement of profit or loss. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

*Depreciation*

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value. An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives are as follows:

- Plant and equipment – 2 - 10 years;
- Computer equipment – 3 years; and
- Trucks, trailers and light vehicles – 4 - 10 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**j) Right-of-use assets**

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

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

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

**k) Lease liabilities**

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

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

**l) Trade and other payables**

Liabilities for trade creditors and other amounts carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

**m) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**n) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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**o) Equity and reserves**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The share-based payment reserve records the value of share-based payments.

**p) Revenue Recognition**

*Revenue from contracts with customers*

The Group provides drilling services and hires drill rigs and related equipment to the exploration and mining industry pursuant to service contracts with a variety of clients in the sector.

The revenue associated with drilling contracts is recognised in accordance with AASB 15 Revenue From Contracts from Customers, that is in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. Revenue from customer contracts is recognised upon satisfaction of a performance obligation under those contracts either over time in accordance with specified units of production (for example meters drilled or hours worked) or a point in time when risks and rewards pass to the customer under those contracts (for example the sale of certain items including consumables).

For rental of equipment, as the customer simultaneously receives and consumes the benefits, the Group has an enforceable right to payment and as such the performance obligation is satisfied over time.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

*Contract assets and liabilities*

AASB 15 uses the terms "contract asset" and "contract liability" to describe what is commonly known as "accrued revenue" and "deferred revenue." Accrued revenue arises where work has been performed however is yet to be invoiced. Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised on satisfaction of the performance obligation.

*Contract fulfilment costs*

Costs generally incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs as these costs are incurred to fulfil a contract. Where the costs are expected to be recovered, they are capitalised and expensed over the period of revenue recognition. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue.

Contract fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Contract fulfilment costs are amortised on a straight-line basis over the term of the contract, or a period of 12 months for long term contracts greater than 12 months in duration.

*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.

*Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as reducing the carrying amount of the asset.

*Other revenue*

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

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**q) Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**r) Employee Benefits**

*Wages, salaries and annual leave*

Liabilities for wages and salaries and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

*Superannuation*

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Equity-settled compensation*

Share-based payments to Directors are measured at the fair value of the instruments issued and amortised over the vesting periods see v. The fair value of performance rights is determined using the satisfaction of certain non-market performance criteria (performance milestones). The number of share options and probability of performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using a Black Scholes or Hoadley pricing model.

**s) Fair value measurement**

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

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

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

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

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**t) Earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

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

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

**u) Non-Current Assets Held For Sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**v) Share based payments**

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payment transactions are recognised in equity if the goods or services were received in an equity-settled share-based payment transaction, or as a liability if the goods and services were acquired in a cash settled share-based payment transaction. The fair value of options is determined using a Black-Scholes or Hoadley pricing model. The number of share options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market based vesting conditions.

The probability of achieving non-market based vesting conditions of performance rights is assessed at each reporting period. The Company has applied judgement in assessing the likelihood of achieving the performance milestones in relation to the performance rights issued in the period.

**w) Foreign currency translation**

*Foreign currency transactions*

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.

**x) 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.

*Tax consolidation*

The Group and its wholly owned Australian resident entity formed a tax-consolidated group effective 28 August 2019. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Vysarn Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Group as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Group as an equity contribution or distribution.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

**y) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised 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 (i.e. trade date accounting is adopted).

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### 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).

### z) 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.

### aa) 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.

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.

**bb) New Accounting Standards not yet adopted**

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company's assessment of the impact of these new or amended Accounting Standards and interpretations, most relevant to the Company, are set out below.

*AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. AASB 2020-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

*AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture as a consequence of the recent issuance by IASB of the following IFRS: Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract. AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of the above accounting standards not yet adopted on the financial statements of the Company is yet to be determined.

**cc) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. 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. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective Notes) within the next financial year are discussed below.

*Coronavirus (COVID-19) pandemic*

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

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed below, is calculated based on the information available at the time of preparation as detailed in note 23. The actual credit losses in future years may be higher or lower.

*Income tax*

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made as detailed in Note 7.

*Share-Based Payments*

The Company measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted. The fair value of the equity instruments granted is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted as detailed in note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Revenue from contracts with customers*

The Company has applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Revenue from customer contracts is recognised upon satisfaction of a performance obligation under those contracts either over time. For drilling services provided under contract, revenue is recognised in accordance with a specified unit of production based on rates agreed to with the customer (for example meters drilled or hours worked).

Dry Hire revenue is also recognised over a period of time based on set day rates for supply, as the customer simultaneously receives and consumes the benefits provided by the Company.

The sale of goods (consumables) is recognised at a point in time when control of the goods passes to the customer under those contracts (for example the sale of certain items including consumables).

Mobilisation/demobilisation revenue are distinct, separately identifiable contractual performance obligations and are recognised as revenue upon completion of the mobilisation/demobilisation event, once this performance obligation has been satisfied.

*Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or other events. The depreciation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets have been abandoned or sold will be written off or written down

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**NOTE 3: OPERATING SEGMENTS**

The Company has one reportable segment, Pentium Hydro which is the Group's operational business unit Revenue received from this business unit is received solely from external Australian customers.

The Group 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. The major results of the Group's sole operating segment are consistent with the presentation of these consolidated financial statements.

The Group derived approximately 94% (2020: 84%) of its revenue from contract with customers from 5 Tier-1 Mining Companies with operations based within the state of Western Australia.

**NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS**

	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Revenue recognised over a period of time from contracts with Australian customers:		
- Drilling services	18,905,624	6,933,556
- Dry-hire revenue	1,549,210	1,855,250
Sub-total	<b>20,454,834</b>	<b>8,788,806</b>
Revenue recognised at a point in time from contracts with Australian customers		
- Sale of goods (consumables)	4,544,529	2,802,737
- Mobilisation / demobilisation	825,143	321,046
Sub-total	<b>5,369,672</b>	<b>3,123,783</b>
<b>Total revenue</b>	<b>25,824,506</b>	<b>11,912,589</b>

**NOTE 5: OTHER INCOME**

	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Finance income	9,001	24,356
Fuel tax rebate	33,650	-
Other revenue	77,077	4,626
Cash boost stimulus (COVID-19)	150,000	50,000
Gain on bargain purchase	-	7,197,076
Realised currency gains / (losses)	-	(1,346)
Net gain on disposal of assets	272,994	109,037
<b>Total</b>	<b>542,722</b>	<b>7,383,749</b>

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<b>NOTE 6: EXPENSES</b>	<b>30-June-21</b>	<b>30-June-20</b>
<i>Breakdown of expenses by nature:</i>	\$	\$
<b>Administration and Corporate expense</b>		
- Office expenses	469,762	289,987
- Corporate costs and compliance	896,195	791,934
- Other expenses	17,867	185,478
<b>Total</b>	<b>1,383,824</b>	<b>1,267,399</b>
<b>Employee benefits expense</b>		
- Wages and salaries (inclusive of superannuation)	9,063,328	4,530,043
- Superannuation	803,778	338,851
- Employment related taxes	536,003	140,669
- Share-based payment expense	88,293	1,660,000
- Other employment related expenses	82,641	55,166
<b>Total</b>	<b>10,574,043</b>	<b>6,724,729</b>
<b>Depreciation and Amortisation Expense</b>		
- Plant and equipment depreciation	3,227,648	2,883,962
- Land and buildings lease amortisation	209,275	103,618
<b>Total</b>	<b>3,436,923</b>	<b>2,987,580</b>
<b>Finance Costs</b>		
- Interest expense	427,532	329,888
- Borrowing expense	-	16,768
- Bank fees	8,287	5,557
- Transactions costs	-	242,823
<b>Total</b>	<b>435,819</b>	<b>595,036</b>
<b>Consumables and other direct expenses</b>		
- Consumables	6,167,769	3,466,551
- Other direct expenses	3,231,430	1,782,300
<b>Total</b>	<b>9,399,199</b>	<b>5,248,851</b>

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**NOTE 7: INCOME TAX EXPENSE**

	30-June-21	30-June-20
	\$	\$
<b>a) Components of income tax expense</b>		
Current tax	-	-
Deferred tax	194,756	(2,362,552)
Under / (over) provision in prior years	684,997	-
Revaluation of deferred tax position due to change in tax rate	(87,152)	-
<b>Income tax expense / (benefit)</b>	<b>792,601</b>	<b>(2,362,552)</b>

**b) Prima facie tax payable**

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before income tax at 26%	295,732	680,004
<b>Add/(less) tax effect of:</b>		
Entertainment	9	2,358
Inventory	(84,940)	266,482
Plant and equipment	-	(3,331,471)
Share based payments	22,956	33,825
Non-assessable cash boost payment	(39,000)	(13,750)
Under provision in prior period	684,996	-
Revaluation of deferred tax position due to change in tax rate	(87,152)	-
<b>Income tax expense / (benefit) attributable to profit</b>	<b>792,601</b>	<b>(2,362,552)</b>

**c) Current tax liability**

Current tax relates to the following:

*Current tax liabilities / (assets)*

Opening balance	-	-
Income tax	-	-
Instalments paid	-	-
	-	-

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	30 June 21	30 June 20
d) <b>Deferred tax</b>	\$	\$
Deferred tax relates to the following:		
<b>Deferred tax assets balance comprises:</b>		
Plant and equipment under lease	148,717	655,638
Accruals	142,391	94,742
Provisions - annual and long service leave	37,860	12,501
Borrowing costs	2,350	3,661
Capital raising costs	82,482	115,308
Business related costs	4,686	8,385
Tax losses	2,399,234	753,656
	<b>2,817,720</b>	<b>1,643,891</b>
<b>Deferred tax liabilities balance comprises:</b>		
Prepayments	(26,930)	(3,266)
Accrued income	(395,599)	(175,523)
Plant and equipment	(3,908,261)	(1,545,739)
Plant and equipment under lease	(134,174)	(639,180)
Spare parts	(57,257)	(192,981)
	(4,522,221)	(2,556,689)
<b>Net deferred tax</b>	<b>(1,704,501)</b>	<b>912,798</b>
e) <b>Deferred income tax related to items charged or credited directly to equity</b>		
Decrease / (increase) in deferred tax assets	898	144,135
(Decrease) / increase in deferred tax liabilities	-	-
	<b>898</b>	<b>144,135</b>
f) <b>Deferred income tax (revenue)/expense included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	(428,737)	(1,991,832)
(Decrease) / increase in deferred tax liabilities	623,494	(370,720)
Under provision in prior period	684,997	-
	<b>879,754</b>	<b>(2,362,552)</b>

At 30 June 2021, the Company has carried forward revenue tax losses of \$9,227,823 (2020: \$2,740,568). 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.

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**NOTE 8: REMUNERATION OF AUDITORS**

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

	30-June-21	30-June-20
	\$	\$
Remuneration of the auditor of the Company (Pitcher Partners BA&A Pty Ltd and its related entities) for:		
- Auditing or reviewing the financial reports	45,533	39,659
- Non-audit services	20,750	19,669
<b>Total</b>	<b>66,283</b>	<b>59,328</b>

**NOTE 9: EARNINGS PER SHARE**

	30-June-21	30-June-20
	\$	\$
<i>Earnings per share for (loss)/profit</i>		
Profit / (Loss) after income tax attributes to the owners of Vysarn Limited	344,819	4,835,295
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	386,955,864	272,320,484
Weighted average number of ordinary shares used in calculating diluted earnings per share	416,955,864	302,320,484
	<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	0.00089	0.0178
Diluted earnings / (loss) per share	0.00083	0.0160

*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 the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the 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 10: CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

	30-June-21	30-June-20
	\$	\$
Cash at bank	6,555,486	8,372,780
Cash and cash equivalents - term deposit	-	1,333,333
<b>Total</b>	<b>6,555,486</b>	<b>9,706,113</b>

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with a short maturity period of 90 days or less.

