FY22

ANNUAL REPORT

VYSARN

Vysarn Limited (ABN 41 124 212 175)
and incorporated entities
for the financial year ending 30 June 2022

vysarn.com.au

...the whole Company has had a transformative twelve months

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Peter Hutchinson
Chairman

James Clement
Managing Director and CEO

Sheldon Burt
Executive Director

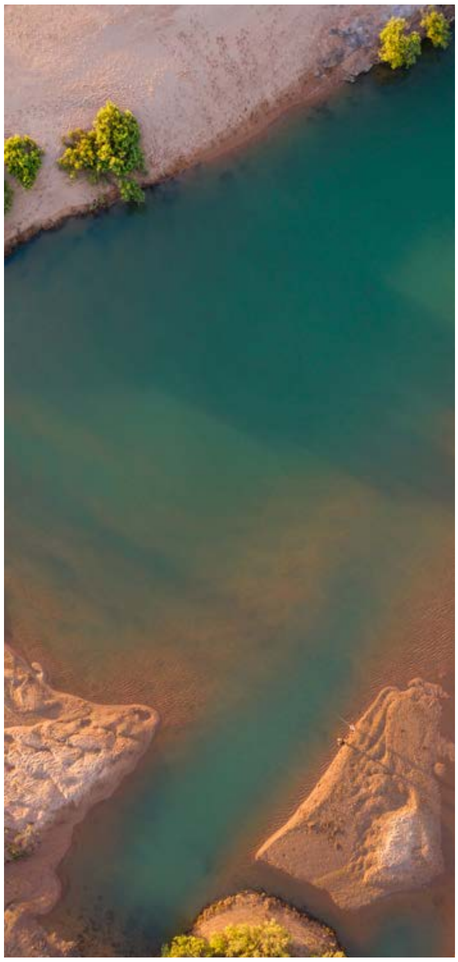
COMPANY SECRETARY

Matthew Power

REGISTERED OFFICE
AND PRINCIPAL PLACE OF BUSINESS

Level 1, 640 Murray Street
West Perth, WA 6005

Ph: +61 8 6182 1790

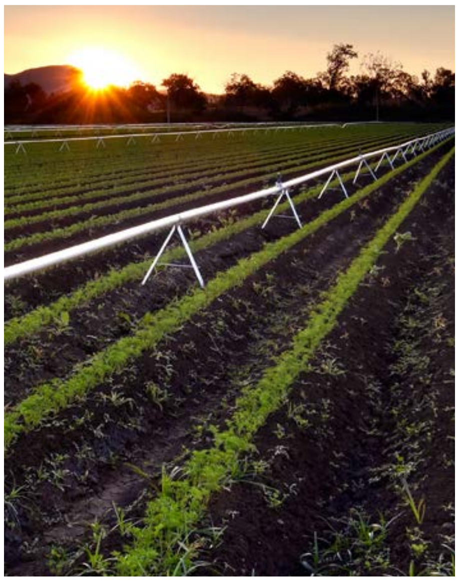


AUDITOR

PITCHER PARTNERS

Pitcher Partners BA&A Pty Ltd

Level 11, 12-14 The Esplanade
Perth, WA 6000



SHARE REGISTRY

Automic Registry Services

Level 5, 191 St Georges Terrace
Perth, WA 6000

BANKERS

Westpac Banking Corporation

Level 3, Tower 2, 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 board and management had a clear intention to execute on the initial stages of the company's vertical integration strategy in water services

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders

It is with great pleasure that I present the 2022 Annual Report for Vysarn Limited (Vysarn) and the financial results for the company in what has proven to be a defining year in the company's early growth and strategic aspirations.

As Vysarn entered the 2022 financial year, the board and management had a clear intention to execute on the initial stages of the company's vertical integration strategy in water services. The two main drivers of the strategy were to diversify away from the concentration risk associated with the single service nature of the company's hydrogeological drilling division and to broaden our service offerings and earnings across multiple water focussed divisions. This approach was designed to not only mitigate earnings concentration risks but to drive shareholder value by creating a diverse basket of complimentary and integrated water focused subsidiaries.

In executing the strategy, a number of key milestones were achieved within the financial year with Vysarn moving from owning and operating one wholly owned subsidiary to three. Vysarn made its first acquisition in Yield Test Pumping (subsequently renamed Pentium Test Pumping) to provide test pumping capability and organically launched Pentium Water to provide water consultancy and advisory capability. Future growth opportunities were also identified in the period, with one such opportunity being Project Engineering (WA) which the company recently settled on 30 September 2022.

The consolidated group entity produced earnings before interest, tax and depreciation of $9.08 million, net profit before tax of $4.10 million, operational cashflow of $9.49 million, with a balance sheet showing net tangible assets of $28.09 million of which $5.71 million was cash and cash equivalents as at 30 June 2022.

Vysarn remains in good shape as it enters the next financial year and continues to see material opportunities to grow each of its subsidiaries, as well as capitalising on future growth options in the wider water sector.

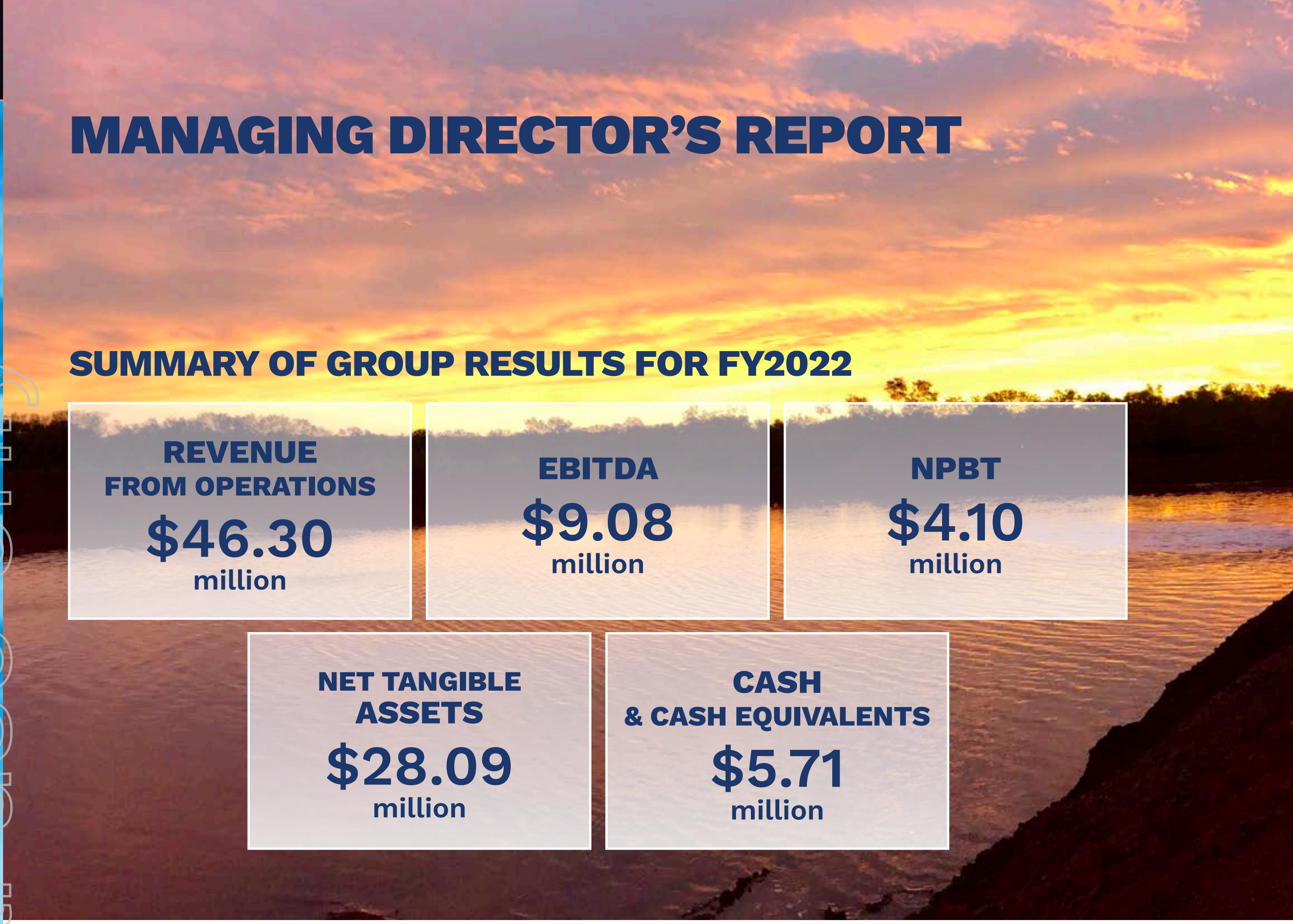
I'd like to thank management and staff for all their endeavours over the last financial year. It's been a highly successful year despite a backdrop featuring significant challenges such as COVID-19, labour shortages, cost pressures and supply chain disruptions.

On behalf of the Board I would like to thank you for your ongoing support and patience as we grow the business. It is our intention to reward shareholders with long term sustainable value.

Sincerely,

Peter Hutchinson
Chairman

30 September 2022



MANAGING DIRECTOR'S REPORT

SUMMARY OF GROUP RESULTS FOR FY2022

REVENUE FROM OPERATIONS
$46.30 million

EBITDA
$9.08 million

NPBT
$4.10 million

NET TANGIBLE ASSETS
$28.09 million

CASH & CASH EQUIVALENTS
$5.71 million

FY2022 RESULTS COMMENTARY

Vysarn's revenue from operations to 30 June 2022 of $46.30 million exceeded previous corresponding period revenue from operations by $20.47 million.

Revenue from operations in FY2022 represents a full twelve month operational contribution from the Company's hydrogeological drilling division, a nine month operational contribution from the test pumping division (post acquisition in 2021) and a five month operational contribution from the consultancy division (post organic launch in 2022).

While revenue generated by the test pumping and consultancy divisions were broadly in line with management expectations, second half revenue in the hydrogeological drilling division was adversely and materially affected by COVID-19 interruptions (as disclosed in ASX announcement 5 May 2022).

Net Profit Before Tax (NPBT) was $4.10 million and Net Profit After Tax (NPAT) was $2.86 million for the 12 months to 30 June 2022. The tax expense in FY2022 was non-cash due to the Company employing carried forward tax losses from previous financial periods. The Company continues to carry tax losses of $11.27 million that can be used to offset future taxable income.

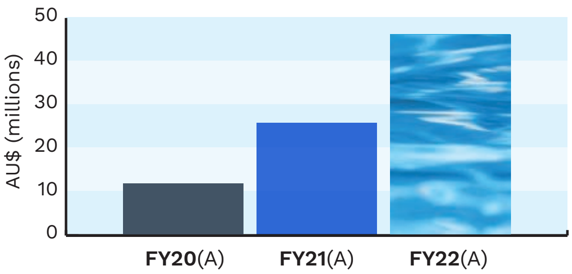
The Company has Net Tangible Assets (NTA) of $28.09 million, representing a NTA backing of $0.072 a share. Net Current Assets were $3.98 million, Cash and Cash Equivalent position was $5.71 million and net debt was $4.20 million as at 30 June 2022.

