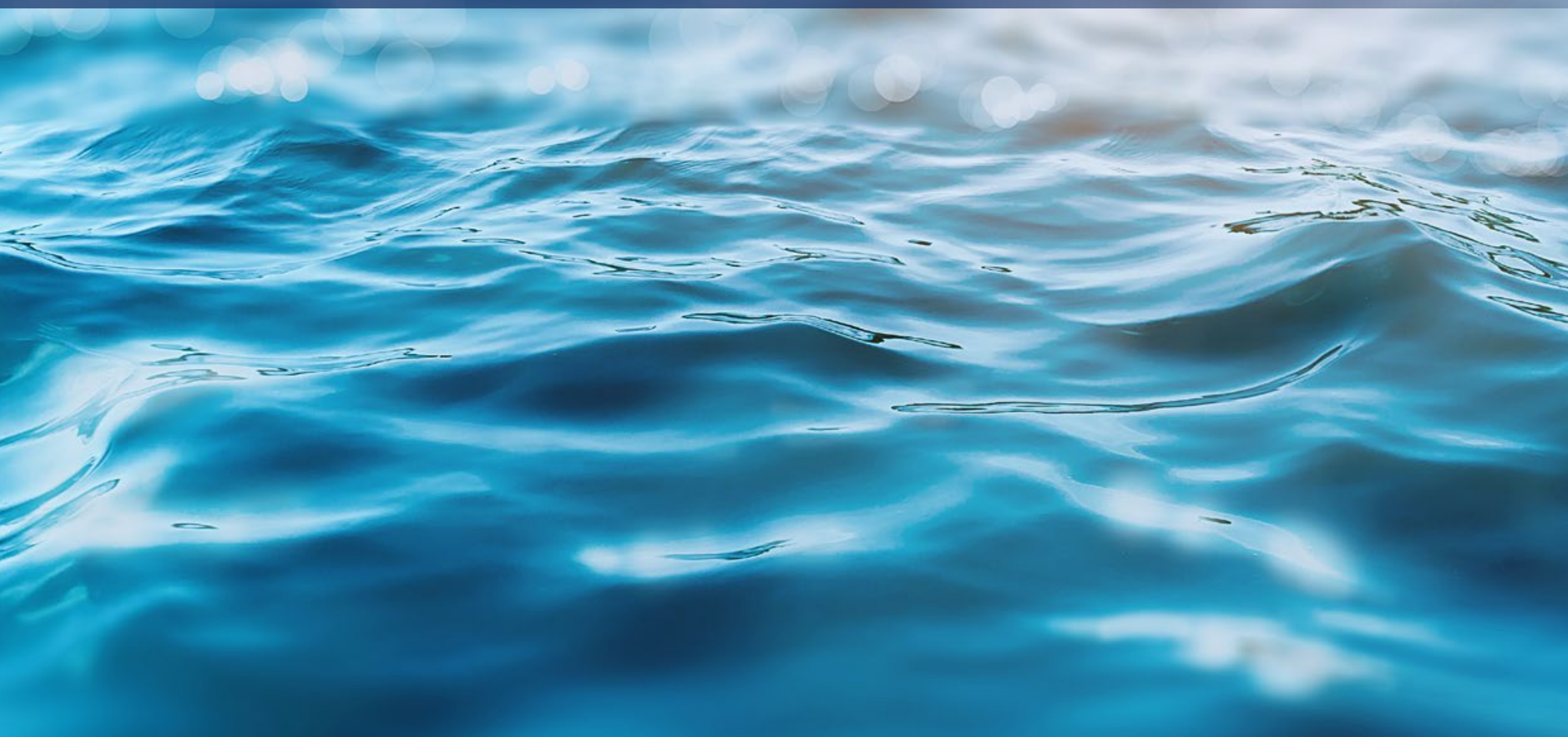
FY23

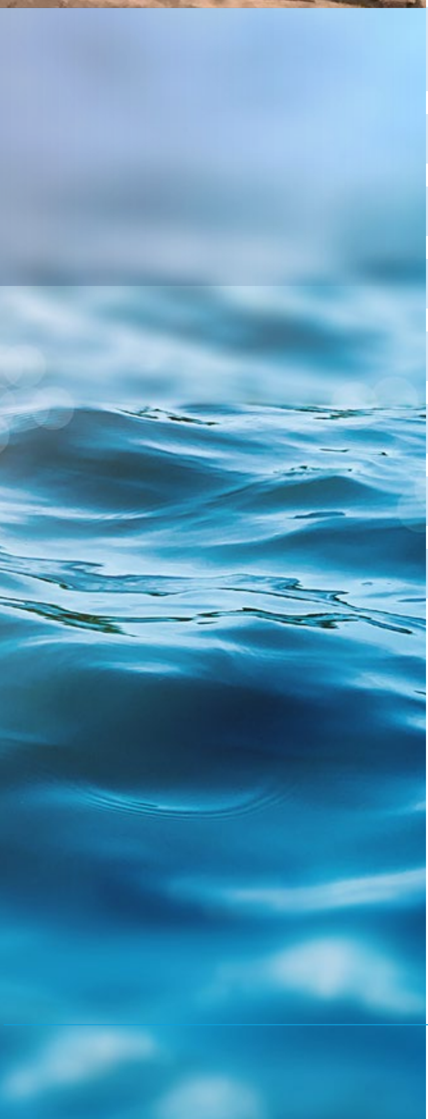
ANNUAL REPORT

Vysarn Limited (ABN 41 124 212 175) and incorporated entities
Annual Report for the financial year ending 30 June 2023

VYSARN

...the Company continued to successfully execute its vision and strategy to become a leading end to end, whole of life vertically integrated water service provider





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This key acquisition expanded the group's service offering across four wholly owned subsidiaries in water and environmental consultancy, hydrogeological drilling, test pumping and aquifer injection

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

www.vysarn.com.au

Auditor

Pitcher Partners BA&A Pty Ltd

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

Bankers

Westpac Banking Corporation

Level 3, Tower 2, Brookfield Place
123 St Georges Terrace
Perth, WA 6000

Share Registry

Automic Registry Services

Level 5, 191 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

...future growth initiatives are being actively pursued in water services across multiple sectors and geographies

CHAIRMAN’S LETTER TO SHAREHOLDERS

Dear Shareholders

It is with pleasure that I present the 2023 Annual Report for Vysarn Limited (Vysarn) and the financial results for the company. It was a period that provided further validation of our long term strategy to become a leading whole of life water service provider which in turn produced a year of material earnings growth.

The core of Vysarn’s strategy continued to be successfully executed in the period with the board and management focusing on increased asset utilisation, incremental increases in work rates, the purchase and deployment of new equipment, the expansion of our skilled workforce and the targeted acquisition of complementary businesses.