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**NOTE 10a: CASH FLOW INFORMATION**

	30-June-21	30-June-20
	\$	\$
Profit / (loss) after income tax expense for the year	344,819	4,835,295
<b>Non-cash flows in result from continuing activities:</b>		
Share based payments (benefit) / expense	88,293	1,660,000
Depreciation and amortisation	3,436,923	2,987,580
Tax expense / (benefit)	792,601	(2,362,552)
Gain on bargain purchase	-	(7,197,076)
(Profit)/ loss on disposal of PPE	(272,994)	-
<b>Changes in assets and liabilities:</b>		
(Increase) / decrease in inventories	129,440	(2,641,305)
(Increase) / decrease in trade and other receivables	(2,277,340)	(2,730,289)
Increase / (decrease) in employee entitlements	247,761	215,488
Increase / (decrease) in trade and other payables	229,510	4,741,535
Increase / (decrease) in other assets and liabilities	(1,011,928)	2,480,623
<b>Net cash provided by operating activities</b>	<b>1,707,085</b>	<b>1,989,299</b>

**NOTE 11: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES**

	30-June-21	30-June-20
	\$	\$
Trade receivables	4,983,227	2,766,495
GST receivable	-	-
Other receivable	-	-
<b>Total</b>	<b>4,983,227</b>	<b>2,766,495</b>

For further information regarding trade and other receivables see Note 23. Recoverability is based on the underlying terms of the contract.

Current trade receivables are non-interest bearing and generally on 30-day end of month terms.

*Impairment and risk exposure*

Trade and other receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. No impairment provision was recorded at 30 June 2021 based on management's assessment.

Information about the impairment of trade receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in the Note 23 below.

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<b>NOTE 12: INVENTORIES</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Consumables and spare parts	2,518,854	2,641,305
<b>Total</b>	<b>2,518,854</b>	<b>2,641,305</b>

Inventory is stated at the lower of cost or net realisable value.

<b>NOTE 13: OTHER CURRENT ASSETS</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Contract fulfilment costs	968,257	-
<b>Total</b>	<b>968,257</b>	<b>-</b>

Contract fulfilment costs are costs generally incurred prior to the commencement of a contract and are expected to be recovered. Contract fulfilment costs are amortised on a straight-line basis over the term of the contract, or a period of 12 months for long term contracts greater than 12 months in duration. Refer to Note 1(p) for further information.

<b>NOTE 14: PREPAYMENTS AND DEPOSITS</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Deposits	63,388	53,438
Prepayments	180,757	108,433
<b>Total</b>	<b>244,145</b>	<b>161,871</b>

<b>NOTE 15: PLANT AND EQUIPMENT</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Cost	35,637,057	27,591,744
Accumulated depreciation	(6,088,401)	(2,883,962)
<b>Net carrying amount</b>	<b>29,548,656</b>	<b>24,707,782</b>

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	Plant and equipment	Trucks, trailers and light vehicles	Office Equipment	Assets Not Held Ready for Use	Total
Consolidated Group	\$	\$	\$	\$	\$
Carrying amount at 30 June 2019					
Additions	17,052,820	8,356,230	76,769	2,105,925	<b>27,591,744</b>
Disposals					
Depreciation expense	(1,869,804)	(1,003,605)	(10,553)	-	<b>(2,883,962)</b>
<b>Balance as at 30 June 2020</b>	<b>15,183,016</b>	<b>7,352,625</b>	<b>66,216</b>	<b>2,105,925</b>	<b>24,707,782</b>
Carrying amount at 30 June 2020	<b>15,183,016</b>	<b>7,352,625</b>	<b>66,216</b>	<b>2,105,925</b>	<b>24,707,782</b>
Additions	5,924,335	2,003,827	90,432	-	<b>8,018,594</b>
Disposals (i)	(60,508)	(17,637)	-	-	<b>(78,145)</b>
Transfers from assets not held ready for use	2,105,925	-	-	(2,105,925)	-
Transfer of Asset Held for Sale (ii)	127,264	-	-	-	<b>127,264</b>
Depreciation expense	(2,247,210)	(936,643)	(42,986)	-	<b>(3,226,839)</b>
<b>Balance at 30 June 2021</b>	<b>21,032,822</b>	<b>8,402,172</b>	<b>113,662</b>	-	<b>29,548,656</b>

(i) Several items of plant and equipment were sold during the period resulting in a gain on disposal of assets of \$272,994.

(ii) \$127,264 was reclassified from assets held for sale back into Plant and Equipment and depreciation commenced in line with the Company's estimated useful life for relevant asset classes.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. As detailed within Note 2 (b), the Group undertook a detailed review of its current depreciation policy during the period and increased the useful lives of certain asset classes from 7 years to 10 years. The change in useful life affected a number of individual assets within the below asset classes:

- Plant and equipment; and
- Trucks, trailers and light vehicles.

The change in accounting estimate has been accounted for prospectively, with effect from 1 July 2020, as required under Australian Accounting Standards. For further details on the basis and impact of this change in accounting estimate, refer to Note 2 (b).