FY22 KEY FINANCIAL METRICS

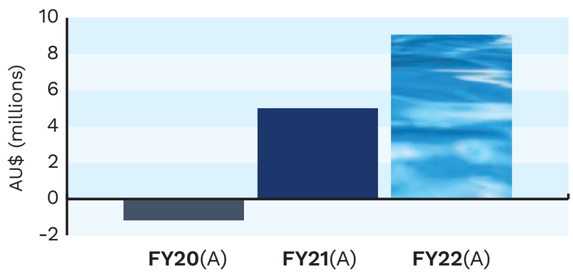
Description	FY22	FY21	Variance	Variance
	$	$	$	%
Operational Revenue	46,297,406	25,824,506	20,472,900	79
EBITDA	9,075,292	5,001,161	4,074,132	81
NPBT	4,095,180	1,137,420	2,957,760	260
NPAT	2,856,729	344,819	2,511,910	728
Operational Cashflow	9,499,462	1,707,085	7,792,377	456

KEY FINANCIAL METRICS

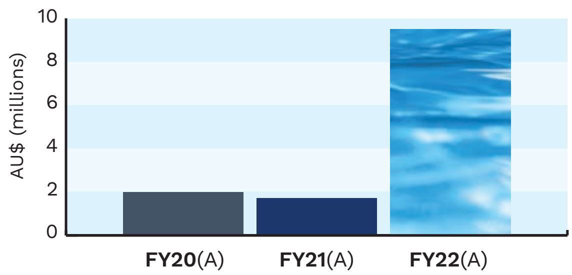
OPERATIONAL REVENUE



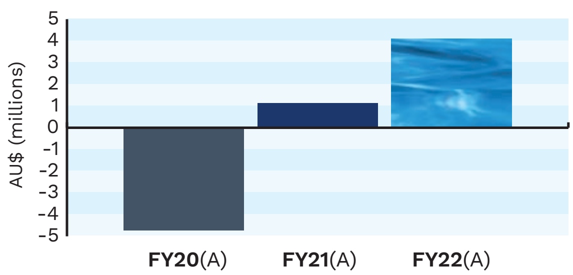
EBITDA



OPERATIONAL CASHFLOW



NPBT



GROUP OPERATIONS OVERVIEW

Operationally and structurally the whole Company has had a transformative twelve months. In this time the Company has pivoted away from being solely a hydrogeological driller, to having executed the early stages of a clearly defined strategy to establish itself as a vertically integrated, whole of life water service provider. Within the period this has been achieved by moving Pentium Hydro to an operational steady state (albeit with COVID-19 interruptions), the acquisition and integration of Pentium Test Pumping, the organic establishment of Pentium Water and completion of the ProEng acquisition.

Entering the new financial year, the Company is well positioned to meet continued demand for a broad range of end to end water services across multiple sectors.

PENTIUM HYDRO

PENTIUM
HYDRO

OPERATIONS

Throughout FY2022 Vysarn's wholly owned subsidiary Pentium Hydro Pty Ltd (www.pentiumhydro.com.au) continued to focus on achieving and maintaining the full deployment of staff and equipment. Pleasingly, this objective was successfully achieved in the December half of the financial year providing the Company with valuable insight into the operational and earnings capacity of a fully deployed Pentium Hydro. COVID-19 case numbers in the June half of the financial year unfortunately created issues in worker availability and client site access which in turn created short-term interruptions in operational and earnings momentum experienced in the December half.

Ongoing Master Service Agreements with Fortescue Metals Group and Roy Hill Iron Ore continued to underpin the majority of Pentium Hydro's asset utilisation. During the period, Pentium Hydro entered into a Goods and Services Contract with BHP Nickel West for the provision of hydrogeological drilling services for the supply of one rig suite with the potential for an expanded scope of works in future periods. Pentium Hydro also completed work for IGO, Western Areas, Iluka Resources and Dacian Gold.

Leading into the new financial year Pentium Hydro is well positioned to take advantage of additional long term contract opportunities with tier one resource companies that will support long term full deployment and higher utilisation rates across the drilling fleet. Commercial discussions in this regard are well progressed. Importantly, the realisation of these opportunities will help avoid the mobilisation timing and operational vagaries that often accompany short term fixed scope work, in turn improving operations, asset utilisation and margins.

While the domestic labour market for hydrogeological drilling professionals and the inflationary economic environment continued to be challenging throughout the period, the Company was still able to grow employee headcount, keeping rigs fully resourced. COVID-19 interruption was the major caveat in the period regarding employee availability.

OUTLOOK

Management anticipates that for the twelve months to 30 June 2023 (FY2023) opportunities to maintain high utilisation rates across Pentium Hydro's rig suites will be underpinned not only by the Company's current multi-rig multi-year contracts, but also by the additional award of expected near term contracts to supply hydrogeological drilling services to new tier one resource clients. The opportunity to replicate and then build on previous steady state earnings performances in Pentium Hydro could however be subject to COVID-19 interruptions, wet weather, unforeseen repairs and maintenance and other unbudgeted operational expenses.

Management's key focus and strategic intent for Pentium Hydro in FY2023 is to have all twelve Company owned drill rigs plus associated ancillary equipment deployed, fully utilised and set under long term multi-year contracts, across a balanced distribution of tier one resource clients. Ongoing improvements in Pentium Hydro's safety and incremental operational efficiencies will also continue to be pursued.

PENTIUM TEST PUMPING

PENTIUM
TEST PUMPING

OPERATIONS

The Company completed the acquisition of Yield Test Pumping Pty Ltd in November 2021 with the business subsequently renamed Pentium Test Pumping Pty Ltd (www.pentiumtestpumping.com.au). Via the acquisition, the Company assumed the Master Service Agreement providing test pumping services to Fortescue Metals Group, strengthening the group's relationship and suite of service offerings to this key client.

Pentium Test Pumping exceeded initial expectations in its first months of trading with staff and management proving to be an immediate cultural fit within the group. Of note, the utilisation and operational performance of the test pumping division was strong with clear avenue for the addition of extra test pumping units to service the resources sector as well as the creation of ancillary down hole services.

OUTLOOK

It is anticipated that Pentium Test Pumping's current fleet of equipment will remain fully utilised under its current contractual arrangements with ongoing and increasing opportunities to double shift the equipment at intervals throughout FY2023.

Subject to current domestic supply chain constraints it is also anticipated that a second test pumping unit recently approved by the board will be delivered and operational within FY2023. Considerable research and development has gone into the new unit to implement structural and technological improvements identified over time whilst operating Pentium Test Pumping's first generation equipment.

In addition to test pumping, the recent acquisition of ProEng will provide Pentium Test Pumping with an avenue to potentially build significant and industry leading capability in injection testing using the registered and patented valve technology developed by ProEng. Management intends to develop this capability within Pentium Test Pumping as soon as practicable post acquisition of ProEng.

PENTIUM WATER

PENTIUM
WATER

OPERATIONS

In February 2022 the Company launched Pentium Water Pty Ltd (www.pentiumwater.com.au) as a wholly owned subsidiary of the Company to provide consulting services covering ground water, surface water and environmental planning.

Pentium Water has provided the Company with an organic entry into the consulting sector and in the early stages of operations has proved to be a successful and strategically important initial entry point into the design phase of the Company's vertical integration strategy.

Since its launch Pentium Water has been able to establish a complement of staff across disciplines in surface water, ground water, environmental planning and water resource engineering. The division has already established a pipeline of future work across all disciplines and capacity remains for future growth in the consulting team. Subsequently, as it enters the new financial year Pentium Water has positioned itself to arrive at an initial steady state phase of business operations.

As has been previously outlined, Pentium Water is not expected to provide a material earnings contribution to the group in its own right, but rather it is anticipated that the line of sight that the division will provide on forthcoming projects and opportunities in the broader water sector will be substantial. Pentium Water is already seeing and providing new and material opportunities for the Company to expand and invest beyond its current capacity and suite of services.

One such early opportunity identified by Pentium Water is the growing demand for managed aquifer recharge capabilities and adjacent services, particularly within the iron ore sector in the Pilbara region of Western Australia. The Company subsequently announced the completion of the share sale agreement to acquire Project Engineering (WA) Pty Ltd (ProEng) on 30 September 2022. ProEng is a domestic leader in the provision of managed aquifer recharge technology.

OUTLOOK

Pentium Water's consulting team has grown to sixteen employees since its inception in February 2022. Management has established a pipeline of future work for FY2023 to be executed across scopes in ground water, surface water and water resource engineering, as well as environmental planning. The division's clientele is diverse with representation from the resource sector, large scale urban developers and government agencies.

In addition to its primary initiative of delivering consultancy services across multiple disciplines, Pentium Water is expected to identify and develop investment opportunities for the Company across a broad spectrum of water and environmental industries. The division has visibility on material early-stage projects through the provision of its front-end consultancy services. In addition to the consultancy piece, Pentium Water regularly identifies opportunities to not only consult to projects but to co-invest or own projects in its own right (subject to the availability of funding).

The Company intends to foster and pursue a number of these opportunities throughout 2023. Early stage opportunities identified by Pentium Water have been in managed aquifer recharge, water ownership, water infrastructure, asset management, carbon farming, irrigated agriculture, mine closure and urban rehabilitation.

FY23 GROUP OUTLOOK

VYSARN

PROENG

Noting the recent acquisition of ProEng, management's intention is to immediately integrate the business within the group and to deliver forecast earnings in line with what was discovered during the due diligence process. This will primarily be driven by earnings generated by ProEng's core competency in the provision of managed aquifer recharge systems to tier one iron ore clients in the Pilbara. Ancillary earnings are expected to be generated by ongoing work in the commercial fishing sector.

PROJECT ENGINEERING (WA) PTY LTD

The Company will pursue organic growth opportunities for ProEng as well as what management views as material integration opportunities with Pentium Test Pumping and Pentium Water. As previously outlined, the intention is to expand Pentium Test Pumping's service offering into injection testing and Pentium Water's service offering into managed aquifer recharge consulting.

In addition, there is growing interest in managed aquifer recharge systems and their ability to assist in processes aimed at water harvesting and water banking to future proof water supplies from both regulated and non-regulated water abstraction sources.

FY2023 GROUP OUTLOOK

Driving an increase in shareholder value remains a key focus of Vysarn's board and management. The Company will continue to execute the vertical integration strategy patiently and meticulously. In past commentary management has emphasised the need to reduce concentration risk associated with the capital intensive, single service nature of the hydrogeological drilling division. This strategic initiative is still at the forefront of board and management thinking.

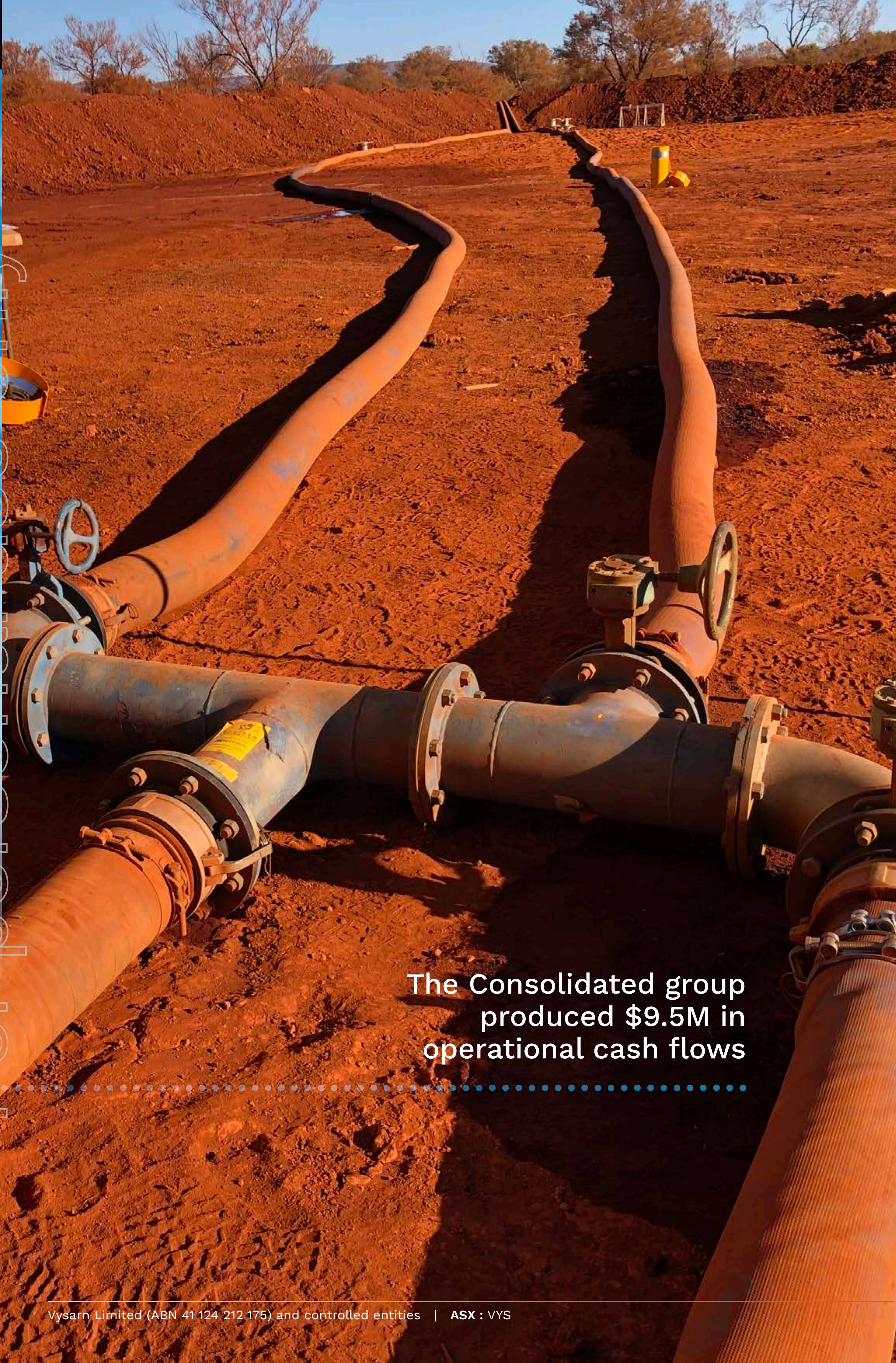
In line with the Company's strategy, providing multiple services via Pentium Water, Pentium Hydro, Pentium Test Pumping and ProEng will provide the Company with a broader and differentiated competitive moat by being able to better service clients across multiple fronts as well as providing cross selling opportunities across sectors, projects and clients.