Vysarn started the 2023 financial year with the acquisition of Project Engineering (WA). This key acquisition expanded the group’s service offering across four wholly owned subsidiaries in water and environmental consultancy, hydrogeological drilling, test pumping and aquifer injection. This importantly created a platform that now provides genuine end to end water management from extraction to disposal. This vertical suite of integrated service offerings now positions Vysarn as a unique business in the Australian water sector.

With a focus on ultimately driving shareholder value, history suggests that diversified sustainable businesses with fundamentally driven characteristics like that of Vysarn often get rewarded over the long term with an increase in value. This is more so for businesses that can also provide a solid track record of year on year earnings growth.

The consolidated Vysarn entity produced earnings before interest tax and depreciation of $12.45 million and net profit before tax of $7.08 million. Operational cashflow was $9.67 million with balance sheet net tangible assets of $30.50 million of which $8.31 million was cash and cash equivalents as at 30 June 2023.

Vysarn remains well funded and strongly positioned as it enters the next financial year. Growth opportunities continue to be identified across the subsidiaries, while future growth initiatives are being actively pursued in water services across multiple sectors and geographies.

I’d like to take this opportunity to thank management and staff for their significant effort over the course of the last financial year. Vysarn’s ability to deliver on its strategy relies heavily on our team’s skills, focus and diligence in executing their respective roles and the 2023 financial result is certainly representative of that effort.

On behalf of the Board I would like to thank you again for your ongoing support. We are genuinely excited by our future prospects and as always, remain focused on rewarding shareholders with long term sustainable value.

Sincerely,

Peter Hutchinson
Chairman

24 August 2023

MANAGING DIRECTOR'S REPORT

Summary of Group Results for FY2023

REVENUE FROM OPERATIONS $64.96M

EBITDA $12.45M

NPBT $7.08M

ASSETS : NET TANGIBLE $30.50M

CASH & CASH EQUIVALENTS $8.31M

FY2023 Results Commentary

Vysarn's revenue from operations to 30 June 2023 of $64.96 million exceeded previous corresponding period revenue from operations by $18.66 million.

Revenue from operations in FY2023 represents a full twelve month operational contribution from all of the Company's wholly owned subsidiaries across consultancy, hydrogeological drilling, test pumping and managed aquifer recharge.

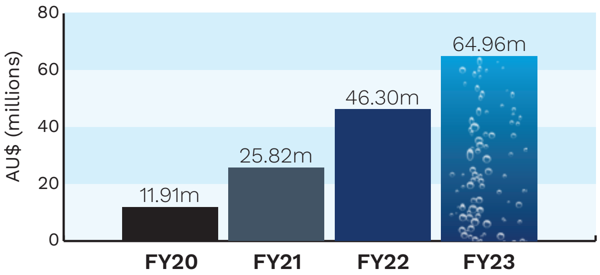
Description	FY23	FY22	Variance	Variance
	$	$	$	%
Operational Revenue	64,957,156	46,297,406	18,659,750	40%
EBITDA	12,453,788	9,075,292	3,378,496	37%
NPBT	7,075,570	4,095,180	2,980,390	73%
NPAT	3,872,558	2,856,729	1,015,829	36%
Operational Cashflow	9,664,934	9,499,462	165,472	2%

Net Profit Before Tax (NPBT) was $7.08 million and Net Profit After Tax (NPAT) was $3.87 million for the 12 months to 30 June 2023. The non-cash income tax expense of $3.20 million in FY2023 reflects the Company's increase in existing deferred tax liability, primarily due to a change in the Company's corporate tax rate and utilisation of the ATO's instant asset write-off. The Company has carried forward tax losses of $4.09 million that can be used to offset future income tax liabilities.

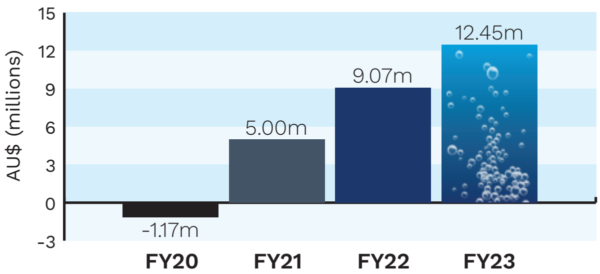
Operational Cashflow was $9.66 million. The reduction in the conversion of earnings to Operational Cash Flow compared to the previous corresponding period is primarily a reflection of increased working capital requirements created by the redeployment of drill rigs to Tier 1 iron ore miners with less favourable trading terms.

The Company has Net Tangible Assets (NTA) of $30.50 million, representing a NTA backing of $0.075 a share. Net Current Assets were $10.67 million, Cash and Cash Equivalent position was $8.31 million and Net Debt was $1.39 million as at 30 June 2023.

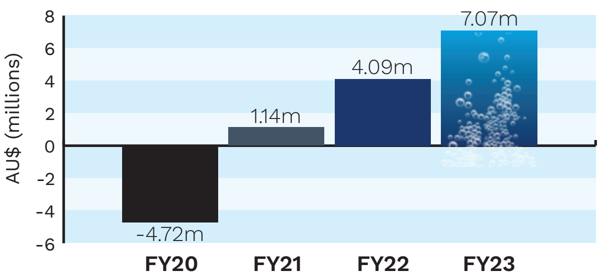
Operational Revenue



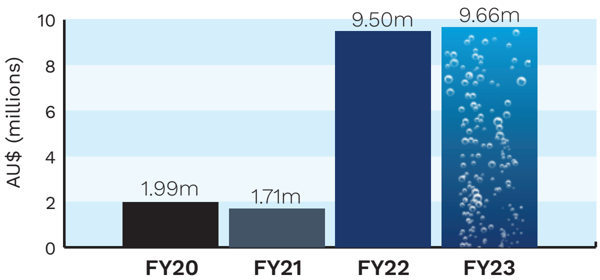
EBITDA



NPBT



Operational Cashflow



FY23 Group Financials Metrics by Subsidiary

	Operational Revenue			EBITDA			NPBT		
	H1	H2	Total	H1	H2	Total	H1	H2	Total
	($ '000s)	($ '000s)	($ '000s)	($ 000s)	($ 000s)	($ 000s)	($ 000s)	($ 000s)	($ 000s)
Vysarn	-	-	**-**	(1,201)	(1,642)	**(2,843)**	(1,206)	(1,695)	**(2,901)**
Pentium Hydro	21,977	29,005	**50,982**	3,733	8,213	**11,946**	1,445	5,886	**7,331**
Pentium Test Pumping	1,423	1,336	**2,759**	595	262	**857**	375	55	**430**
Pentium Water	1,715	2,351	**4,066**	305	467	**772**	241	402	**643**
Project Engineering	3,968	3,181	**7,150**	809	912	**1,722**	741	832	**1,573**
Total	**29,083**	**35,873**	**64,957**	**4,241**	**8,212**	**12,454**	**1,596**	**5,480**	**7,076**

Pentium Hydro

www.pentiumhydro.com.au

As disclosed in previous market updates throughout FY2023, wholly owned subsidiary Pentium Hydro Pty Ltd (Pentium Hydro) made a strategic decision to pull multiple rigs from the field in the first half of the financial period for compliance upgrades to meet Tier 1 iron ore miner's standards. While operational and financial performance in the first half was subsequently negatively affected, it provided an opportunity to redeploy these rigs on improved terms. This strategy was realised in the second half of FY2023 which helped underpin full redeployment of the Pentium Hydro rig fleet as well as record second half earnings for the subsidiary.