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<b>NOTE 16: RIGHT-OF-USE ASSETS</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
<b>NON-CURRENT</b>		
Land and buildings - right-of-use	828,948	828,948
Less: accumulated amortisation	(312,893)	(103,618)
<b>Total</b>	<b>516,055</b>	<b>725,330</b>

<b>NOTE 17: BORROWINGS</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
<b>CURRENT</b>		
Insurance premium funding (a)	-	27,120
Asset finance facilities (b)	3,196,246	708,066
Current maturities of long-term bank loan (c)	2,420,608	2,335,078
<i>Sub-total</i>	5,616,854	3,070,264
<b>NON-CURRENT</b>		
Asset finance facilities (b)	4,437,800	1,030,013
Long-term bank loan, net of current maturities (c)	2,745,423	5,677,757
<i>Sub-total</i>	7,183,223	6,707,770
<b>Total</b>	<b>12,800,077</b>	<b>9,778,034</b>
<b>a) Insurance premium</b>		

The insurance premium funding bears interest at prevailing market rates and repayable over 11 months.

**b) Asset finance facilities including vendor loan agreement**

The asset finance facilities bear fixed interest at prevailing market rates (ranging from 3.3% to 4%) and are primarily repayable over 1 to 4 years. The asset finance facilities and the vendor loan agreement are secured via a registered GSA over vehicles and drill rigs which were purchased under the relevant agreements.

**c) Long-term bank loan**

The Group has a long-term bank loan with a major bank which bears interest at 4.41% per annum and repayable over 4 years. The loan is secured by items of plant and equipment obtained as part of the acquisition from Ausdrill (refer Note 25); the Group has also provided a general security agreement to the bank in respect of the Group's existing and future assets. The loan is repayable in monthly instalments until its expiry in July 2023.

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<b>NOTE 18: TRADE AND OTHER PAYABLES</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
Trade payables	3,649,783	3,610,317
GST liability	(409)	119,376
PAYG withholdings payable	-	544,499
Accruals	326,916	500,044
ATO client account	290,210	-
Deferred Revenue	738,302	-
Other payables	45,728	77,791
<b>Total</b>	<b>5,050,530</b>	<b>4,852,027</b>

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 23 below.

<b>NOTE 19: EMPLOYEE LIABILITIES</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
<b>CURRENT</b>		
Provision for annual leave	140,835	45,457
Superannuation liability	317,633	170,031
<i>Sub-total</i>	458,468	215,488
<b>NON-CURRENT</b>		
Provision for long service leave	4,781	-
<i>Sub-total</i>	4,781	-
<b>Total</b>	<b>463,249</b>	<b>215,488</b>

<b>NOTE 20: SHARE CAPITAL</b>	<b>30-June-21</b>	<b>30-June-20</b>
	\$	\$
<b>(a) Share Capital</b>		
386,955,864 (30 June 2020: 386,955,864) fully paid ordinary shares	19,130,558	19,135,614

*Ordinary shares*

During the 12-month period ended 30 June 2021, the Group did not issue any ordinary shares (30 June 2020: 250,727,248). All issued shares are fully paid.

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.

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(b) Movement in Ordinary Capital

		30-June-21	30-June-21	30-June-20	30-June-20
	Ordinary Shares	No.	\$	No.	\$
	At the beginning of the reporting period	386,955,864	19,135,614	136,228,616	29,912,298
28 August 2019	Shares issued under the public offer	-	-	129,629,630	7,000,000
28 August 2019	Shares issued under the Director past services offer to Directors as remuneration for past services	-	-	24,000,000	1,296,000
28 August 2019	Shares issued under the Pentium Hydro offer to Pentium Hydro vendors as consideration for the Company's acquisition of the entire issued capital of Pentium Hydro	-	-	7,800,000	421,200
30 June 2020	Issued of shares under rights issue (ii)	-	-	89,297,618	4,018,393
	Transaction costs	-	(5,056)	-	(524,126)
	Reduction in capital not represented by available assets (i)	-	-	-	(22,988,151)
	<b>Total</b>	<b>386,955,864</b>	<b>19,130,558</b>	<b>386,955,864</b>	<b>19,135,614</b>

- i) As at 30 June 2019, the Company had accumulated losses of \$22,988,151 from its previous operating activities. During the year, the Company acquired water well drilling assets and associated inventory from Ausdrill. This Transaction represented a significant change in the nature and scale of the activities of the Company from previous periods.

On 27 August 2020, the Board of Directors resolved to reduce the Company's share capital by \$22,988,151, in accordance with section 258F or the *Corporations Act 2001*, reducing accumulated losses deemed to be of a permanent nature by the same amount.

There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction

- ii) On 18 May 2020, the Company announced it was undertaking a 3 for 10 non-renounceable rights issue of up to 89.3 million fully paid ordinary shares at an issue price of \$0.045 per share to raise up to approximately \$4 million. The offer was open to all shareholders with a registered address within Australia or New Zealand who held shares on the record date of Wednesday, 3 June 2020. The offer closed on 23 June 2020, with the Company receiving applications exceeding the amount offered of \$4.02 million. On 30 June 2020, the Company subsequently issued 89,297,618 shares at an issue price of \$0.045 per share raising \$4.02 million (before costs) under a non-renounceable rights issue.

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*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. Refer to Note 23 for further information on the Company's capital management policy.