With a focus on driving shareholder value, diversification also provides an opportunity for the expansion in valuation multiples as the market recognises the value of a diverse portfolio of services across water, diversified revenue streams and a balanced mix of capital light and capital intensive business units.

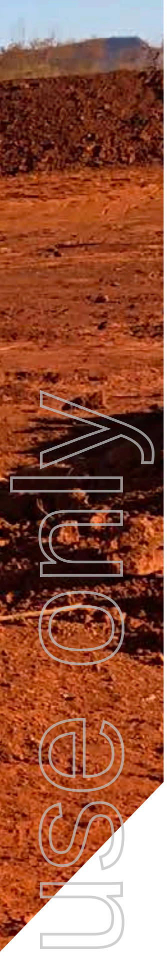
Vysarn is well positioned entering FY2023. The Company continues to be sufficiently funded, has a clearly defined strategy with early execution success, has a broad range of growth prospects and remains well placed to deliver long term, sustainable value for its shareholders.

James Clement
Managing Director

30 September 2022



The Consolidated group produced $9.5M in operational cash flows



DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Vysarn Limited ("Vysarn" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2022 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:

- **Peter Hutchinson**
  Chairman
  Appointed 27 October 2017
- **James Clement**
  Managing Director and CEO
  Appointed 3 February 2021
- **Sheldon Burt**
  Executive Director
  Appointed 15 May 2019

2. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, the Group continued to execute its strategy to become an industry leading vertically integrated water and environmental services provider, as detailed in its review of operations. 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.

4. REVIEW OF OPERATIONS

A review of the operations of the group during the financial year are as follows:

A. THE GROUP'S OPERATIONS

- The Company's wholly owned subsidiary Pentium Hydro Pty Ltd ("Pentium Hydro") experienced significant growth in the financial year as it approached steady state operations and full asset utilisation. Pentium Hydro continues to service major mining companies that are experiencing growing dewatering issues as a result of the increase in the proportion of their economic ore bodies lying below the water table.
- The Group acquired 100% of the issued capital of Pentium Test Pumping Pty Ltd (Pentium Test Pumping) (formerly Australian Groundwater Solutions Pty Ltd trading as Yield Test Pumping) and also organically established Pentium Water during the period. Pentium Test Pumping is a leading provider of test pumping solutions to tier-1 resource clients in Western Australia and provides the Group with a unique and integrated service offering across hydrogeological drilling and test pumping. Pentium Water Pty Ltd (Pentium Water) was established to provide consulting services in ground water, surface water and environmental planning. Pentium Water services the resource, urban development, utility, government and agricultural sectors.

B. THE GROUP'S BUSINESS AND STRATEGY

- Vysarn aims to become an industry leading vertically integrated water and environmental services provider and is focused on building value, scale and diversity through organic growth and strategic acquisitions. The Company experienced early strategy execution success during the period through organic growth and a strategic acquisition, growing its services to include Pentium Hydro, Pentium Water, and Pentium Test Pumping.
- Vysarn intends to build on its current foundation of hydrogeological drilling, test pumping and water consultancy by pursuing further growth initiatives within the water and environmental vertical, as well as exploring adjacent service and sector opportunities

The Group's operations and financial position for the relevant period is further discussed in "Note 6" on page 44.

5. LIKELY DEVELOPMENTS

The Group will continue to pursue new contract opportunities in Australia for its hydrogeological drilling, test pumping and water consultancy focused business activities.

6. FINANCIAL PERFORMANCE

The profit for the Group after providing for income tax amounted to $2.86 million (30 June 2021: $0.34 million).

Working capital, represented by current assets less current liabilities, was $3.981 million (30 June 2021: $3.93 million). The Company had positive cash flow from operating activities for the year amounting to $9.50 million (2021: $1.71 million).

Operational revenue for the year ended 30 June 2022 was $46.30 million (2021: $25.8 million). Growth was generated primarily from obtaining new water well drilling contracts and deploying additional drill rigs, the acquisition of Pentium Test Pumping and organic growth of Pentium Water.

A. PRINCIPAL ACTIVITIES

The Group currently operates hydrogeological drilling, test pumping and water consultancy businesses predominately in Western Australia.

The Group aims to become a significant provider of production critical water services and solutions to industry in Australia.

The table below provides a comparison of the key results for the year ended 30 June 2022 to the preceding year ended 30 June 2021:

	30-June-22	30-June-21
	($)	($)
STATEMENT OF PROFIT OR LOSS		
Revenue from operations	46,297,406	25,824,506
Reported profit / (loss) after tax	2,856,729	344,819
STATEMENT OF FINANCIAL POSITION		
Net Assets	28,085,390	24,762,964
Total Assets	49,248,719	45,334,680
Cash and cash equivalents	5,706,447	6,555,486

7. EVENT SUBSEQUENT TO REPORTING DATE

The Company released the following material ASX announcement post 30 June 2022:

- As announced on 11 August 2022, the Company entered into a share sale agreement to acquire Project Engineering (WA) Pty Ltd ("ProEng"). Under the share sale agreement, the Company will acquire 100% of the issued shares in ProEng for a consideration of $2.60 million in cash. The purchase price assumes that ProEng is acquired debt free. There is a provision within the share sale agreement for an adjustment to the cash consideration based on agreed working capital. There is no other matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Company's state of affairs in future financial years.

8. INDUSTRY AND GEOGRAPHIC EXPOSURES

The Group is exposed to the Australian mining industry and the large scale domestic urban development sector. On a geographic basis, the Group is predominantly exposed to Western Australia.

9. ENVIRONMENTAL REGULATION

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

10. INFORMATION ON DIRECTORS & COMPANY SECRETARY

PETER HUTCHINSON Chairman (Appointed 27 October 2017)

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

Mr Hutchinson 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.

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:*
N/A

Interests in shares:
57,000,000 fully paid ordinary shares

Interests in options:
10,000,000 options

JAMES CLEMENT Managing Director and CEO (appointed 3 February 2021)

Experience and Expertise:
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.

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:*
- Mareterram Limited (ceased 15 April 2019)

Interests in shares:
13,500,000 fully paid ordinary shares

Interest in options:
10,000,000 options

Interest in performance rights:
5,000,000 performance rights

SHELDON BURT Executive Director (appointed 15 May 2019)

Experience and Expertise:
Mr Burt is an Executive Director of Vysarn Limited and co-founder of its subsidiary Pentium Hydro Pty Ltd. A drilling industry professional with over 35 years national and international experience, Mr Burt started his career in 1986 and since that time has held various roles including field based and operational responsibilities and senior management and executive management.

Prior to forming Pentium Hydro and joining the Vysarn board in 2019 Mr Burt was the co-founder and Managing Director of SBD Drilling, a Perth based exploration drilling company with successful operations in Australia and West Africa from 2004 to 2011 before selling and moving on to the role of General Manager at Easternwell Minerals for 6 years between 2012 and 2018.

Other current listed directorships:
N/A

Former listed directorships:*
N/A

Interests in shares:
6,217,315

Interest in performance rights:
5,000,000

** Directorships held in the last 3 years*

MATTHEW POWER **Company Secretary** (appointed 30 June 2021)

Experience and Expertise:
Mr Power is a finance professional having acquired public company experience while 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. Previously Mr Power worked in professional insolvency and restructuring services, across a variety of industry sectors including resources and mining, mining services, agribusiness and retail.

11. MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, 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	12	12	2	2	1	1
James Clement	12	12	2	2	1	1
Sheldon Burt	12	12	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.

12. 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.

A. 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.

13. SHARES UNDER OPTION

At 30 June 2022 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 July 2019	05 July 2024	0.054	10,000,000
03 February 2020	03 February 2023	0.075	5,000,000
03 February 2020	03 February 2023	0.075	5,000,000
Total	-	-	**20,000,000**

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

14. SHARES UNDER PERFORMANCE RIGHTS

At 30 June 2022 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	1-Jul-22	Employment and cumulative EPS condition	1,666,666
28-Aug-19	1-Jul-23	Employment and cumulative EPS condition	1,666,666
28-Aug-19	1-Jul-24	Employment and cumulative EPS condition	1,666,668
30-Jan-21	1-Jul-22	Employment and cumulative EPS condition	1,666,666
30-Jan-21	1-Jul-23	Employment and cumulative EPS condition	1,666,666
30-Jan-21	1-Jul-24	Employment and cumulative EPS condition	1,666,668
		Total	**10,000,000**

15. 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.

16. 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 2022	30 June 2021
	$	$
Amount paid/payable to Pitcher Partners BA&A Pty Ltd or related entities for non-audit services		
Pitcher Partners Accountants & Advisors WA Pty Ltd – Taxation compliance services	19,730	20,750
Total auditors' remuneration for non-audit services	**19,730**	**20,750**

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:

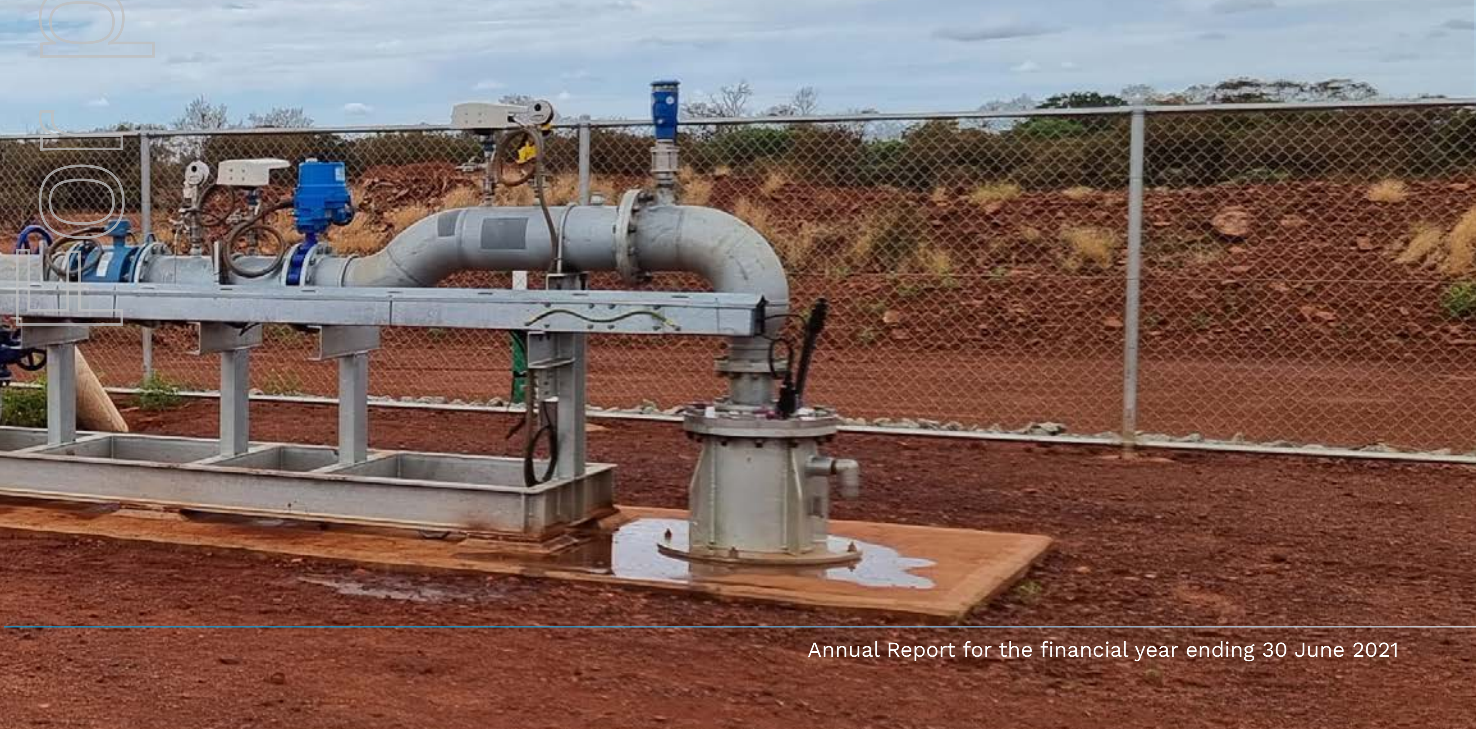
- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor and other general principles to independence as set out in APES 110 Code of Ethics for Professional 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.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) for the year ended 30 June 2022 has been received and can be found on page 28 of the financial report.