Operational performance in the period was rewarded with an increase in rates by key clients as well as several contract extensions. Pentium Hydro successfully started double shifting one rig in the period whilst continuing to pursue opportunities for multiple rigs to double shift in future financial periods.

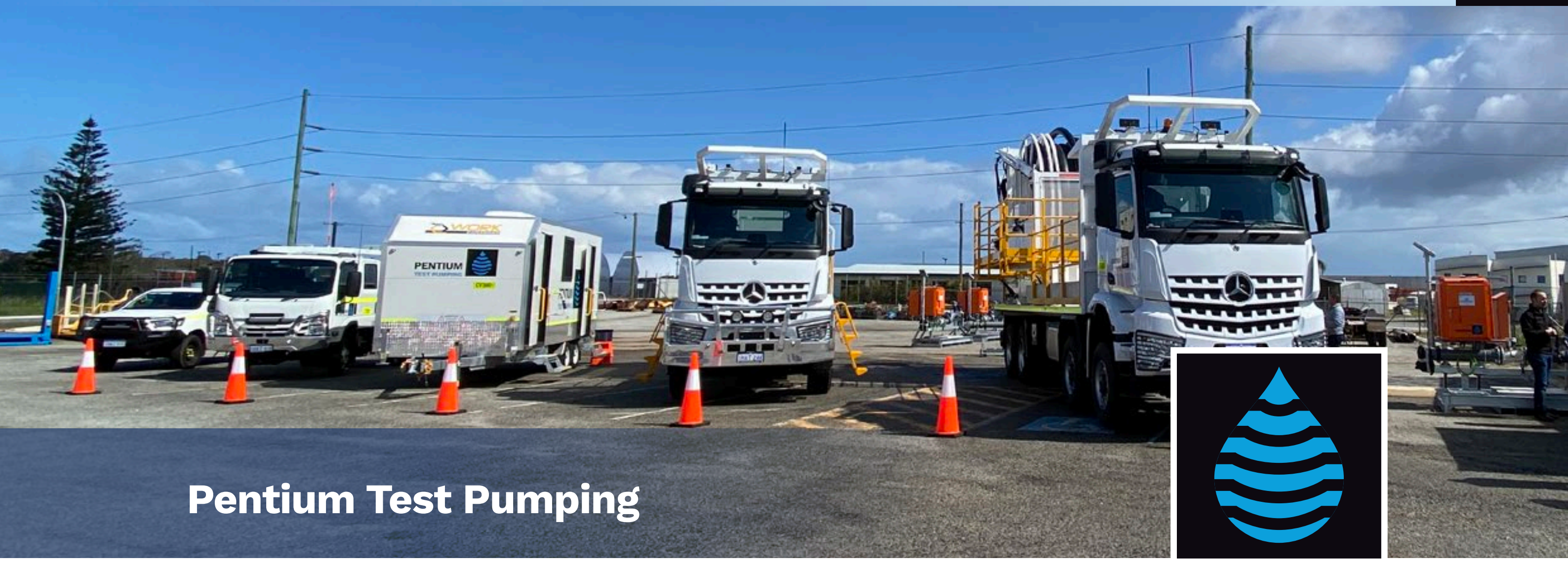
The outlook for Pentium Hydro remains robust with demand for dual rotary rigs particularly strong. Due to limited supply of dual rotary rigs in the Australian market, in hand with the long lead times and prohibitive expense to import new dual rotary rigs, Pentium Hydro anticipates opportunities to increase the number of rigs double shifting for clients to meet this demand.

Due to this ongoing demand, Pentium Hydro continued its search for quality second hand dual rotary rigs, both domestically and internationally. As such, Pentium Hydro recently identified an opportunity to acquire an additional used dual rotary rig. Subject to proceeding with the rig's acquisition, it is anticipated that this rig will be acquired and rebuilt to Tier 1 standards within FY2024.

The rig purchase being considered is not driven by a strategy to grow the size of the Pentium Hydro rig fleet, but rather to change the rig fleet mix to consist primarily of dual rotary rigs. The board and management view this initiative as a strategy primarily designed to shore up an already strong competitive moat for the hydrogeological drilling division. In line with changing the rig fleet mix, it is anticipated that the funding for such a purchase and rebuild of an additional dual rotary rig will in part be funded by the divestment of one of Pentium Hydro's non-core conventional rigs.

Operational improvements will continue to be rolled out in FY2024 with the establishment of a Pilbara based critical spares facility which will help reduce any downtime associated with programmed maintenance and breakdowns, as well as a continued recruitment drive to bring more experienced water well drillers, supervisors and managers into the business.

The outlook for Pentium Hydro remains robust with demand for dual rotary rigs particularly strong



Pentium Test Pumping

www.pentiumtestpumping.com.au

PENTIUM
TEST PUMPING

Pentium Test Pumping Pty Ltd (Pentium Test Pumping) produced another strong operational performance in FY2023. Traditional day shift utilisation in the period was high with a growing stream of double shifting opportunities also being realised in the period.

The strong operational performance was rewarded with an increase in rates and a contract extension by Pentium Test Pumping's key client.

The next generation test pumping unit did not meet its initial anticipated deployment timeline of 30 June 2023, with the extension of the delivery date due to delays in the construction and delivery of the reel unit out of Queensland. Despite the deployment delay, the advancement in technology of Pentium Test Pumping's second unit is in line with expectations underpinning management's confidence that the unit will be industry leading in its capability.

With the addition of a second technologically advanced test pumping unit, Pentium Test Pumping is anticipated to produce another strong performance in FY2024. The second unit is on track to be commissioned, deployed and operational inside the September quarter of FY2024 with multiple avenues of client enquiry providing opportunities for high utilisation rates from the outset. To support the deployment of the second test pumping unit, considerable work has been done in recent months to establish an expanded test pumping technician team, to not only support the deployment of the second test pumping unit but also to provide the ability to pursue further double shifting opportunities should they arise.

Incorporated within the new unit is the ability to injection test in addition to test pumping. This has been made possible via the inclusion of injection technology acquired from Project Engineering.

The initial injection testing work will be conducted under a commercial trial format on a client site and project, flagged to begin in the first half of FY2024. Subject to the success of the initial trials and the growing propensity of key clients to reinject surplus water via Manage Aquifer Recharge, management anticipates that injection testing has the potential to be a high growth and material offering in Pentium Test Pumping's suite of services in future periods.