<b>NOTE 21: RESERVES</b>		<b>30-June-21</b>	<b>30-June-20</b>
		\$	\$
<b>(a) Share Based Payment Reserve</b>			
20,000,000 options (30 June 2020: 20,000,000) and 10,000,000 performance rights (30 June 2020: 10,000,000) on issue		452,293	364,000
<b>(b) Movement in Share Based Payment Reserve</b>			
		<b>30-June-21</b>	<b>30-June-20</b>
	<b>Share Based Payment Reserve</b>	<b>\$</b>	<b>\$</b>
	At the beginning of the period	364,000	-
28 August 2019	10,000,000 options issued under the Chairman options offer	-	241,000
28 August 2019	10,000,000 performance rights issued as performance incentives to executive Directors	-	-
28 October 2019	5,000,000 unvested performance rights lapsed and cancelled	-	-
3 February 2020	10,000,000 options issued under the Managing Director options offer	-	123,000
3 February 2020	5,000,000 performance rights issued to the Managing Director	-	-
30 June 2021	Share based payments	88,293	-
	<b>Total</b>	<b>452,293</b>	<b>364,000</b>

Refer to Note 22 below which outlines the movement in the current period's share-based payment expense.

**NOTE 22: SHARE BASED PAYMENTS**

During the year ended 30 June 2021 the Company recorded the following share-based payments:

**Share Issue**

During the year ended 30 June 2021 no share-based payments in the form of ordinary shares were issued by the Company to key management personnel as remuneration. Since the end of the financial year no ordinary shares have been granted to key management personnel.

**Options**

During the year ended 30 June 2021 no options over ordinary shares have been granted to key management personnel as remuneration. Further, during the reporting period, there were no shares issued on the exercise of options previously granted as compensation.

	30-Jun-21	30-Jun-21	30-Jun-20	30-Jun-20
<b>Options</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
At the beginning of the reporting period	20,000,000	364,000	-	-
Options issued under the Chairman options offer	-	-	10,000,000	241,000
Options issued under the Managing Director options offer	-	-	10,000,000	123,000
<b>Total</b>	<b>20,000,000</b>	<b>364,000</b>	<b>20,000,000</b>	<b>364,000</b>

During the year ended 30 June 2020 the Company issued the following options over ordinary shares to Directors as part of compensation that were outstanding as at 30 June 2021.

*Chairman Option Offer*

The issue of 10,000,000 options exercisable at \$0.054 on or before 28 August 2024 as performance incentives under the Chairman options offer.

The options were issued to Chairman Mr Peter Hutchinson in lieu of cash fees for the first 6 months following completion of the Acquisitions.

*Managing Director Option Offer*

The issue of 10,000,000 options to Managing Director Mr James Clement as part of his remuneration package. The shares were valued based on the public offer price of \$0.054.

The options have been valued using a Hoadley option pricing model.

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**Fair Value**

The Hoadley option pricing model was used to determine the fair value of the unlisted options issued. The Hoadley inputs and valuation were as follows:

Options	Managing Director Options		
	Chairman Options	Class A	Class B
Number of options	10,000,000	5,000,000	5,000,000
Grant date	5-Jul-19	3-Feb-20	3-Feb-20
Share price at grant date	\$0.033	\$0.67	\$0.67
Issue date	28-Aug-19	3-Feb-20	3-Feb-20
Exercise price	\$0.054	\$0.075	\$0.075
Expected volatility	100%	100%	100%
Implied option life	5 years	3 years	3 years
Expected dividend yield	-	-	-
Risk free rate	1.50%	0.70%	0.70%
Performance hurdle	-	30 day VWAP of \$0.085	30 day VWAP of \$0.100
Valuation per option \$	\$0.0241	\$0.012734	\$0.011866
<b>Total valuation</b>	<b>\$241,000</b>	<b>\$63,670</b>	<b>\$59,330</b>

**Performance Rights**

During the year ended 30 June 2021, the Company did not issue any performance rights as performance incentives to key management personnel.

	30-June-21 No.	30-June-21 \$	30-June-20 No.	30-June-20 \$
Performance rights				
At the beginning of the reporting period	10,000,000	-	-	-
28 August 2019- performance rights issued as performance incentives to executive Directors	-	-	10,000,000	-
28 October 2019 – unvested performance rights lapsed and cancelled	-	-	(5,000,000)	-
30 January 2020 – performance rights issued as performance incentives to the Managing Director	-	-	5,000,000	-
<b>Total</b>	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>

As at 30 June 2021, 10,000,000 performance rights were on issue and outstanding. Each performance right will convert on a 1:1 basis to fully paid ordinary shares upon achievement of their relevant vesting conditions (refer below).

Tranche	Number of Performance Rights on Issue	Condition Test Date	Vesting Condition
1	3,333,333	30 June 2022	<ul style="list-style-type: none"> <li>• Employment condition</li> <li>• Cumulative EPS condition</li> </ul>
2	3,333,333	30 June 2023	
3	3,333,334	30 June 2024	

**Where the:**

- Employment condition – means the holder of the Rights remains employed by the Company at the condition Test Date; and

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- Cumulative EPS condition – means the earnings per share (EPS) based on the achievement of compound annual growth in the Company’s EPS of 15% per annum from the financial year 30 June 2020, subject to a minimum EPS of \$0.01 for the financial year ending 30 June 2020. The EPS calculation will be based on the Company’s cumulative net profit after tax up until the relevant condition test date divided by the weighted average number of shares on issue over the relevant period, taking into account any new shares issued (or cancelled by the Company in the relevant period).

*Movements in performance rights*

The movement during the reporting period in the number of performance rights in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Key Management Personnel	Opening balance	Granted as compensation	Exercised	Cancelled	Closing balance	Vested during the year
	No.	No.	No.	No.	No.	No.
2021						
Peter Hutchinson	-	-	-	-	-	-
James Clement	5,000,000	-	-	-	5,000,000	-
Sheldon Burt	5,000,000	-	-	-	5,000,000	-
<b>Total</b>	<b>10,000,000</b>	-	-	-	<b>10,000,000</b>	-

*Performance rights*

At 30 June 2021, the unissued ordinary shares of the Company under performance rights are as follows:

Class	Number Under Performance Rights	Value at Grant Date (\$)	Date of Vesting	Management Probability Assessment 30-June-21	Fair Value (\$)
A	3,333,332	191,666	30-Jun-22	75%	143,750
B	3,333,332	191,667	30-Jun-23	0%	-
C	3,333,336	191,667	30-Jun-24	0%	-
<b>Total</b>	<b>10,000,000</b>	<b>575,000</b>	-	-	<b>143,750</b>

The executive performance rights have been valued based on the Company’s share price as at the date of their approval for issue. A total valuation of \$575,000 has been determined, assuming satisfaction of performance conditions in full and 100% vesting rate.