18. ROUNDING OF AMOUNTS

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



It's been a highly successful year despite a backdrop featuring significant challenges.

REMUNERATION REPORT (AUDITED)

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

1. **Introduction**
2. **Remuneration governance**
3. **Executive remuneration arrangement**
4. **Non-Executive Director fee arrangement**
5. **Details of remuneration**
6. **Share-based compensation**
7. **Loans to Directors and executives**
8. **Other transactions and balances with KMP and their related parties**
9. **Key performance indicators of the Company over the last 5 years**

The remuneration report for the year ended 30 June 2022 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.

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 2022 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 2021	-
Sheldon Burt	Executive Director	15 May 2019	-

1. INTRODUCTION

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

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

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

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

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

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high-quality personnel. The Company has structured a market competitive executive remuneration framework. The reward framework is designed to align executive reward to shareholders' interests.

The Board has considered that it should seek to enhance shareholders' interests by:

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

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

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

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 and includes an increase in shareholders' value. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2022.

A. 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.

B. VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING ("AGM")

The Company received more than 99% of "yes" votes on its remuneration report for the 2021 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 cash incentive of up to $150,000 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:

   i. a base salary of $300,000 per annum, including mandatory superannuation contributions;

   ii. a short-term cash incentive of up to $150,000 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.

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;

   ii. by the executive Director if the Company breaches the agreement and does not remedy the breach within 10 business days on notice of breach; and

   iii. by the Company effective immediately in the event the executive Director is guilty of gross misconduct, becomes bankrupt or insolvent, is convicted of a criminal offence or other similar grounds.

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 2022 financial year (inclusive of superannuation):

BOARD FEES – PER ANNUM

	Board	Committee	Total
	$	$	$
Chair	60,000	-	60,000

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.

2022	Short-term benefits				Post-employment	Equity	
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Superannuation	Share-based payments	Total
	$	$	$	$	$	$	$
CHAIRMAN							
Peter Hutchinson	46,451	-	-	-	4,661	-	51,112
EXECUTIVE DIRECTORS							
James Clement [1,2]	293,372	59,724	34,934	-	23,844	57,115	468,989
Sheldon Burt [2]	278,306	39,496	-	-	24,072	46,259	388,133
Total	**618,129**	**99,220**	**34,934**	-	**52,577**	**103,374**	**908,234**

1. *The amount of $34,934 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.*
2. *Refer to "6. Share-based Compensation" on page 25 of the Remuneration Report for further information pertaining to share-based payment expenses recognised for key management personnel.*

2021	Short-term benefits				Post-employment	Equity	
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Superannuation	Share-based payments	Total
	$	$	$	$	$	$	$
CHAIRMAN							
Peter Hutchinson	38,356	-	-	-	3,644	-	42,000
EXECUTIVE DIRECTORS							
James Clement1 [2]	309,919	-	18,444	-	21,637	44,552	394,552
Sheldon Burt [2]	278,306	-	-	-	21,694	43,742	343,742
FORMER NON-EXECUTIVE DIRECTOR							
Christopher Brophy [3]	15,982	-	-	-	1,518	-	17,500
Total	**642,563**	-	**18,444**	-	**48,493**	**88,294**	**797,794**

1. *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.*
2. *Refer to "6. Share-based Compensation" on page 25 of the Remuneration Report for further information pertaining to share-based payment expenses recognised for key management personnel.*
3. *Resigned 28 January 2021.*

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

	Fixed Remuneration		At Risk STI		At Risk LTI	
	2022	2021	2022	2021	2022	2021
DIRECTORS						
Peter Hutchinson	100%	100%	-	-	-	-
James Clement	75%	89%	13%	-	12%	11%
Sheldon Burt	78%	87%	10%	-	12%	13%

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

A. ISSUE OF SHARES

During the year ended 30 June 2022 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.

B. PERFORMANCE RIGHTS

During the year ended 30 June 2022, the Company did not issue any performance rights as performance incentives to key management personnel.

C. 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
2022	No.	No.	No.	No.	No.	No.
Peter Hutchinson	-	-	-	-	-	-
James Clement	5,000,000	-	-	-	5,000,000	1,666,666
Sheldon Burt	5,000,000	-	-	-	5,000,000	1,666,666
Total	**10,000,000**	-	-	-	**10,000,000**	**3,333,332**

PERFORMANCE RIGHTS ON ISSUE AT YEAR END

At 30 June 2022, the unissued ordinary shares of the Company under performance rights are as follows:

Tranche	Number Under Performance Rights	Value at Grant Date ($)	Date of Vesting	Management Probability Assessment 30-Jun-22	Fair Value ($)
1	3,333,333	191,666	30-Jun-22	100%	191,666
2	3,333,333	191,667	30-Jun-23	0%	-
3	3,333,334	191,667	30-Jun-24	0%	-
Total	**10,000,000**	**575,000**	**-**	**-**	**191,666**

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	• Employment condition • Cumulative EPS condition
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 2021, subject to a minimum EPS of $0.01 for the financial year ending 30 June 2021. 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.

It was put to the shareholders as an ordinary resolution, that, pursuant to and in accordance with Chapter 2E of the Corporations Act, Listing Rule 6.23.4, and for all other purposes, Shareholders approve the removal of the cumulative EPS condition attached to Tranche 1 of the Director Performance Rights on the terms and conditions in the Notice of Meeting. The resolution was subsequently passed at the Company's Annual General Meeting on 25 November 2021. Accordingly, at 30 June 2022 the Company assessed the likelihood tranche 1 vesting to be 100%.

$103,374 in share-based payment was recorded as an expense in the statement of profit or loss and other comprehensive income during the year ended 30 June 2022 (30 June 2021: $88,293) in relation to the performance rights.

In respect of tranches 2 – 3 of the performance rights, it was determined that, consistent with its conclusion at 30 June 2021, the achievement of the vesting conditions is unknown at this point in time noting the uncertainty surrounding the current COVID-19 economic environment and global macroeconomic uncertainty.

As a result, no share-based payment was recorded in relation to traches 2–3.

	30-June-22 $	30-June-21 $
SHARE BASED PAYMENT EXPENSE – PERFORMANCE RIGHTS		
Share based payments	103,374	88,293
Total	**103,374**	**88,293**

D. OPTIONS

During the year ended 30 June 2022, 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.

I. 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	-
Sheldon Burt	-	-	-	-	-	-	-	-
Chris Brophy	-	-	-	-	-	-	-	-
Total	**20,000,000**	-	-	-	**20,000,000**	-	**20,000,000**	-

II. 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 2022	Opening balance	Granted as	Received on exercise of options	On-market Purchases	Other	Closing balance
Peter Hutchinson	56,000,000	-	-	1,000,000	-	57,000,000
James Clement	13,366,315	-	-	133,685	-	13,500,000
Sheldon Burt	6,117,315	-	-	100,000	-	6,217,315
Total	**75,483,630**	-	-	**1,233,685**	-	**76,717,315**

6. share-based Compensation continued...

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 [1]	2,925,000	-	-	-	(2,925,000)	-
Total	**78,408,630**	-	-	-	**(2,925,000)**	**75,483,630**

1. *Resigned 29 August 2020*

7. LOANS TO DIRECTORS AND EXECUTIVES

There are no loans to Directors or other KMP of the Company during the year ended 30 June 2022 (2021 $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.

		Transaction value		Payable balance	
Related party	Nature of transactions	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
		$	$	$	$
Onyx Corporate Pty Ltd / Ms Kyla Garic	Accounting and company secretarial services	N/A	61,047	-	5,533

1. *Ms Garic was the former Company Secretary of the Company and a Director of Onyx Corporate Pty Ltd. Ms Garic resigned on 30 June 2021.*

9. KEY PERFORMANCE INDICATORS OF THE COMPANY OVER THE LAST 5 YEARS

Consolidated	30-June-22	30-June-21	30-June-21	30-June-19	30-June-18
	($)	($)	($)	($)	($)
Revenue	46,297,406	25,824,506	11,912,589	163,459	132,453
Net profit / (loss) before tax	4,095,180	1,137,420	2,472,743	(483,826)	296,558
Net profit / (loss) after tax	2,856,729	344,819	4,835,295	(483,826)	296,558
Share price at start of year	0.095	0.050	N/A	N/A	N/A
Share price at end of year	0.073	0.095	0.050	N/A	N/A
Interim and final dividend	-	-	-	-	-
Basic profit / (loss) per share (cents)	0.007	0.001	0.018	(0.355)	0.218

REMUNERATION REPORT (END)

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

Signed in accordance with a resolution of the Board of Directors.

James Clement
Managing Director and Chief Executive Officer

Dated 25 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001

PITCHER PARTNERS

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

In relation to the independent audit for the year ended 30 June 2022, 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 entities it controlled during the year.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 25 August 2022

Pitcher Partners BA&A Pty Ltd

An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.
Liability limited by a scheme under Professional Standards Legislation.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2022

	Notes	Consolidated Group 30 June 2022	Consolidated Group 30 June 2021
		$	$
Sales revenue	4	46,297,406	25,824,506
Cost of sales		(31,377,746)	(16,932,476)
Gross Profit		**14,919,660**	**8,892,030**
Other income	5	273,081	542,722
Administration and corporate expense	6	(1,923,001)	(1,383,824)
Employee benefits expense	6	(4,194,343)	(3,040,766)
Depreciation and amortisation expense	6	(4,502,758)	(3,436,923)
Finance expense	6	(477,458)	(435,819)
Profit / (loss) before income tax		**4,095,180**	**1,137,420**
Income tax benefit / (expense)	7	(1,238,451)	(792,601)
Profit / (loss) after income tax expense		**2,856,729**	**344,819**
Profit / (loss) after income tax expense for the year attributable to the owners of Vysarn Limited		2,856,729	344,819
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of Vysarn Limited		**2,856,729**	**344,819**
Basic earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0073	0.0009
Diluted earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0068	0.0008

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022	30 June 2021
		$	$
CURRENT ASSETS			
Cash and cash equivalents	10	5,706,447	6,555,486
Trade and other receivables	11	5,986,504	4,983,227
Inventories	12	3,599,105	2,518,854
Other current assets	13	1,208,367	968,257
Prepayments and deposits	14	490,056	244,145
Total Current Assets		**16,990,479**	**15,269,969**
NON-CURRENT ASSETS			
Plant and equipment	15	31,701,407	29,548,656
Right of use asset	16	556,833	516,055
Total Non-Current Assets		32,258,240	30,064,711
Total Assets		**49,248,719**	**45,334,680**
CURRENT LIABILITIES			
Borrowings	17	5,548,400	5,616,854
Trade and other payables	18	6,172,045	5,050,530
Employee liabilities	19	733,947	458,468
Lease liability		305,342	218,784
Contingent consideration payable	25	250,000	-
Total Current Liabilities		**13,009,734**	**11,344,636**
NON-CURRENT LIABILITIES			
Borrowings	17	4,356,520	7,183,223
Lease liability		309,192	334,575
Employee liabilities	19	44,933	4,781
Deferred tax liability	7	2,942,951	1,704,501
Contingent consideration payable	25	500,000	-
Total Non-Current Liabilities		8,153,596	9,227,080
Total Liabilities		21,163,330	20,571,716
Net Assets		**28,085,390**	**24,762,964**
SHAREHOLDERS' EQUITY			
Issued capital	20	19,495,181	19,130,558
Reserves	21	555,667	452,293
Retained earnings		8,034,542	5,180,113
Shareholders' Equity		**28,085,390**	**24,762,964**