Incorporated within the new unit is the ability to injection test in addition to test pumping

Pentium Water

www.pentiumwater.com.au

Wholly owned subsidiary Pentium Water Pty Ltd (Pentium Water) completed its first full year of operations in FY2023 after being organically launched in February 2022 to provide consulting services covering ground water, surface water and environmental planning.

The business experienced material expansion in staff head count growing to more than 20 advisors providing advisory solutions to Tier 1 clients across resources, urban development, utilities, government and traditional owner groups. During this period Pentium Water had early success in developing its model to derive more revenue from lump sum project work rather than the hourly rates model associated with traditional consultancy practices. While this model is designed to accentuate more meaningful long term engagements with clients, it has created an opportunity to incrementally improve productivity (and margin) while supporting the ability to grow the number of advisors and specialisations across the team.

In the period Pentium Water's advisory model evolved to include Company backed internal projects focussing on water and environmental opportunities rather than purely advising clients on their own projects. Pentium Water has developed a portfolio of internal early stage projects focussing on opportunities across water pipeline infrastructure and associated mechanisms to control, own or toll water. These early stage projects in turn are creating partnerships and new opportunities associated with the supply of large volumes of water for irrigated agriculture and carbon sequestering.

The outlook for Pentium Water is strong. Head count is anticipated to grow in future periods with the breadth of service offerings also anticipated to widen. In addition to current specialisation in ground water, surface water and environmental planning, growth prospects are already being developed to provide expanded capability in water resource engineering, environmental monitoring, mine closure, mine repurposing and traditional owner engagement.

...growth prospects are already being developed to provide expanded capability in water resource engineering, environmental monitoring, mine closure, mine repurposing and traditional owner engagement.

Project Engineering

www.proengwa.com

PROJECT ENGINEERING

During FY2023 the acquisition of wholly owned subsidiary Project Engineering Pty Ltd (Project Engineering) was completed effective from 1 July 2022.

In its first year of operations under Vysarn ownership, Project Engineering exceeded initial expectations set during the acquisition due diligence phase with material growth experienced in the construction and provision of managed aquifer recharge (MAR) units. This was primarily driven by a more active business development program which in turn provided opportunities to start moving the business to a production line model rather than manufacturing on a 'just in time' basis. This approach has also enabled Project Engineering to get greater visibility on longer term MAR opportunities and to start planning accordingly.

In response to this anticipated growth, Project Engineering is currently sourcing new premises that will enable the establishment of an expanded MAR unit production line as well as bolstering staff numbers and expertise. These strategic initiatives will require a commensurate level of increased investment.

In its first year of operations under Vysarn ownership, Project Engineering exceeded initial expectations set during the acquisition due diligence phase

The outlook for Project Engineering is strong with management anticipating year on year growth in MAR unit output in FY2024 underpinned by the Western Australian iron ore sector, in addition to ongoing business development paving the way for an expansion into other commodities, sectors and geographies.

FY24 Group Outlook

VYSARN

www.vysarn.com.au

FY2023 has proven to be another defining year for Vysarn with the water services vertical integration strategy maturing. The board and management continue to maintain the view that one of the largest and growing impediments to ongoing iron ore production is the removal and disposal of surplus water. This thematic has since proven to be sound and has provided a unique opportunity to build a business of scale in a short period of time.

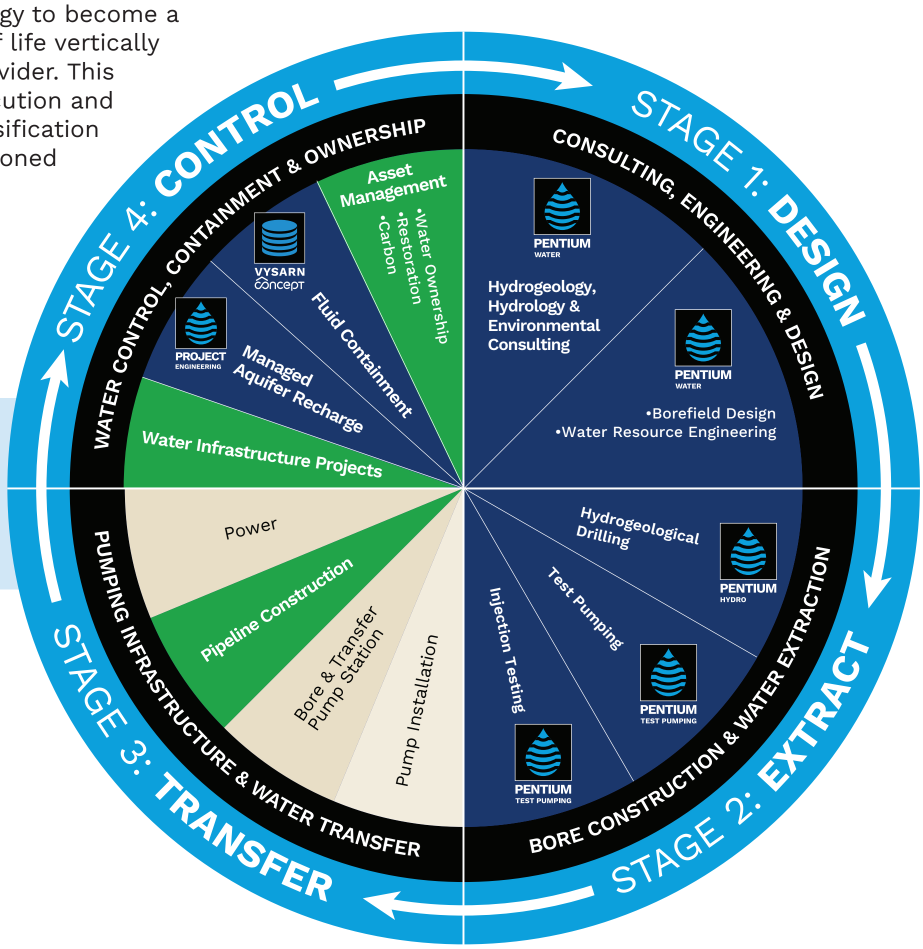
While Vysarn anticipates continued growth underpinned by the iron ore sector surplus water thematic, the Company has also identified new and real avenues for future growth across other services, commodities, sectors and geographies.

In FY2023 the Company continued to successfully execute its vision and strategy to become a leading end to end, whole of life vertically integrated water service provider. This strict focus on strategy execution and building scale through diversification has the Company well positioned with strong maintainable earnings and cashflow.

The diversification across the vertical service offerings will not only continue to insulate the Company from the operational and financial risks often associated with a single service model but will help create long term shareholder value by driving expanded valuation multiples traditionally afforded to multi-faceted businesses. The early stages of this thesis have already started to play out.