At 30 June 2021 the Company has assessed the likelihood of the achievement of the vesting conditions in respect of tranches 1 – 3 of the executive performance rights and determined that the achievement of the vesting conditions is uncertain at this point in time.

As a result, Management have applied varying probabilities of the performance conditions being met, resulting the fair value of the performance rights at 30 June 2021 to be \$143,750 (2020: nil). An expense of \$88,293 has been recognised (2020: nil) in line with the vesting periods per class, representing the Company’s best estimate of the performance rights that will eventually vest.

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### Share Based Payments Expense

Share based payment expense is comprised as follows:

	30-June-21	30-June-20
	\$	\$
24,000,000 shares issued to Directors as remuneration for past services	-	1,296,000
20,000,000 options as performance incentives	-	364,000
Performance rights payments	88,293	
<b>Total share-based payments expense</b>	<b>88,293</b>	<b>1,660,000</b>

### NOTE 23: FINANCIAL INSTRUMENTS & FAIR VALUE MEASUREMENT

#### Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

#### (i) 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.

#### (ii) Fair value hierarchy

Financial instruments carried at fair value are determined by valuation level, as determined in accordance with the relevant accounting standard. The different levels have been defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the current or prior year.

All financial assets and liabilities carried at fair value have been deemed to be level 2 within the fair value hierarchy. With respect to specific financial assets and liabilities, the following valuation methods have been used:

Term receivables and fixed interest securities are determined by discounting the cash flows, as at the market interest rates of similar securities, to their present value.

Other loans and amounts due are determined by discounting the cash flows, at market rates of similar borrowings, to their present value.

Other assets and other liabilities approximate their carrying value. The carrying amount of all financial assets and financial liabilities approximate their fair value at reporting date.

#### 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.

This Note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

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**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Due to the size of the Group, and its low nature of risk with respect to financial risk management, the Board is of the opinion that there is no need to establish a Risk Management Committee for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Foreign currency risk**

The Company is not exposed to any significant foreign currency risk. The Group is exposed to currency risk on administration costs, purchases of spare parts and plant and equipment that are denominated in New Zealand dollars (NZD) and US dollars (USD). The Group does not use currency hedging for administration expenses as the receipts in NZD and USD are used to meet the liability obligations of the Group entities denominated in NZD and USD.

The use of currency hedging for exposures relating to spare parts and plant and equipment purchases are assessed on a case by case basis. During the financial year ended 30 June 2021, the Group did not enter into any forward foreign currency contracts.

**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments which primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. The Group manages its exposure to changes in interest rates on borrowings by using a mix of fixed and floating rate debt. The Group is exposed to movements in market interest rates on short term deposits. The Directors monitor the Group's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Group also has short- or long-term debt, and therefore the risk is minimal.

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

**Profile**

At the reporting date the interest rate profile of the Group's variable interest-bearing financial instruments was:

**Variable rate instruments**

	<b>Carrying Amount</b>	
	<b>30-June-21</b>	<b>30-June-20</b>
	<b>(\$)</b>	<b>(\$)</b>
Financial assets	1,715,130	9,706,113
Financial liabilities	-	-
<b>Total</b>	<b>1,715,130</b>	<b>9,706,113</b>

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The table below illustrates 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
<b>30 June 2021</b>						
Cash and equivalents	50	8,576	8,576	50	(8,576)	(8,576)
<b>30 June 2020</b>						
Cash and equivalents	50	6,667	6,667	50	(6,667)	(6,667)

**Price risk**

The Company is not exposed to any significant price risk.

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisations of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the competency of personnel, adequacy of controls and risk management procedures to address the risks identified;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

**Capital management**

The Board's policy is to maintain adequate capital so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's debt and capital structure includes ordinary share capital and loans and borrowings. The Group is not subject to externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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The Group's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

<b>Capital Management</b>	<b>30-June-21</b>	<b>30-June-20</b>
	<b>(\$)</b>	<b>(\$)</b>
Total liabilities	20,571,716	16,526,715
Less: cash and cash equivalents	(6,555,486)	(9,706,113)
Net debt	<b>14,016,230</b>	<b>6,820,602</b>
Total capital	24,762,964	24,334,908
<b>Debt-to-capital ratio at the end of the period</b>	<b>0.57</b>	<b>0.28</b>

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Management has established a credit policy under which each new customer and counterparties to transactions are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the use of external ratings, when available. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. The Group's exposure to credit risk is influenced mainly by the individual credit characteristics of each customer. 100% of revenue is attributable to Australian entities.

Details with respect to credit risk of trade and other receivables are provided below. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed below.