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2022

	Issued Capital	Share Based Payment Reserve	Retained earnings / (Accumulated losses)	Total
	$	$	$	$
Balance at 1 July 2020	**19,135,614**	**364,000**	**4,835,294**	**24,334,908**
Profit for the period	-	-	344,819	344,819
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	344,819	344,819
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issue of shares	-	-	-	-
Capital raising costs	(5,056)	-	-	(5,056)
Share based payments	-	88,293	-	88,293
Total transactions with owners	(5,056)	88,293	-	83,237
Balance at 30 June 2021	**19,130,558**	**452,293**	**5,180,113**	**24,762,964**
Balance at 1 July 2021	**19,130,558**	**452,293**	**5,180,113**	**24,762,964**
Profit for the period	-	-	2,856,729	2,856,729
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,856,729	2,856,729
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issue of shares	375,000	-	-	375,000
Capital raising costs	(10,377)	-	-	(10,377)
Share based payments	-	103,374	-	103,374
Total transactions with owners	364,623	103,374	-	467,997
Balance at 30 June 2022	**19,495,181**	**555,667**	**8,034,542**	**28,085,390**

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2022

	Notes	30 June 2022	30 June 2021
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		49,994,380	26,255,351
Payments to suppliers and employees		(40,050,856)	(24,145,714)
Interest received		104	9,001
Interest and other costs of finance paid		(444,166)	(411,553)
Net cash provided by operating activities	10a	**9,499,462**	**1,707,085**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of assets	25	(2,140,015)	-
Purchase of plant and equipment		(5,015,343)	(6,694,451)
Proceeds from disposal of property, plant and equipment		424,138	376,593
Net cash used in investing activities		**(6,731,220)**	**(6,317,858)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		4,499,153	5,085,684
Repayment of borrowings		(7,835,212)	(3,388,595)
Payments for principal portion of lease liabilities		(270,846)	(230,987)
Payment of capital/transaction costs		(10,377)	(5,954)
Net cash (used in)/provided by financing activities		**(3,617,282)**	**1,460,148**
Net increase/(decrease) in cash and cash equivalents		(849,039)	(3,150,627)
Cash and cash equivalents at beginning of financial year		6,555,486	9,706,113
Cash and cash equivalents at the end of financial year	10	**5,706,447**	**6,555,486**

The accompanying Notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

Vysarn Limited ("Vysarn" or "the Company") 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 Level 1, 640 Murray St, West Perth WA 6005.

The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company and its controlled entities ("the Group").

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 August 2022. 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.

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 2AB" on page 41.

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.

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 2021 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 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 2021 and will be first applied by the Group in the financial year commencing 1 July 2021. The application of AASB 2019-5 has not materially impacted the financial statements of the Group.

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.

AASB 2020-4 amends AASB 4 Insurance Contracts, AASB 7 Financial Instruments: Disclosures, AASB 9: Financial Instruments, AASB 16: Leases and AASB 139 Financial Instruments: Recognition and Measurement to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities financial statements. AASB 2020-8 mandatorily applies to annual reporting periods commencing on or after 1 January 2021. The application of AASB 2020-8 has not materially impacted the financial statements of the Group.

AASB 2021-3: Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

AASB 2021-3 amends AASB 16: Leases to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not modifications. The Standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. AASB 2021-3 mandatorily applies to annual reporting periods commencing on or after 1 April 2021 and is available for earlier application. It will be applied by the Group in the financial year commencing 1 July 2021. The application of AASB 2021-3 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 2022. 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. ASSET ACQUISITION

Where an asset acquisition does not constitute a business combination, or when the optional concentration test under AASB 3 Business Combinations has been applied, the assets and liabilities acquired are assigned a carrying amount based on their fair values in an asset purchase transaction. No deferred tax will arise in relation the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 Income Taxes applied. No goodwill will arise on the acquisition.

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 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.

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).

Dry hire revenue is recognised 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.

For test pumping 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 activity completed or hours worked).

For consultancy 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 project reports completed, or hours worked).

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.

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.

T. 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.

Any modification on the terms of share based payments, the Group shall recognise, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. This applies irrespective of any modifications to the terms and conditions on which the equity instruments were granted, or a cancellation or settlement of that grant of equity instruments.

U. 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.

V. 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.

W. 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).

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).

X. 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.

Y. 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.

Z. ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

AA. 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 2022. 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 2021-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.

AASB 2021-1 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 2021-1 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 2021-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2021 and Other Amendments.

AASB 2021-3 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 2018-2121, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract. AASB 2021-3 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.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date.

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. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

AASB 2021-5 amends AASB 112 Income Taxes to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This amending standard mandatorily apply 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. 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.

AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials].

AASB 2021-7a amends various standards, interpretations and other pronouncements for editorial corrections made by accounting standards boards since December 2017.

AASB 2021-7a 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.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.

AASB 2021-2 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. AASB 2021-2 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.

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

AB. 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" on page 55. 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" on page 45.

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" on page 52. 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). For test pumping 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 activity completed or hours worked). For consultancy 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 project report completed 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.

Business Combination vs Asset Acquisition

Where asset acquisitions do not constitute a business, or when the optional concentration test allowed under AASB 3 Business Combinations has been applied, the carrying amount of assets acquired and liabilities assumed is based on their relative fair value. Entities may choose to apply or not apply the optional concentration test for each acquisition made. The optional concentration test is deemed to be met when substantially all of the fair value of gross assets acquired are concentrated in a single identifiable asset or group similar identifiable assets.

Note 2: Summary of Significant Accounting Policies continued...

On 1 October 2021, the Group completed the acquisition of Pentium Test Pumping Pty Ltd ("PTP") (formerly Australian Groundwater Solutions Pty Ltd trading as Yield Test Pumping). Director judgement was required in order to determine whether the requirements of the optional concentration test had been met. The Directors procured an independent valuation report on the acquired assets of PTP in order to determine the fair value of plant and equipment assets acquired. Having considered the contents of this report and the suite of plant and equipment assets acquired, it was determined that the optional concentration test has been met and subsequently applied for this transaction. Therefore, the transaction was accounted for as an asset acquisition rather than a business combination.

Contingent consideration, resulting from the acquisition of PTP, is valued at fair value at the the acquisition date as part of the consideration paid for the acquisition. When contingent consideration meets the definition of a financial liability, it is subsequently measured at fair value each reporting date. The determination of the fair value is based on the probability weighted average approach. The probability weighted value of the contingent consideration was then discounted to determine the net present value of the contingent consideration. $750,000 was recognised at the date of the acquisition of PTP and remains unchanged as at 30 June 2022.

NOTE 3: OPERATING SEGMENTS

Identification of Reportable Segments

The Group as at 30 June 2022 had three operating segments, as outlined below:

- Pentium Hydro;
- PTP; and
- Pentium Water.

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.

PTP and Pentium Water are new segments for the year ended 30 June 2022, having been respectively acquired and established in late 2021. Both PTP and Pentium Water have not contributed revenue, results or assets in a material manner to warrant their classification as a reportable segment at 30 June 2022.

The Company has one reportable segment, Pentium Hydro which is one of the Group's operational business unit. Revenue received from this business unit is received solely from external Australian customers. The major results of the Group's operating segments are consistent with the presentation of these consolidated financial statements.

The Group derived approximately 71% (2021: 94%) of its revenue from contract with customers from 3 Tier-1 Mining Companies with operations based within the state of Western Australia.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	30-June-22	30-June-21
	$	$
REVENUE RECOGNISED OVER A PERIOD OF TIME FROM CONTRACTS WITH AUSTRALIAN CUSTOMERS:		
Drilling services	34,744,037	18,905,624
Dry-hire revenue	1,252,086	1,549,210
Test Pumping Services	1,551,623	-
Consultancy Services	666,383	-
Sub-total	38,214,129	20,454,834
REVENUE RECOGNISED AT A POINT IN TIME FROM CONTRACTS WITH AUSTRALIAN CUSTOMERS		
Sale of goods (consumables)	7,353,187	4,544,529
Mobilisation / demobilisation	730,090	825,143
Sub-total	8,083,277	5,369,672
Total revenue	**46,297,406**	**25,824,506**

NOTE 5: OTHER INCOME

	30-June-22	30-June-21
	$	$
Finance income	104	9,001
Fuel tax rebate	8,818	33,650
Other revenue	155,307	77,077
Cash boost stimulus (COVID-19)	-	150,000
Net gain on disposal of assets	108,852	272,994
Total	**273,081**	**542,722**

NOTE 6: EXPENSES

BREAKDOWN OF EXPENSES BY NATURE:

	30-June-22	30-June-21
	$	$
ADMINISTRATION AND CORPORATE EXPENSE		
Office expenses	583,303	469,762
Corporate costs and compliance	1,278,002	896,195
Other expenses	61,696	17,867
Total	**1,923,001**	**1,383,824**
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	2,889,681	2,333,829
Superannuation	225,003	-
Employment related taxes	939,716	536,003
Share-based payment expense	103,374	88,293
Other employment related expenses	36,569	82,641
Total	**4,194,343**	**3,040,766**
DEPRECIATION AND AMORTISATION EXPENSE		
Plant and equipment depreciation	4,253,346	3,227,648
Land and buildings lease amortisation	249,412	209,275
Total	**4,502,758**	**3,436,923**
FINANCE COSTS		
Interest expense	444,166	409,134
AASB 16Leases – interest expense	21,479	18,398
Bank fees	11,813	8,287
Total	**477,458**	**435,819**

NOTE 7: INCOME TAX EXPENSE

	30-June-22 $	30-June-21 $

A. COMPONENTS OF INCOME TAX EXPENSE

	30-June-22 $	30-June-21 $
Deferred tax	1,297,728	194,756
Under / (over) provision in prior years	14,914	684,997
Revaluation of deferred tax position due to change in tax rate	(74,191)	(87,152)
Income tax expense / (benefit)	1,238,451	792,601

B. PRIMA FACIE TAX PAYABLE

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

	30-June-22 $	30-June-21 $
Prima facie income tax payable on profit before income tax at 26%	1,021,806	295,732

ADD/(LESS) TAX EFFECT OF:

	30-June-22 $	30-June-21 $
Entertainment	1,406	9
Inventory	-	(84,940)
Plant and equipment	248,672	-
Share based payments	25,844	22,956
Non-assessable cash boost payment	-	(39,000)
Under provision in prior period	14,914	684,996
Revaluation of deferred tax position due to change in tax rate	(74,191)	(87,152)
Income tax expense / (benefit) attributable to profit	**1,238,451**	**792,601**

C. CURRENT TAX LIABILITY

Current tax relates to the following:

CURRENT TAX LIABILITIES / (ASSETS)

	30-June-22 $	30-June-21 $
Opening balance	-	-
Income tax	-	-
Instalments paid	-	-
	-	-

D. DEFERRED TAX

Deferred tax relates to the following:

DEFERRED TAX ASSETS BALANCE COMPRISES:

	30-June-22 $	30-June-21 $
Plant and equipment under lease	14,425	148,717
Accruals	137,831	142,391
Provisions - annual and long service leave	75,605	37,860
Borrowing costs	1,221	2,350
Capital raising costs	55,381	82,482
Business related costs	2,685	4,686
Tax losses	2,818,349	2,399,234
	3,105,497	**2,817,720**

DEFERRED TAX LIABILITIES BALANCE COMPRISES:

	30-June-22 $	30-June-21 $
Prepayments	(124,012)	(26,930)
Accrued income	(1,401,669)	(395,599)
Plant and equipment	(4,509,747)	(3,908,261)
Plant and equipment under lease	-	(134,174)
Spare parts	(13,020)	(57,257)
	(6,048,448)	(4,522,221)
Net deferred tax	**(2,942,951)**	**(1,704,501)**

Note 7: Income Tax Expense continued...