Vysarn is well positioned as it enters FY2024. The Company is well funded, anticipates material earnings growth and has identified a range of organic and acquisitive growth prospects. As always, the Company's board and management will continue to focus on driving long term and sustainable value for its shareholders.

Vertical Integration Strategy



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Under Assessment

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 2023 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 2020
- **Sheldon Burt**
  Executive Director
  Appointed: 15 May 2019

2. Significant Changes in State of Affairs

During the year, the Group acquired 100% of the issued capital of Project Engineering (WA) Pty Ltd, a provider of managed aquifer recharge systems utilising patent pending valve technology. The Group also 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 other 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

Vysarn is focused on becoming Australia's leading water, carbon and environmental services provider.

Throughout the financial period, the Group continued to focus on providing 'end-to-end' water services to various sectors, including, resources, urban development, government and utilities. The Group's operational entities now include:

- Pentium Hydro Pty Ltd ("Pentium Hydro");
- Pentium Test Pumping Pty Ltd ("Pentium Test Pumping");
- Pentium Water Pty Ltd ("Pentium Water"); and
- Project Engineering (WA) Pty Ltd ("Project Engineering").

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

A. The Group's Operations:

- The Company's hydrogeological drilling division **Pentium Hydro** continued to experience significant growth in the financial year as it reached steady state operations. Pentium Hydro repositioned itself to exclusively target multi-year, multi-rig, contracts with tier-1 miners. The significant and growing water issues across this client base is anticipated to provide continued earnings growth going forward.
- The Company's Test Pumping division **Pentium Test Pumping** continued to be a leading provider of tailor-made test-pumping solutions to tier-1 clients in Western Australia through innovative test pumping technology and live data collection solutions which accurately characterise individual well, bore-field and aquifer performance.
- The Group acquired 100% of the issued capital of **Project Engineering**, establishing the Company's reinjection division. Project Engineering continued to provide market leading capability in managed aquifer recharge ("MAR") systems utilising patent pending valve technology. The advanced MAR systems were utilised by resource clients to re-inject water back into aquifers during the period.
- The Company's water consulting division **Pentium Water** organically launched in February 2022 and has quickly grown to become one of Australia's premier advisers in mine water management, urban water management and environmental planning and management.

B. The Group's Business and Strategy

Vysarn is a dynamic company, focused on the integration and development of water specialised services and technologies. Vysarn's vertically integrated model provides 'end-to-end' water services to various sectors, including resources, urban development, government, utilities and agriculture. The efficient and environmentally responsible management of water is a critical and growing issue that the Company anticipates will continue to present significant growth opportunities, both vertically and horizontally.

5. Likely Developments

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

6. Financial Performance

The profit for the Group after providing for income tax amounted to $3.87 million (30 June 2022: $2.86 million).

Working capital, represented by current assets less current liabilities, was $10.67 million (30 June 2022: $3.98 million). The Company had positive cash flow from operating activities for the year amounting to $9.66 million (2022: $9.50 million).

Operational revenue for the year ended 30 June 2023 was $64.96 million (2022: $46.3 million). Growth was generated primarily from obtaining new water well drilling contracts, maintaining steady state earnings and the acquisition of Project Engineering.

The table below provides a comparison of the key results for the year ended 30 June 2023 to the preceding year ended 30 June 2022:

	30-June-23 ($)	30-June-22 ($)
Statement of Profit or Loss		
Revenue from operations	64,957,156	46,297,406
Reported profit / (loss) after tax	3,872,558	2,856,729
Statement of Financial Position		
Net Assets	32,923,665	28,085,390
Total Assets	60,079,390	49,248,719
Cash and cash equivalents	8,309,432	5,706,447

A. Principal Activities

The Group currently operates hydrogeological drilling, test pumping, reinjection water services 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.

7. Event Subsequent to Reporting Date

There is no other matter or circumstance that has arisen since 30 June 2023 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 & Geographic Exposures

The Group is exposed to the Australian mining industry, municipalities 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 (last 3 years):
N/A

Interests in shares:
69,100,000 fully paid ordinary shares

Interests in options: Nil

James Clement

Managing Director and CEO
(appointed 3 February 2020)

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 (last 3 years):

Mareterram Limited (ceased 15 April 2019)

Interests in shares:
15,166,666 fully paid ordinary shares

Interest in options:
10,000,000 options

Interest in performance rights:
3,333,334 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, operational responsibilities, senior management, executive management and company proprietorship.

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.

Mr Burt is a Member of the Australian Institute of Company Directors.

Other current listed directorships:
N/A

Former listed directorships (last 3 years):
N/A

Interests in shares:
7,883,981

Interest in performance rights:
3,333,334

Matthew Power

Company Secretary

(appointed 30 June 2021)

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 2023, and the number of meetings attended by each Director is set out below:

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]
Peter Hutchinson	8	8	2	2	1	1
James Clement	8	8	2	2	1	1
Sheldon Burt	8	8	2	2	1	1

1. *Held: Represents the number of meetings held during the time the Directors held office.*
2. *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 & 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 2023 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 ($)	Under Option Number
24-Nov-22	30-Jun-24	0.075	10,000,000
Total	**-**	**-**	**10,000,000**

10,000,000 shares were issued during or since the year end as a result of the exercise of options. Refer to "Note 22: Share Based Payments" on page 53.

14. Shares Under Performance Rights

At 30 June 2023 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-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-23	Employment and cumulative EPS condition	1,666,666
30-Jan-21	1-Jul-24	Employment and cumulative EPS condition	1,666,668
Total			**6,666,668**

15. Proceeedings on Behalf of the Company

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

16. Non-Audit Services

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-23	30-June-22
	$	$
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	26,050	19,730
Total auditors' remuneration for non-audit services	**26,050**	**19,730**

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 2023 has been received and can be found on page 18 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).

...strict focus on strategy execution and building scale through diversification

REMUNERATION REPORT (AUDITED)

The remuneration report for the year ended 30 June 2023 outlines the remuneration arrangement of the Company in accordance with the requirements of the Corporations Act 2001 (Cth), as amended (the Act) and its regulations. This information has been audited, as required by section 308(3C) of the Act.

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

1. **Introduction**
2. **Remuneration Governance**
3. **Executive Remuneration Arrangement**
4. **Non-Executive Director Fee Arrangement**
5. **Details of Remuneration**
6. **Share-based Compensation**
7. **Loans to Directors and Executives**
8. **Other Transactions and Balances With KMP and Their Related Parties**
9. **Key Performance Indicators of the Company Over the Last 5 Years**

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel ("KMP") of the Company (the Directors and executives) for the year ended 30 June 2023 are set out below:

Key Management Personnel covered under this report are as follows:

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

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.

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 2023.

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 2022 Annual General Meeting ("AGM")

The Company received more than 99% of "yes" votes on its remuneration report for the 2022 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 for the year ended 30 June 2023:

James Clement, Managing Director and CEO

a. Term of agreement: commencing 3 February 2020 with indefinite duration.

b. Remuneration:
   i. a base salary of $425,000 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 upon commencement and 10,000,000 options.