**Impairment of financial assets**

The Group hold trade receivables that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

**Trade receivables**

The Group applies the AASB 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses have been grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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On that basis, the loss allowance as at 30 June 2021 and 1 July 2020 was determined as follows for trade receivables:

<b>1-July-20</b>	<b>Current</b>	<b>&lt; 30</b>	<b>31 - 60</b>	<b>61 - 120</b>	<b>&gt; 120</b>	<b>Total (\$)</b>
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount - trade receivables	2,766,495	-	-	-	-	2,766,495
<b>Loss allowance</b>	<b>2,766,495</b>	-	-	-	-	<b>2,766,495</b>

<b>30-June-21</b>	<b>Current</b>	<b>&lt; 30</b>	<b>31 - 60</b>	<b>61 - 120</b>	<b>&gt; 120</b>	<b>Total (\$)</b>
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount - trade receivables	5,043,834	-	-	-	-	5,043,834
<b>Loss allowance</b>	<b>5,043,834</b>	-	-	-	-	<b>5,043,834</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The Group has not recognised and impairment losses recognised in the statement of profit or loss as at 30 June 2021 arising from contracts with customers. The Group's receivables consist of Tier 1/Tier 2 Mining companies on 30-day net terms with no noted debtor payment issues to date since commencement of current activities.

#### *Exposure to credit risk*

The carrying amount of the Group's financial assets represents the maximum credit exposure. The credit risk on liquid funds is limited because the counterparties are banks with a minimum credit rating of AA assigned by reputable credit rating agencies. The Group's maximum exposure to credit risk at the reporting date was:

<b>Exposure to credit risk</b>	<b>30-June-21 (\$)</b>	<b>30-June-20 (\$)</b>
Cash and cash equivalents - AA Rated	6,555,486	9,706,113
Trade receivables	4,983,227	2,766,495
<b>Total</b>	<b>11,538,713</b>	<b>12,472,608</b>

#### *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.

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*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 cash flows
<b>30 June 2021</b>	\$	\$	\$	\$	\$
<b>Non-derivatives</b>					
<i>Interest bearing</i>					
borrowings	5,616,854	4,630,439	2,552,783	-	12,800,076
<i>Lease liability</i>	218,784	237,203	125,908	-	-
<i>Non-interest bearing</i>					
Trade and other payables	5,081,537	-	-	-	5,081,537
<b>Total non-derivatives</b>	<b>10,917,175</b>	<b>4,867,642</b>	<b>2,678,691</b>	-	<b>17,881,613</b>
<b>30 June 2020</b>					
<b>Non-derivatives</b>					
<i>Interest bearing</i>					
borrowings	3,070,264	3,625,564	3,082,206	-	9,778,034
<i>Lease liability</i>	186,473	218,784	363,111	-	-
Trade payables	-	-	-	-	-
<i>Non-interest bearing</i>					
Trade and other payables	5,022,059	-	-	-	5,022,059
<b>Total non-derivatives</b>	<b>8,278,796</b>	<b>3,844,348</b>	<b>3,445,317</b>	-	<b>14,800,093</b>

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**NOTE 24: RELATED PARTY TRANSACTIONS**

**(a) Individual Directors and executives compensation disclosures**

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' Report. Apart from the details disclosed in this Note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

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

	Short-term benefits			Other employee benefits	Post-employment	Equity	Total
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits		Post-employment Superannuation	Share-based payments	
<b>2021</b>	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson	38,356	-	-	-	3,644	-	42,000
<i>Executive Directors</i>							
James Clement <sup>1, 2</sup>	309,919	-	18,444	-	21,637	44,552	394,552
Sheldon Burt <sup>2</sup>	278,306	-	-	-	21,694	43,742	343,742
<i>Former Non-Executive Director</i>							
Christopher Brophy	15,982	-	-	-	1,518	-	17,500
<b>Total</b>	<b>642,563</b>	<b>-</b>	<b>18,444</b>	<b>-</b>	<b>48,493</b>	<b>88,294</b>	<b>797,794</b>

<sup>1</sup> The amount of \$18,444 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.

<sup>2</sup> Refer to section 6 of the remuneration report for further information pertaining to share-based payment expenses recognised for key management personnel.

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**(b) Subsidiaries**

All inter-company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

**(c) Other key management personnel and director transactions**

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.

Related party	Nature of transactions	Transaction value		Payable balance	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		\$	\$	\$	\$
Connada Pty Ltd / Mr Sheldon Burt <sup>1</sup>	Shares issued under the Pentium Hydro offer	-	157,950	-	-
Insight Ecosys Pty Ltd / Mr Chris Brophy <sup>2</sup>	Shares issued under the Pentium Hydro offer	-	157,950	-	-
Otsana Pty Ltd trading as Otsana Capital / Mr Faldi Ismail and Mr Nicholas Young	Lead manager and capital raising services	-	642,702	-	11,000
Onyx Corporate Pty Ltd / Mr Nicholas Young, Mr Faldi Ismail and Ms Kyla Garic	Accounting and company secretarial services	61,047	213,216	5,533	11,034

<sup>1</sup> Connada Pty Ltd an entity controlled by Mr Burt received 2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950.

<sup>2</sup> Insight Ecosys Pty Ltd an entity controlled by Mr Brophy received 2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950.

There were no trade receivables to related parties for the financial year ending 30 June 2021 (2020: \$Nil).

Artificial Holdings Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 1,170,000 shares under the Pentium Hydro offer equivalent to consideration of \$63,180. STRK Corporate Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 780,000 shares under the Pentium Hydro offer equivalent to consideration of \$42,120.

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**NOTE 25: PARENT ENTITY DISCLOSURES**

<i>Financial Position</i>	<b>30 June 2021 (\$)</b>	<b>30 June 2020 (\$)</b>
<b>Assets</b>		
Current assets	16,293,613	17,220,148
Non-current assets	3,620	1,652
<b>Total Assets</b>	<b>16,297,233</b>	<b>17,221,800</b>
<b>Liabilities</b>		
Current liabilities	116,873	208,348
Non-current liabilities	169,688	-
<b>Total liabilities</b>	<b>286,561</b>	<b>208,348</b>
<b>Net Assets</b>	<b>16,010,672</b>	<b>17,013,452</b>
<b>Equity</b>		
Share capital	19,130,558	19,135,614
Reserves	452,293	364,000
Retained losses	(3,572,179)	(2,486,162)
<b>Total Equity</b>	<b>16,010,672</b>	<b>17,013,452</b>
 <i>Financial Performance</i>	 <b>30 June 2021 (\$)</b>	 <b>30 June 2020 (\$)</b>
Loss for the year	(1,086,016)	(57,215)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(1,086,016)</b>	<b>(57,215)</b>

**Guarantees provided in relation to subsidiaries**

The Company provides a parent-company guarantee in respect to finance facilities established by Pentium Hydro.