	30-June-22 $	30-June-21 $
E. DEFERRED INCOME TAX RELATED TO ITEMS CHARGED OR CREDITED DIRECTLY TO EQUITY		
Decrease / (increase) in deferred tax assets	2,594	898
(Decrease) / increase in deferred tax liabilities	-	-
	2,594	898
F. DEFERRED INCOME TAX (REVENUE)/EXPENSE INCLUDED IN INCOME TAX		
expense comprises:		
Decrease / (increase) in deferred tax assets	241,602	(428,737)
(Decrease) / increase in deferred tax liabilities	1,058,719	623,494
Under provision in prior period	-	684,997
	1,300,321	879,754

At 30 June 2022, the Company has carried forward revenue tax losses of $11,273,398 (2021: $9,227,823). These losses remain available to offset against future taxable income amounts subject to passing the ownership and business continuity tests as required by the Australian Taxation Office.

NOTE 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-22 $	30-June-21 $
Remuneration of the auditor of the Company (Pitcher Partners BA&A Pty Ltd and its related entities) for:		
Auditing or reviewing the financial reports	51,904	45,533
Non-audit services – tax compliance	19,730	20,750
Total	**71,634**	**66,283**

NOTE 9: EARNINGS PER SHARE

	30-June-22 $	30-June-21 $
EARNINGS PER SHARE FOR (LOSS)/PROFIT		
Profit / (Loss) after income tax attributes to the owners of Vysarn Limited	2,856,729	344,819
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	389,969,563	386,955,864
Weighted average number of ordinary shares used in calculating diluted earnings per share	419,969,563	416,955,864
	Cents	Cents
Basic earnings / (loss) per share	0.0073	0.00089
Diluted earnings / (loss) per share	0.0068	0.00083

Note 9: Earnings Per Share continued...

A. 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-22	30-June-21
	$	$
Cash at bank	5,706,447	6,555,486
Total	**5,706,447**	**6,555,486**

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.

A. CASH FLOW INFORMATION

	30-June-22	30-June-21
	$	$
Profit / (loss) after income tax expense for the year	2,856,729	344,819
Non-cash flows in result from continuing activities:		
Share based payments (benefit) / expense	103,374	88,293
Depreciation and amortisation	4,502,758	3,436,923
(Profit)/ loss on disposal of PPE	(108,852)	(272,994)
Tax expense / (benefit)	**1,238,451**	**792,601**
CHANGES IN ASSETS AND LIABILITIES:		
(Increase) / decrease in inventories	(1,080,252)	129,440
(Increase) / decrease in trade and other receivables	(1,003,277)	(2,277,340)
Increase / (decrease) in employee entitlements	(514,673)	247,761
Increase / (decrease) in trade and other payables	1,121,515	229,510
Increase / (decrease) in other assets and liabilities	2,383,690	(1,011,928)
Net cash provided by operating activities	**9,499,462**	**1,707,085**

Non-cash Investing and Financing Activities

During the year, the Group recognised $21,479 (2021: $18,397) in interest expenses as a result of it's operating leases for premises utilised in its operations.

The Group also issued $375,000 of fully paid ordinary shares and assumed a number of assets and liabilities as a result of the acquisition of PTP. Refer to "Note 25" on page 61 for further information.

NOTE 11: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	30-June-22	30-June-21
	$	$
Trade receivables	5,986,504	4,983,227
Total	**5,986,504**	**45,983,227**

For further information regarding trade and other receivables see "Note 23" on page 55. 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

No impairment provision was recorded at 30 June 2022 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 "Note 23" on page 55.

NOTE 12: INVENTORIES

	30-June-22	30-June-21
	$	$
Consumables and spare parts – at cost	3,599,105	2,518,854
Total	**3,599,105**	**2,518,854**

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

NOTE 13: OTHER CURRENT ASSETS

	30-June-22	30-June-21
	$	$
Contract fulfilment costs	1,208,367	968,257
Total	**1,208,367**	**968,257**

Contract fulfilment costs are costs related to customer contracts that are used in satisfying performance obligations to customers. These costs are expected to be recovered over the term of contract and 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 2P" on page 36. for further information.

NOTE 14: PREPAYMENTS AND DEPOSITS

	30-June-22	30-June-21
	$	$
Deposits	53,438	63,388
Prepayments	436,618	180,757
Total	**490,056**	**244,145**

NOTE 15: PLANT AND EQUIPMENT

	30-June-22	30-June-21
	$	$
PLANT AND EQUIPMENT		
Cost	28,375,076	25,149,836
Accumulated depreciation	(7,009,904)	(4,117,014)
Net carrying amount	**21,365,172**	**21,032,822**
TRUCKS, TRAILERS AND LIGHT VEHICLES		
Cost	13,408,543	10,342,420
Accumulated depreciation	(3,227,893)	(1,940,248)
Net carrying amount	**10,180,651**	**8,402,172**
OFFICE EQUIPMENT		
Cost	281,935	167,201
Accumulated depreciation	(126,350)	(53,539)
Net carrying amount	**155,585**	**113,662**
TOTAL PLANT AND EQUIPMENT		
Cost	42,065,554	35,659,457
Accumulated depreciation	(10,364,147)	(6,110,801)
Net carrying amount	**31,701,407**	**29,548,656**

	Plant and equipment	Trucks, trailers and light vehicles	Office Equipment	Assets Held Not Ready for Use	Total
	$	$	$	$	$
CONSOLIDATED GROUP					
Carrying amount at 30 June 2020	15,183,016	7,352,625	66,216	2,105,925	24,707,782
Additions	5,924,335	2,003,827	90,432	-	8,018,594
Disposals [1]	(60,508)	(17,637)	-	-	(78,145)
Transfers from assets not held ready for use	2,105,925	-	-	(2,105,925)	-
Transfer of Assets Held for Sale [2]	127,264	-	-	-	127,264
Depreciation expense	(2,247,210)	(936,643)	(42,986)	-	(3,226,839)
Balance as at 30 June 2021	**21,032,822**	**8,402,172**	**113,662**	-	29,548,656
Carrying amount at 30 June 2021	**21,032,822**	**8,402,172**	**113,662**	-	**29,548,656**
Additions	2,867,169	472,878	113,889	-	3,453,936
Acquired as part of asset acquisition (Note 25)	675,382	2,858,888	6,239	-	3,540,509
Disposals	(317,311)	(265,642)	(5,395)	-	(588,348)
Depreciation expense	(2,892,890)	(1,287,645)	(72,811)	-	(4,253,346)
Balance at 30 June 2022	**21,365,172**	**10,180,651**	**155,585**	-	**31,701,407**

1. *Several items of plant and equipment were sold during the period resulting in a gain on disposal of assets of $108,852.*
2. *$127,264 was reclassified from assets held for sale back into Plant and Equipment and depreciation commenced in line with the Company estimated useful life for relevant asset classes.*

NOTE 16: RIGHT-OF-USE ASSETS

	30-June-22 $	30-June-21 $
Operating leases – leasehold premises		
NON-CURRENT		
Land and buildings - right-of-use	1,095,323	828,948
Less: accumulated amortisation	(538,490)	(312,893)
Total	**556,833**	**516,055**

NOTE 17: BORROWINGS

	30-June-22 $	30-June-21 $
CURRENT		
Asset finance facilities (a) – at amortised cost	3,054,858	3,196,246
Current maturities of long-term bank loan (b) – at amortised cost	2,493,542	2,420,608
Sub-total	5,548,400	5,616,854
NON-CURRENT		
Asset finance facilities (a) – at amortised cost	4,143,564	4,437,800
Long-term bank loan, net of current maturities (b) – at amortised cost	212,956	2,745,423
Sub-total	4,356,520	7,183,223
Total	**9,904,920**	**12,800,077**

A. ASSET FINANCE FACILITIES

The asset finance facilities bear fixed interest at fixed prevailing market rates (ranging from 3.3% to 4.16%) and are primarily repayable over 2 to 4 years. The asset finance facilities are secured via a registered GSA over plant and equipment vehicles and drill rigs which were purchased under the relevant agreements.

B. LONG-TERM BANK LOAN

The Group has a long-term bank loan with a major bank which bears interest at a fixed rate of 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, 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.

NOTE 18: TRADE AND OTHER PAYABLES

	30-June-22 $	30-June-21 $
Trade payables	5,808,637	3,649,783
GST liability	22,971	(409)
Accruals	186,833	326,916
ATO client account	47,063	290,210
Deferred Revenue	32,184	738,302
Other payables	74,357	45,728
Total	**6,172,045**	**5,050,530**

NOTE 19: EMPLOYEE LIABILITIES

The Group's exposure to liquidity risk related to trade and other payables is disclosed in "Note 23" on page 55.

	30-June-22	30-June-21
	$	$
CURRENT		
Provision for annual leave	257,487	140,835
Superannuation liability	476,460	317,633
Sub-total	733,947	458,468
NON-CURRENT		
Provision for long service leave	44,933	4,781
Sub-total	44,933	4,781
Total	**778,880**	**463,249**

NOTE 20: SHARE CAPITAL

	30-June-22	30-June-21
	$	$
A. SHARE CAPITAL		
391,955,864 (30 June 2021: 386,955,864) fully paid ordinary shares	19,495,181	19,130,558

Ordinary Shares

During the 12-month period ended 30 June 2022, the Group issued 5,000,000 ordinary shares (30 June 2021: nil). All issued shares are fully paid.

The issue of 5,000,000 Shares to PTP vendors as consideration for the Company's acquisition of the entire issued capital of PTP under the PTP offer. The Shares were valued based on the Share Price of $0.075. Refer to "Note 25" on page 61 for further information.

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.

B. MOVEMENT IN ORDINARY CAPITAL

	30-June-22	30-June-22	30-June-21	30-June-21
Ordinary Shares	No.	$	No.	$
At the beginning of the reporting period	386,955,864	19,130,558	386,955,864	19,135,614
23 NOVEMBER 2021				
Shares issued as consideration for the Company's acquisition of the entire issued capital of Australian Groundwater Solutions Pty Ltd ("Note 25" on page 61)	5,000,000	375,000	-	-
Transaction costs	-	(10,377)	-	(5,056)
Total	**391,955,864**	**19,495,181**	**386,955,864**	**19,130,558**

NOTE 21: RESERVES

A. SHARE BASED PAYMENT RESERVE

	30-June-22	30-June-21
	$	$
20,000,000 options (30 June 2021: 20,000,000) and 10,000,000 performance rights (30 June 2021: 10,000,000l) on issue	555,667	452,293

B. MOVEMENT IN SHARE BASED PAYMENT RESERVE

SHARE BASED PAYMENT RESERVE	30-June-22	30-June-21
	$	$
At the beginning of the period	452,293	364,000
Share based payments	103,374	88,293
Total	**555,667**	**452,293**

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 2022 the Company recorded the following share-based payments:

Share Issue

Outside of the issue to vendors as part of the acquisition of PTP (Note 25), during the year ended 30 June 2022 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 2022 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 June 2021: nil).

OPTIONS	30-Jun-22	30-Jun-22	30-Jun-21	30-Jun-21
	No.	$	No.	$
At the beginning of the reporting period	20,000,000	364,000	20,000,000	364,000
Options issued during the period	-	-	-	-
Total	**20,000,000**	**364,000**	**20,000,000**	**364,000**

The following options were outstanding as at 30 June 2022.

- **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.

Note 22: Shae Based Payments continued...

A. 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:

		Managing Director Options	
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
Total valuation	**$241,000**	**$63,670**	**$59,330**

B. PERFORMANCE RIGHTS

During the year ended 30 June 2022, the Company did not issue any performance rights as performance incentives to key management personnel.