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 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;
   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 2023 financial year (inclusive of superannuation):

	Board	Committee	Total
	$	$	$
Board Fees – per annum			
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.

2023	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	54,545	-	-	-	5,727	-	60,272
Executive Directors							
James Clement[1, 2]	382,475	10,000	17,233	-	25,292	270,116	705,116
Sheldon Burt [2]	277,519	20,000	-	-	25,725	161,428	484,672
Total	**714,539**	**30,000**	**17,233**	**-**	**56,744**	**431,544**	**1,250,060**

1. *The amount of $17,233 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 Section 6 of this remuneration report for further information pertaining to share-based payment expenses recognised for key management personnel.*

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 Section 6 of this remuneration report for further information pertaining to share-based payment expenses recognised for key management personnel.*

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

	Fixed Remuneration		At Risk STI		At Risk LTI	
	2023	2022	2023	2022	2023	2022
Directors						
Peter Hutchinson	100%	100%	-	-	-	-
James Clement	60%	75%	1%	13%	38%	12%
Sheldon Burt	63%	78%	4%	10%	33%	12%

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 2023 no share-based payments in the form of ordinary shares were issued by the Company to key management personnel as remuneration.

B. Performance Rights

During the year ended 30 June 2023, the Company did not issue any performance rights as performance incentives to key management personnel.

Movements in Performance Rights

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

Key Management Personnel	Opening balance	Granted as compensation	Exercised	Unvested, Lapsed and Cancelled	Closing balance	Vested during the year	Vested and exercisable at the end of the year	Unvested and not exercisable at the end of the year
	No.	No.	No.	No.	No.	No.	No.	No.
2023								
Peter Hutchinson	-	-	-	-	-	-	-	-
James Clement	5,000,000	-	1,666,666	-	3,333,334	-	3,333,334	-
Sheldon Burt	5,000,000	-	1,666,666	-	3,333,334	-	3,333,334	-
Total	**10,000,000**	**-**	**3,333,332**	**-**	**6,666,668**	**-**	**6,666,668**	**-**

During the year ended 30 June 2023, 3,333,332 performance rights were exercised upon their vesting for $Nil consideration, resulting in the issue of 3,333,332 fully paid ordinary shares.

Performance Rights on Issue at Year End

At 30 June 2023, 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	Fair Value
		($)			($)
30-Jun-23					
2	3,333,332	191,667	30-Jun-23	100%	191,667
3	3,333,336	191,667	30-Jun-24	100%	191,667
Total	**6,666,668**	**383,334**	**-**	**-**	**383,334**

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
2	3,333,333	30 June 2023	■ Employment condition
3	3,333,334	30 June 2024	■ Cumulative EPS condition

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 were valued based on the Company's share price as at the date of their approval for issue. A total valuation of $383,334 has been determined for the remaining tranches, assuming satisfaction of performance conditions in full and 100% vesting rate.

The conditions for Tranche 2 of the performance rights were successfully met during the period and have subsequently vested. 100% of these performance rights have been expensed in full as at 30 June 2023. In respect of tranche 3 of the performance rights, it was determined that the achievement of the vesting conditions are more likely then unlikely at this time noting the Company's operational steady state earnings. As a result, tranche 3 has been assessed with a 100% probability likelihood.

$341,635 in share-based payments was recorded as an expense in the statement of profit or loss and other comprehensive income during the year ended 30 June 2023 (30 June 2022: $103,374) in relation to the performance rights.

C. Options

During the year ended 30 June 2023, on 24 November 2022 the Company issued 10,000,000 Incentive Options to Mr. James Clement, with an exercise price of $0.075 and an expiry date of 5 July 2024. No other options were issued to key management personnel as remuneration.

The fair value of the options issued has been determined using a Black-Scholes option pricing model with the following inputs:

Managing Director Options

Options	
Number of options	10,000,000
Grant date	24-Nov-2022
Share price at grant date	$0.085
Issue date	14-Dec-2022
Exercise price	$0.075
Expected volatility	37.33%
Implied option life	1.61 years
Expected dividend yield	-
Risk free rate	3.16%
Valuation per option $	$0.02247
Total Valuation	**$224,774**

As per the ASX announcement on 6 February 2023, Mr James Clement was issued a further 10,000,000 Managing Director Options, as the previous 10,000,000 options that he held lapsed unvested. The new options issued have an expiry date of 3 July 2024. An amount of $89,909 has been expensed during the period noting the total expense calculated as the value of the 10,000,000 Incentive Options will be recognised over the remaining option term to July 2024 as a result of their service condition for vesting.

Further, during the reporting period, 10,000,000 shares were issued on the exercise of the Chairman's Options previously granted as compensation. The 10,000,000 options had an exercise price of $0.054 per option. $540,000 was received upon exercise of these options.

Options Over Equity Instruments

During the year, the Company issued 10,000,000 shares on the exercise of the Chairman's Options previously granted as compensation.

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)	-	-	-	-	-
James Clement	10,000,000	10,000,000	-	(10,000,000)	10,000,000	-	-	10,000,000
Sheldon Burt	-	-	-	-	-	-	-	-
Total	**20,000,000**	**10,000,000**	**10,000,000**	**(10,000,000)**	**10,000,000**	**-**	**-**	**10,000,000**

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:

	Opening balance	Granted as compensation	Received on exercise of options	Received on exercise of performance rights	On-market purchases	Closing balance
	No.	No.	No.	No.	No.	No.
30 June 2023						
Peter Hutchinson	57,000,000	-	10,000,000	-	2,100,000	69,100,000
James Clement	13,500,000	-	-	1,666,666	-	15,166,666
Sheldon Burt	6,217,315	-	-	1,666,666	-	7,883,981
Total	**76,717,315**	**-**	**10,000,000**	**3,333,332**	**2,100,000**	**92,150,647**
30 June 2022						
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**

7. Loans to Directors and Executives

There are no loans to Directors or other KMP of the Company during the year ended 30 June 2023 (2022 $Nil).

8. Other Transactions and Balances With KMPs and Their Related Parties

During the year ended 30 June 2023, 10,000,000 options were issued to the Directors under the Managing Director Options Offer. Additionally, 3,333,332 ordinary shares were issued to the Directors as a result of a number of Performance Rights vesting and 10,000,000 ordinary shares upon exercise of options. Refer to Section 6 of this Remuneration Report for further information.

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.

There were no purchases from and sales to related parties during the year (2022: $NIL).