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**NOTE 26: CONTROLLED ENTITY**

The ultimate legal parent entity of the Group is Vysarn Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described above.

Controlled entity	Country of Incorporation	Percentage Owned	
		30-Jun-21	30-Jun-20
Pentium Hydro Pty Ltd	Australia	100%	100%

The entire issued capital of Pentium Hydro was acquired by the Company on 28 August 2019.

**NOTE 27: COMMITMENTS AND CONTINGENCIES**

The Directors are not aware of any other commitments or any contingent liabilities that may arise from the Group's operations as at 30 June 2021.

**NOTE 28: EVENTS SUBSEQUENT AFTER THE REPORTING DATE**

There are no matters or circumstances that have arisen since 30 June 2021 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.

**NOTE 29: REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

**The registered office of The Company is:**

108 Outram St, West Perth

Western Australia 6005

**The principal place of business of The Company is:**

11 Gavranich Way, Wangara

Western Australia 6065



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 2021 and of its performance for the financial year ended on that date; and
  - (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), International Financial Reporting Standards 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 2021.

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



**James Clement**  
**Managing Director and Chief Executive Officer**  
Dated 27 August 2021

VYSARN LIMITED  
ABN 41 124 212 175  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
VYSARN LIMITED

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Vysarn Limited (the "Company") and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (a) giving a true and fair view of the Group's consolidated financial position as at 30 June 2021 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

*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.

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**VYSARN LIMITED**  
**ABN 41 124 212 175**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**VYSARN LIMITED**

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Revenue recognition</p> <p><i>Refer to Note 2(p) and Note 4 of the Financial Report</i></p> <hr/> <p>For the year ended 30 June 2021, the Group had revenue of \$25,824,506 from contracts with customers for its hydrogeological and dewatering business activities</p> <p>The determination of revenue recognition requires Management judgements in accounting for revenue, obligations, discounts, incentives and rebates in accordance with the Group's identified performance obligations as part of the transaction, as required under <i>AASB 15 Revenue from contracts with customers</i> ("AASB 15").</p>	<p>Our procedures included, amongst others:</p> <p>Understanding and evaluating the design and implementation of the relevant controls associated with the treatment of revenue, including, but not limited to, those relating to identification of performance obligations, discounts, incentives and rebates.</p> <p>Reviewing significant new contracts to understand their terms and conditions, including specified performance obligations included within and whether Managements' assessment for recognition of revenue under these contract terms is in accordance with AASB 15.</p> <p>Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the revenue amount recognised to the timing of when the Group satisfies performance obligations associated with the transaction in accordance with AASB 15.</p> <p>Considering the adequacy of the disclosures included within Note 2(p) and Note 4 of the financial report.</p>

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**VYSARN LIMITED**  
**ABN 41 124 212 175**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**VYSARN LIMITED**

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Carrying value of plant and equipment  <i>Refer to Note 2(i) and Note 15 of the financial report</i></p> <p>At 30 June 2021, plant and equipment totalling \$29,548,665 represent a significant portion of the Group's consolidated statement of financial position.</p> <p>The evaluation of the recoverable amount of these assets requires significant Management judgement in determining the key assumptions including revenue and cost projections supporting the expected future cash flows ("forecast models") of the business and the utilisation of the relevant assets.</p>	<p>Our procedures included, amongst others:</p> <p>Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of plant and equipment including capitalisation of expenditure.</p> <p>Critically evaluating and challenging the methodology and key assumptions around revenue and cost projections of management in their preparation of forecast models of the Group which has been deemed a single cash generating unit ("CGU") encompassing plant and equipment on hand at 30 June 2021.</p> <p>Evaluating and assessing the Group's assessment for impairment indicators associated with its plant and equipment as a single CGU.</p> <p>Checking the mathematical accuracy of forecast models and agreeing what has been provided to the latest Board approved forecasts.</p> <p>Assessing the Group's accounting policy and disclosures for plant at equipment as set out within Note 2(i) and Note 15 to the financial report.</p>

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<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
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<p>Share-based Payments</p> <p><i>Refer to Note 2(v) and 22 of the Financial Report</i></p>	<p>Our procedures included, amongst others:</p> <p>Understanding and evaluating the design and implementation of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share-based payments, including in relation to volatility of the underlying security and the appropriateness of the model used for valuation.</p> <p>Assessing the appropriateness of share-based payment expensed during the year pursuant to the requirements of Australian Accounting Standards.</p> <p>Assessing the Group's accounting policy as set out within Note 2(v) and disclosures within Note 22 for compliance with the requirements of AASB 2 <i>Share-based Payment</i>.</p>
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- Assessing the probability of achieving key performance milestones in relation to vesting conditions; and
- Assessing the fair value of the share price on grant date, estimate of expected future share price volatility, expected dividend yield and risk-free rate of interest.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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*Responsibilities of the Directors for the Financial Report*

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

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

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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 Group'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 Group'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 Group 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.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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*

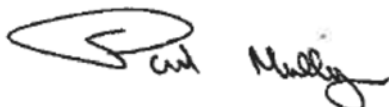
We have audited the Remuneration Report included in pages 10 to 19 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

##### *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  
Executive Director  
Perth, 27 August 2021

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