PERFORMANCE RIGHTS	**30-June-22**	**30-June-22**	**30-June-21**	**30-June-21**
	No.	**$**	**No.**	**$**
At the beginning of the reporting period	10,000,000	-	10,000000	-
Performance rights issued during the period	-		-	-
Total	**10,000,000**	-	**10,000,000**	-

As at 30 June 2022, 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	• Employment condition • Cumulative EPS condition
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 2021, subject to a minimum EPS of $0.01 for the financial year ending 30 June 2021. 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
2022	No.	No.	No.	No.	No.	No.
Peter Hutchinson	-	-	-	-	-	-
James Clement	5,000,000	-	-	-	5,000,000	-
Sheldon Burt	5,000,000	-	-	-	5,000,000	-
Total	**10,000,000**	-	-	-	**10,000,000**	-

At 30 June 2022, the unissued ordinary shares of the Company under performance rights are as follows:

Class	Number Under Performance Rights	Value at Grant Date ($)	Date of Vesting	Management Probability Assessment 30-June-22	Fair Value ($)
A	3,333,333	191,666	1-Jul-22	100%	191,666
B	3,333,333	191,667	1-Jul-23	0%	-
C	3,333,334	191,667	1-Jul-24	0%	-
Total	**10,000,000**	**575,000**	**-**	**-**	**191,666**

The 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 (30 June 2021: $575,000), assuming satisfaction of performance conditions in full and 100% vesting rate.

It was put to the shareholders as an ordinary resolution, that, pursuant to and in accordance with Chapter 2E of the Corporations Act, Listing Rule 6.23.4, and for all other purposes, Shareholders approve the removal of the cumulative EPS condition attached to Tranche 1 of the Director Performance Rights on the terms and conditions in the Notice of Meeting. The resolution was subsequently passed at the Company's Annual General Meeting on 25 November 2021. Accordingly, at 30 June 2022 the Company assessed the likelihood tranche 1 vesting to be 100%.

$103,374 in share-based payment was recorded as an expense in the statement of profit or loss and other comprehensive income during the year ended 30 June 2022 (30 June 2021: $88,293) in relation to the performance rights.

In respect of tranches 2 – 3 of the performance rights, it was determined that, consistent with its conclusion at 30 June 2021, the achievement of the vesting conditions is unknown at this point in time. As a result, no share-based payment was recorded in relation to tranches 2–3.

C. SHARE BASED PAYMENTS EXPENSE

Share based payment expense is comprised as follows:

	30-June-22	30-June-21
	$	$
Performance rights payments	103,374	88,293
Total share-based payments expense	**103,374**	**88,293**

NOTE 23: FINANCIAL INSTRUMENTS & FAIR VALUE MEASUREMENT

A. 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 are 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.

Contingent consideration payable has been determined by discounting the cash flows, at market rates of similar borrowings, to their present value. The probability weighted pay-out method has been utilised by Management to determine the best estimate of expected cashflows arising as a result of the arrangement.

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.

B. 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.

C. 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.

i. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

ii. 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. As at 30 June 2022, 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). During the financial year ended 30 June 2022, the Group did not enter into any forward foreign currency contracts.

iii. 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 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:

	Carrying Amount	
Variable rate instruments	**30-June-22**	**30-June-21**
	($)	**($)**
Financial assets	195,209	1,715,130
Financial liabilities	-	-
Total	**195,209**	**1,715,130**

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
30 JUNE 2022						
Cash and equivalents	50	976	976	50	(976)	(976)
30 JUNE 2021						
Cash and equivalents	50	8,576	8,576	50	(8,576)	(8,576)

Note 23: Financial Instruments & Fair Value Measurement continued...

iv. 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.

v. 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.

vi. CAPITAL MANAGEMENT

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

	30-June-22	30-June-21
	($)	($)
Total liabilities	21,163,330	20,571,716
Less: cash and cash equivalents	(5,706,447)	(6,555,486)
Net debt	**14,935,374**	**14,016,230**
Total capital	28,085,390	24,762,964
Debt-to-capital ratio at the end of the period	**0.55**	**0.57**

vii. 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 at least "A-". 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.

On that basis, the loss allowance as at 30 June 2022 and 1 July 2021 was determined as follows for trade receivables:

	Current	< 30	31 - 60	61 - 120	> 120	Total ($)
1-JULY-21						
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount - trade receivables	4,983,227	4,983,227	-	-	-	4,983,227
Loss allowance	-	-	-	-	-	-
30-JUNE-22						
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount - trade receivables	5,986,504	4,955,482	1,031,022	-	-	5,986,504
Loss allowance	-	-	-	-	-	-

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 2022 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:

Exposure to credit risk	30-June-22	30 -June-21
	($)	($)
Cash and cash equivalents - AA Rated	5,706,447	6,555,486
Trade receivables	5,986,504	4,983,227
Total	**11,692,951**	**11,538,713**

Liquidity Risk

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

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

Remaining Contractual Maturities

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

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total Remaining contractual cash flows
	$	$	$	$	$
30 JUNE 2022					
Non-derivatives					
Interest bearing					
Borrowings	5,810,842	3,312,829	1,162,581	-	10,286,252
Lease liability	332,872	241,587	72,405	-	646,864
Non-interest bearing					
Trade and other payables	6,172,045	-	-	-	6,172,045
Contingent consideration	250,000	250,000	250,000		750,000
Total non-derivatives	**12,565,759**	**3,804,417**	**1,484,985**	-	17,855,161
30 JUNE 2021					
Non-derivatives					
Interest bearing	5,172,166	4,718,949	2,553,470	-	12,444,585
Lease liability	218,784	237,203	125,908	-	581,895
Trade payables	-	-	-	-	-
Non-interest bearing					
Trade and other payables	5,081,537	-	-	-	5,081,537
Total non-derivatives	**10,441,480**	**4,956,152**	**2,679,378**	-	18,077,010

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				Post-employment	Equity	
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Super-annuation	Share-based payments	Total
2022	$	$	$	$	$	$	$
CHAIRMAN							
Peter Hutchinson	46,451	-	-	-	4,661	-	51,112
EXECUTIVE DIRECTORS							
James Clement [1, 2]	293,372	59,724	34,934	-	23,844	57,115	468,989
Sheldon Burt [2]	278,306	39,496	-	-	24,072	46,259	388,133
Total	**618,129**	**99,220**	**34,934**	-	**52,577**	**103,374**	**908,234**

1. *The amount of $34,934 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.*
2. *Refer to "6. Share-based Compensation" on page 25 of the Remuneration Report for further information pertaining to share-based payment expenses recognised for key management personnel.*

B. SUBSIDIARIES

All inter-company loans 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-22	30-Jun-21	30-Jun-22	30-Jun-21
		$	$	$	$
Onyx Corporate Pty Ltd / Ms Kyla Garic [1]	Accounting and company secretarial services	N/A	61,047	-	5,533

1. *Ms Garic was the former Company Secretary of the Company and Director of Onyx Corporate Pty Ltd. Ms Garic resigned on 30 June 2021.*

NOTE 25: ACQUISITION OF PTP

SUMMARY OF ASSET ACQUISITION

On 29 September 2021 the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of PTP. Under the terms of the acquisition, the Company acquired 100% of the issued shares in PTP for consideration of 5,000,000 Vysarn shares and $2,500,000 cash, adjusted for post working capital adjustments (herein referred to as the “Transaction”).

The Company assumed control of the trading activities of PTP with effect from commencement of trade on 1 October 2021. On 23 November 2021 the Company issued 5,000,000 Shares to the vendors of PTP as part consideration for all of the issued capital of PTP.

PTP is an Australian company. The primary reason for the Transaction was to vertically integrate this service offering into the Company’s existing waterwell bore drilling operation.

Having reviewed the terms of the Transaction, the Group elected to apply the optional concentration test in assessing its acquisition of PTP. This has resulted in the acquisition being accounted for as an asset acquisition rather than a business combination. Details of the purchase consideration and assigned fair value of assets and liabilities acquired are as follows:

	30-Jun-22
	$
A. PURCHASE CONSIDERATION	
Cash paid (net of working capital adjustments)	2,140,015
Contingent consideration payable	750,000
Acquisition related costs incurred	65,509
Ordinary shares issued (5,000,000 Shares at $0.075)	375,000
Fair value consideration	**3,330,524**
B. FAIR VALUE OF ACQUIRED ASSETS AND LIABILITIES ASSUMED	
Property, plant and equipment	3,540,509
Cash and cash equivalents	4,861
Trade and other receivables	343,713
Trade and other payables	(558,559)
Total	**3,330,524**

Acquisition related costs of $65,509 were incurred and capitalised as a cost of the Transaction.

CONTINGENT CONSIDERATION PAYABLE

In accordance with the Share Sale Agreement, the previous Managing Director and majority shareholder (the “Executive”) of PTP agreed to enter into an executive employment agreement for a term of three years, to lead and grow the business under Vysarn’s ownership. Under the terms of his agreement, the Executive may be entitled to an Annual Incentive Payment (“AIP”) of up to $750,000 across the three year term, subject to achievement of the following “minimum benchmarks” by the end of each relevant financial year:

- **Year one:** A minimum benchmark of $650,000 in Earnings Before Interest Taxes Depreciation and Amortisation (“EBITDA”) operating one test pumping rig;
- **Year two:** A minimum benchmark of $1,200,000 in EBITDA operating two test pumping rigs; and
- **Year three:** A minimum benchmark of $1,350,000 in EBITA operating two test pumping rigs.

In the event that the actual EBITDA earnings achieved in any financial year exceeds the minimum benchmarks, the Executive may retain the excess EBITDA in that year, up to a maximum of $250,000, for payment in future years over the three year term.

At the date of acquisition, Management have assessed the value of the contingent consideration based on the likelihood that the above minimum benchmarks would be achieved and recognised the amount payable in full at the date of acquisition.

As at 30 June 2022, the contingent consideration remains recognised in full as payable given Management’s expectations that the minimum benchmarks for payment of the AIP will be met over the three year period.

NOTE 26: PARENT ENTITY DISCLOSURES

	30 June 2022 ($)	30 June 2021 ($)
FINANCIAL POSITION		
ASSETS		
Current assets	15,352,274	16,293,613
Non-current assets	353,463	3,620
Total Assets	**15,705,737**	**16,297,233**
LIABILITIES		
Current liabilities	179,318	116,873
Non-current liabilities	761,115	169,688
Total liabilities	**940,433**	**286,561**
Net Assets	**14,765,304**	**16,010,672**
EQUITY		
Share capital	19,495,181	19,130,558
Reserves	555,667	452,293
Retained losses	(5,285,544)	(3,572,179)
Total Equity	**14,765,304**	**16,010,672**
FINANCIAL PERFORMANCE		
Loss for the year	(1,713,365)	(1,086,016)
Other comprehensive income	-	-
Total comprehensive income	**(1,713,365)**	**(1,086,016)**

GUARANTEES PROVIDED IN RELATION TO SUBSIDIARIES

The Company provides a parent-company guarantee in respect to finance facilities established by the Company's operating entities.

NOTE 27: CONTROLLED ENTITIES

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 Entities	Country of Incorporation	Percentage Owned	
		30-Jun-22	30-Jun-2021
Pentium Hydro Pty Ltd	Australia	100%	100%
Pentium Test Pumping Pty Ltd (acquired on 1 October 2021)	Australia	100%	Nil
Pentium Water Pty Ltd (incorporated 8 December 2021)	Australia	100%	Nil

NOTE 28: 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 2022.

NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

The Company released the following material ASX announcement post 30 June 2022:

As announced on 11 August 2022, the Company entered into a share sale agreement to acquire Project Engineering (WA) Pty Ltd ("ProEng"). Under the share sale agreement, the Company will acquire 100% of the issued shares in ProEng for a consideration of $2.60 million in cash. The purchase price assumes that ProEng is acquired debt free. There is a provision within the share sale agreement for an adjustment to the cash consideration based on agreed working capital.

There is no other matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Company's state of affairs in future financial years.