9. Key Performance Indicators of the Company Over the Last 5 Years

Consolidated	30-June-23	30-June-22	30-June-21	30-June-20	30-June-19
	($)	($)	($)	($)	($)
Revenue	64,957,156	46,297,406	25,824,506	11,912,589	163,459
Net profit / (loss) before tax	7,075,570	4,095,180	1,137,420	2,472,743	(483,826)
Net profit / (loss) after tax	3,872,558	2,856,729	344,819	4,835,295	(483,826)
Share price at start of year	0.073	0.095	0.050	N/A	N/A
Share price at end of year	0.132	0.073	0.095	0.05	N/A
Interim and final dividend	-	-	-	-	-
Basic profit / (loss) per share	0.0098	0.0073	0.0009	0.0178	(0.0035)

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 24 August 2023

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 2023, 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

MICHAEL LIPRINO
Executive Director
Perth, 24 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2023

		Consolidated Group	
	Notes	30 June 2023	30 June 2022
		$	$
Sales revenue	4	64,957,156	46,297,406
Cost of sales		(43,336,348)	(31,377,746)
Gross Profit		**21,620,808**	**14,919,660**
Other income	5	159,000	273,081
Administration and corporate expense	6	(2,856,495)	(1,923,001)
Employee benefits expense	6	(6,439,937)	(4,194,343)
Depreciation and amortisation expense	6	(4,875,451)	(4,502,758)
Finance expense	6	(532,354)	(477,458)
Profit / (loss) before income tax		**7,075,570**	**4,095,180**
Income tax benefit / (expense)	7	(3,203,012)	(1,238,451)
Profit / (loss) after income tax expense		**3,872,558**	**2,856,729**
Profit / (loss) after income tax expense for the year attributable to the owners of Vysarn Limited		3,872,558	2,856,729
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		**3,872,558**	**2,856,729**
Basic earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0098	0.0073
Diluted earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0094	0.0068

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023	30 June 2022
		$	$
CURRENT ASSETS			
Cash and cash equivalents	10	8,309,432	5,706,447
Trade and other receivables	11	10,395,786	5,986,504
Inventories	12	4,281,967	3,599,105
Other current assets	13	2,175,239	1,208,367
Prepayments and deposits	14	886,537	490,056
TOTAL CURRENT ASSETS		**26,048,961**	**16,990,479**
NON-CURRENT ASSETS			
Plant and equipment	15	31,346,083	31,701,407
Right of use asset	16	265,282	556,833
Goodwill	25	2,409,334	-
Other non-current assets		9,730	-
TOTAL NON-CURRENT ASSETS		34,030,429	32,258,240
TOTAL ASSETS		**60,079,390**	**49,248,719**
CURRENT LIABILITIES			
Borrowings	17	4,453,742	5,548,400
Trade and other payables	18	9,212,147	6,172,045
Employee liabilities	19	1,196,522	733,947
Lease liability		267,063	305,342
Contingent consideration payable	25	250,000	250,000
TOTAL CURRENT LIABILITIES		**15,379,474**	**13,009,734**
NON-CURRENT LIABILITIES			
Borrowings	17	5,248,685	4,356,520
Lease liability		65,309	309,192
Employee liabilities	19	61,314	44,933
Deferred tax liability	7	6,145,964	2,942,951
Contingent consideration payable	25	254,983	500,000
TOTAL NON-CURRENT LIABILITIES		11,776,255	8,153,596
TOTAL LIABILITIES		27,155,729	22,163,330
NET ASSETS		**32,923,665**	**28,085,390**
SHAREHOLDERS' EQUITY			
Issued capital	20	20,029,354	19,495,181
Reserves	21	623,211	555,667
Retained earnings		12,271,100	8,034,542
SHAREHOLDERS' EQUITY		**32,923,665**	**28,085,390**

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2023

	Issued Capital	Share Based Payment Reserve	Retained earnings	Total
	$	$	$	$
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**
Balance at 1 July 2022	**19,495,181**	**555,667**	**8,034,542**	**28,085,390**
Profit for the period	-	-	3,872,558	3,872,558
Other comprehensive income				
Total comprehensive income for the period	**-**	**-**	**3,872,558**	**3,872,558**
Transactions with owners in their capacity as owners:				
Issue of shares	540,000	-	-	540,000
Options lapsed under the Managing Director options offer	-	(123,000)	123,000	-
Options issued under the Managing Director options offer	-	89,909	-	89,909
Options exercised under the Chairman options offer	-	(241,000)	241,000	-
Capital raising costs	(5,827)	-	-	(5,827)
Share based payments		341,635	-	341,634
Total transactions with owners	**534,173**	**-**	**364,000**	**965,717**
Balance at 30 June 2023	**20,029,354**	**623,211**	**12,271,100**	**32,923,665**

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2023

	Notes	30 June 2023	30 June 2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		67,491,783	49,994,380
Payments to suppliers and employees		(57,397,275)	(40,050,856)
Interest received		29,587	104
Interest and other costs of finance paid		(459,161)	(444,166)
Net cash provided by operating activities	10a	**9,664,934**	**9,499,462**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of Project Engineering, net of cash acquired	25	(2,797,775)	-
Payment for acquisition of Pentium Test Pumping	25	-	(2,140,015)
Purchase of plant and equipment		(4,115,884)	(5,015,343)
Proceeds from disposal of property, plant and equipment		110,831	424,138
Net cash used in investing activities		**(6,802,828)**	**(6,731,220)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	20	540,000	-
Proceeds from borrowings		6,940,546	4,499,153
Repayment of borrowings		(7,420,849)	(7,835,212)
Payments for principal portion of lease liabilities		(312,991)	(270,846)
Capital raising costs		(5,827)	(10,377)
Net cash used in financing activities		**(259,121)**	**(3,617,282)**
Net increase/(decrease) in cash and cash equivalents		2,602,985	(849,039)
Cash and cash equivalents at beginning of financial year		5,706,447	6,555,486
Cash and cash equivalents at the end of financial year	10	**8,309,432**	**5,706,447**

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 24 August 2023. 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 40.

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 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.

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2022 and was first applied by the Group in the financial year commencing 1 July 2022. The application 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 2023. 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. Business Combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired, and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Company taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the Group accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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).

For engineering services provided under contract, revenue is recognised in accordance with a specified unit of production based on a rate agreed to with the customer (for example MAR units delivered 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 income 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.

R. Borrowing Costs

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

S. 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.

T. 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.

U. 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.

V. 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.

W. 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.

X. 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).

Y. 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.

Z. 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.

AA. 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).

AB. 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 2023. The Group's assessment of the impact of these new or amended Accounting Standards and interpretations, most relevant to the Group, are set out below.

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 2024 instead of 1 January 2023. They will first be applied by the Group in the financial year commencing 1 July 2024.

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 2024 and will be first applied by the Group in the financial year commencing 1 July 2024.

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

The main amendments relate to:

a. AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
b. AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies; and
c. AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates.
d. AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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.

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. Practice Statement 2 Making Materiality Judgements is also amended regarding assessing whether information about covenants is material for disclosure. AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the Group in the financial year commencing 1 January 2024.

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

AC. 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.