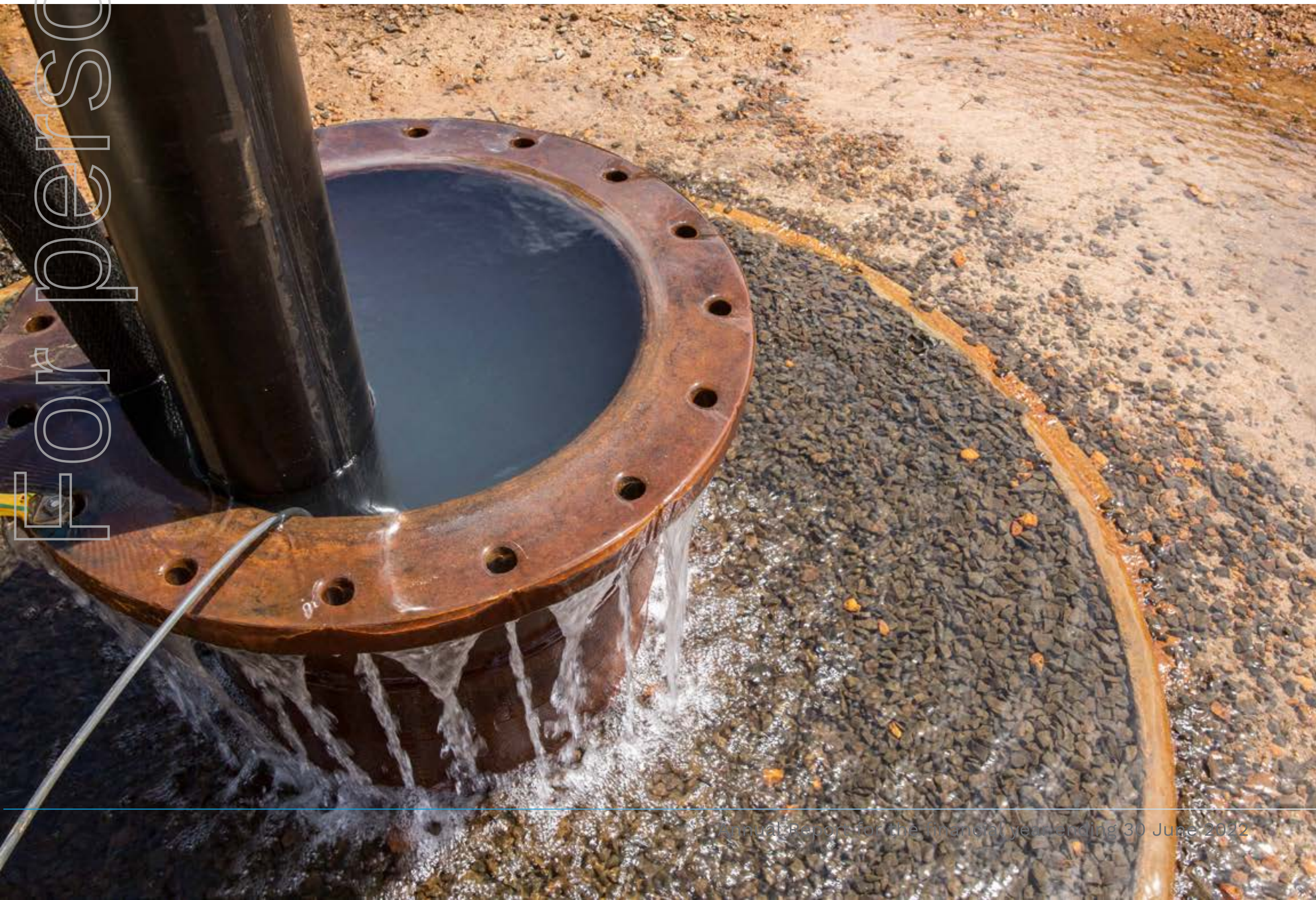
In the opinion of the Directors of Vysarn Limited:

1. The financial statements and Notes thereto are in accordance with the Corporations Act 2001, including:
    a. Giving a true and fair view of the Company's financial position as at 30 June 2022 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 2022.

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

James Clement
Managing Director and Chief Executive Officer

Dated 25 August 2022



INDEPENDENT AUDITOR'S REPORT

PITCHER PARTNERS

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 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(a) giving a true and fair view of the Group's consolidated financial position as at 30 June 2022 and of its financial performance for the year then ended; and; 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.

Pitcher Partners BA&A Pty Ltd

An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.
Liability limited by a scheme under Professional Standards Legislation.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

PITCHER PARTNERS

VYSARN LIMITED

ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VYSARN LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition *Refer to Note 2Q and Note 4 of the Financial Report*	
At 30 June 2022, plant and equipment totalling $31,701,407 represent a significant portion of the Group's consolidated statement of financial position. 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.	Our procedures included, amongst others: Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of revenue, including, but not limited to, those relating to identification of performance obligations, discounts, incentives and rebates. 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. 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. Considering the adequacy of the disclosures included within Note 2(q) and Note 4 of the financial report.

PITCHER PARTNERS

VYSARN LIMITED

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VYSARN LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of plant and equipment *Refer to Note 2J and Note 15 of the financial report*	
At 30 June 2021, plant and equipment totalling $29,548,665 represent a significant portion of the Group's consolidated statement of financial position. 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.	Our procedures included, amongst others: Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of plant and equipment including capitalisation of expenditure. 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 2022. Evaluating and assessing the Group's assessment for impairment indicators associated with its plant and equipment as a single CGU. Checking the mathematical accuracy of forecast models and agreeing what has been provided to the latest Board approved forecasts. Assessing the Group's accounting policy and disclosures for plant at equipment as set out within Note 2J and Note 15 to the financial report.

PITCHER PARTNERS

VYSARN LIMITED

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VYSARN LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Assets – Pentium Test Pumping Pty Ltd *Refer to Note 2F, Note 2AB and Note 25 of the financial report*	
On 29 September 2021 the Company entered into a binding Share Sale Agreement (the "Acquisition") for the acquisition of 100% of the issued capital of Pentium Test Pumping Pty Ltd, formerly Australian Groundwater Solutions, trading as Yield Test Pumping ("PTP"). Under the terms of the Acquisition, the Company acquired 100% of the issued shares in PTP for consideration of 5,000,000 Vysarn shares, $2,500,000 cash, adjusted for post working capital adjustments, and a contingent consideration payment of $750,000, payable upon achievement of certain financial performance milestones The assessment of the requirements of the optional concentration test allowed under AASB 3 requires Management to meet the relevant criteria required.	Our procedures included, amongst others: Understanding and evaluating the design and implementation of relevant controls associated with the acquisition of Yield Test Pumping. Critically evaluating and challenging the accounting treatment of the Group in compliance with the requirements of AASB 3 and the circumstances of the acquisition to determine if optional concentration test is met on the relevant criteria. Reviewing if the acquisition date and fair value purchase consideration has been determined correctly, and if in line with AASB 3. Critically evaluating the Group's determination of the fair value of the assets and liabilities acquired in the Acquisition. Checking the mathematical accuracy of the calculations performed for the acquisition accounting of PTP. Considering the adequacy of the disclosures included within Note 2F, Note 2AB and Note 25 of the financial report.

PITCHER PARTNERS

VYSARN LIMITED

ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VYSARN LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Share-based Payments *Refer to Note 2V and Note 22 of the Financial Report*	
At 30 June 2022, a share-based payment expense of $103,374 has been recorded. Share-based payments involve significant Management estimates and judgement in their determination. Share-based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted. In calculating the fair value there are a number of management judgements including but not limited to: - 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.	Our procedures included, amongst others: 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. Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate, which includes below but not limited to: - Estimating the likelihood that the equity instruments will vest; - Estimating expected future share price volatility; - Expected dividend yield; and - Risk-free rate of interest. Assessing the appropriateness of sharebased payment expensed during the year pursuant to the requirements of Australian Accounting Standards. Assessing the Group's accounting policy as set out within Note 2V and disclosures within Note 22 for compliance with the requirements of AASB 2 *Share-based Payment.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and 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.

PITCHER PARTNERS

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

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.
- 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.

PITCHER PARTNERS

VYSARN LIMITED

ABN 41 124 212 175

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VYSARN LIMITED

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 21 to 27 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 25 August 2022

ADDITIONAL SHAREHOLDER INFORMATION

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 30 September 2022.

CORPORATE GOVERNANCE

The Company's 2022 Corporate Governance Statement can be accessed at https://vysarn.com.au/corporate-governance/

ORDINARY SHARE CAPITAL

395,289,196 fully paid ordinary shares are held by **1,004** individual holders.

VOTING RIGHTS

Subject to the ASX Listing Rules, the Company's constitution and any special rights or restrictions attached to a share, at a meeting of shareholders, voting rights attached to each class of equity security are as follows:

- **Ordinary Shares:** On a show of hands each shareholder present at a meeting of shareholders in person or by proxy shall have one vote and, on a poll, has one vote for each fully paid share held.
- **Unlisted Options and Performance Rights:** Unlisted Options and Performance Rights do not carry any voting rights.

TWENTY LARGEST SHAREHOLDERS

Rank	Holder Name	Holding	% IC
1	Molonglo Pty Ltd <P&J Hutchinson S/F A/C>	58,998,997	14.93%
2	Garrison Holdings Pty Ltd <Paul Cook Super Fund A/C>	17,875,542	4.52%
3	Mr Anthony John Power & Mrs Susan Janet Power <The Power Super Fund A/C>	16,587,486	4.20%
4	Invia Custodian Pty Limited <NJ Family A/C/Share A/C>	14,592,325	3.69%
5	Mr Anastasios Karafotias	11,420,000	2.89%
6	Lonesearch Pty Ltd <Carnac A/C>	11,166,666	2.82%
7	Mr Richard William Balston <Norseman Property A/C>	11,000,000	2.78%
8	Richcab Pty Limited	8,676,098	2.19%
9	Mr Debesh Bhattarai	8,100,000	2.05%
10	Connada Pty Ltd <Sheldon Burt Family A/C>	7,783,981	1.97%
11	Allora Equities Pty Ltd <C&E Retirement Fund A/C>	6,160,962	1.56%
12	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	5,550,000	1.40%
13	Romfal Sifat Pty Ltd <The Fizmail Family A/C>	5,241,500	1.33%
14	Yulgering Super Pty Ltd <McGill Super Fund A/C>	5,000,000	1.26%
14	Mr Derek Fenton Mark <Mark Family A/C>	5,000,000	1.26%
15	Mondo Electronics Pty Ltd <Mondo Electronics S/F A/C>	4,846,114	1.23%
16	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient Drp>	4,756,066	1.20%
17	Mr Frank Richardson & Mrs Lisa Joy Richardson <The Richardson S/F A/C>	4,500,000	1.14%
18	Richcab Pty Ltd <Dale-McKenzie S/Fund A/C>	4,375,340	1.11%
19	Benito Toscana Pty Ltd <Benito A/C>	4,250,000	1.08%
20	AH Super Pty Ltd <The AH Super Fund No 3 A/C>	4,211,352	1.07%
Total top 20 holders of fully paid ordinary shares		220,092,429	55.68%
Total holders balance		**395,289,196**	**100.00%**

SUBSTANTIAL SHAREHOLDER

The names of Vysarn Limited's substantial holders and number of shares in which each has a relevant interest, as disclosed in substantial holding notices received by Vysarn Limited as at 30 September 2022, are listed below:

Holder Name	Holding Balance	% IC
Molonglo Pty Ltd	58,998,997	14.93

DISTRIBUTION OF SHARES

A distribution schedule of the number of holders of shares is set out below.

	Fully Paid Ordinary Shares		
	Holders	Total Units	%
1 – 1,000	74	6,450	0.00%
1,001 – 5,000	36	126,368	0.03%
5,001 – 10,000	90	731,201	0.19%
10,001 – 100,000	489	19,171,648	4.85%
100,001 and over	315	375,253,529	94.93%
Total	**1,004**	**395,289,196**	**100.00%**

RESTRICTED SECURITIES

As at 30 September 2022 the Company has on issue 2,850,000 ordinary fully paid shares held in escrow by one holder.

UNQUOTED SECURITIES

As at 30 September 2022 the Company has on issue 20,000,000 Unlisted Options to two holders and 6,666,668 Performance Rights to two holders. The names of substantial security holders holding more than 20% of an unlisted class of security are as follows:

Holder	Unlisted Options	Performance Rights
Molonglo Pty Ltd <Peter Hutchinson Fam A/C>	10,000,000	-
Connada Pty Ltd <Sheldon Burt Family A/C>	-	3,333,334
Lonesearch Pty Ltd <Carnac A/C>	10,000,000	3,333,334
Holders individually less than 20%	-	-
Total	**20,000,000**	**6,666,668**

UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares:

Holders: 134
Units: 270,867

ON-MARKET BUY BACK

There is no current on-market buy-back.

The Company will continue to execute the vertical integration strategy patiently and meticulously

Vysarn Limited

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VYSARN

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