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 53. 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

The Group has determined that the acquisition of Project Engineering (WA) Pty Ltd constitutes a business combination in accordance with the definitions and guidance provided by AASB 3 Business Combinations ("AASB 3") and has provisionally accounted for the acquisition in accordance with that standard at 30 June 2023. In accordance with AASB 3 the assets and liabilities acquired have been recorded by the Group at their acquisition date fair values, resulting in goodwill of $2,409,334.

Impairment of Goodwill

Goodwill is allocated to a cash generating unit or units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. Refer to "Note 25" on page 61 for further information.

Note 3: Operating Segments

Identification of Reportable Segments

The Group has identified its reportable 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.

Revenue received from the reportable segments are received solely from external Australian customers. The major results of the Group's reportable segments are consistent with the presentation of these consolidated financial statements.

Reportable Segments	30-June-23	30-June-22
	$	$
1. Segmented external revenues		
Pentium Hydro	50,982,210	44,071,400
Project Engineering	7,149,711	-
Pentium Test Pumping	2,759,291	1,559,623
Pentium Water	4,065,944	666,383
Vysarn	-	-
Total	**64,957,156**	**46,297,406**
2. Segmented net profit before tax		
Pentium Hydro	7,330,593	5,552,258
Project Engineering	1,572,778	-
Pentium Test Pumping	430,122	342,363
Pentium Water	642,516	(86,075)
Vysarn	(2,900,439)	(1,713,365)
Total	**7,075,570**	**4,095,181**
3. Segmented assets		
Pentium Hydro	47,480,967	43,713,972
Project Engineering	5,057,288	-
Pentium Test Pumping	5,321,623	4,472,267
Pentium Water	1,517,579	858,618
Vysarn	701,936	203,863
Total	**60,079,393**	**49,248,720**

Reportable Segments	30-June-23	30-June-22
	$	$
4. Segmented liabilities		
Pentium Hydro	19,002,728	18,518,391
Project Engineering	3,643,460	-
Pentium Test Pumping	1,221,779	1,101,088
Pentium Water	747,082	603,419
Vysarn	2,540,679	940,432
Total	**27,155,728**	**21,163,330**

Note 4: Revenue From Contracts With Customers

	30-June-23	30-June-22
	$	$
Revenue recognised over a period of time from contracts with Australian customers:		
▪ Drilling services	38,487,910	34,744,037
▪ Engineering Services	7,149,711	-
▪ Dry-hire revenue	1,682,335	1,252,086
▪ Test Pumping Services	2,705,170	1,551,623
▪ Consultancy Services	4,077,439	666,383
Sub-total	54,102,565	38,214,129
Revenue recognised at a point in time from contracts with Australian customers:		
▪ Sale of goods (consumables)	10,697,240	7,353,187
▪ Mobilisation / demobilisation	157,351	730,090
Sub-total	10,854,591	8,083,277
Total revenue	**64,957,156**	**46,297,406**

Note 5: Other Income

	30-June-23	30-June-22
	$	$
Interest income	29,587	104
Fuel tax rebate	11,334	8,818
Other revenue	99,735	155,307
Net gain on disposal of assets	18,343	108,852
Total	**159,000**	**273,081**

Note 6: Expenses

Breakdown of expenses by nature:	30-June-23	30-June-22
	$	$
Administration and Corporate expense		
▪ Office expenses	869,080	583,303
▪ Corporate costs and compliance	1,938,110	1,278,002
▪ Other expenses	49,305	61,696
Total	**2,856,495**	**1,923,001**
Employee benefits expense		
▪ Wages and salaries	4,525,756	2,889,681
▪ Superannuation	304,680	225,003
▪ Employment related taxes	1,139,588	939,716
▪ Share-based payment expense	431,544	103,374
▪ Other employment related expenses	38,369	36,569
Total	**6,439,937**	**4,194,343**
Depreciation and Amortisation Expense		
▪ Plant and equipment depreciation	4,563,099	4,253,346
▪ Land and buildings lease amortisation	312,353	249,412
Total	**4,875,452**	**4,502,758**
Finance Costs		
▪ Interest - borrowings	443,174	444,166
▪ Interest - leases	15,987	21,479
▪ Bank fees	73,193	11,813
Total	**532,354**	**477,458**

Note 7: Income Tax Expense

	30-June-23 $	30-June-22 $
A. Components of Income Tax Expense		
Deferred tax	2,223,380	1,297,728
Under / (over) provision in prior years	391,042	14,914
Revaluation of deferred tax position due to change in tax rate	588,590	(74,191)
Income tax expense / (benefit)	**3,203,012**	**1,238,451**

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-23 $	30-June-22 $
Prima facie income tax payable on profit before income tax at 30% (2022: 26%)	2,122,671	1,022,806
Add/(less) tax effect of:		
Entertainment	14,893	1,406
Inventory	-	-
Plant and equipment	400,360	248,672
Share based payments	102,490	25,844
Transferred losses	(30,826)	-
Other non-deductible expenses	14,151	-
Under provision in prior period	(9,317)	14,914
Revaluation of deferred tax position due to change in tax rate	588,590	(74,191)
Income tax expense / (benefit) attributable to profit	**3,203,012**	**1,238,451**

C. Current Tax Liability

Current tax relates to the following:

	30-June-23 $	30-June-22 $
Current tax liabilities / (assets)		
Opening balance	-	-
Income tax	-	-
Instalments paid	-	-
	-	**-**

D. Deferred Tax

Deferred tax relates to the following:

	30-June-23 $	30-June-22 $
Deferred tax assets balance comprises:		
Plant and equipment under lease	20,128	14,425
Accruals	312,001	137,831
Provisions - annual and long service leave	196,550	75,605
Borrowing costs	219	1,222
Capital raising costs	33,680	55,381
Business related costs	259	2,685
Tax losses	1,228,199	2,818,349
	1,791,036	**3,105,497**
Deferred tax liabilities balance comprises:		
Prepayments	(47,709)	(124,012)
Accrued income	(1,249,514)	(1,401,669)
Plant and equipment	(6,639,777)	(4,509,747)
Spare parts	-	(13,020)
	(7,937,000)	**(6,048,448)**
Net deferred tax	**(6,145,964)**	**(2,942,951)**

	30-June-23	30-June-22
	$	$

E. Deferred income tax related to items charged or credited directly to equity

Decrease / (increase) in deferred tax assets	1,748	2,594
	1,748	**2,594**

F. Deferred income tax (revenue)/expense included in income tax

expense comprises:		
Decrease / (increase) in deferred tax assets	2,982,013	241,603
(Decrease) / increase in deferred tax liabilities	(758,633)	1,058,719
Change in tax rate and under provision	979,632	-
	3,203,012	**1,300,322**

At 30 June 2023, the Company has carried forward revenue tax losses of $4,093,998 (2022: $11,2783,398). 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-23	30-June-22
	$	$
Remuneration of the auditor of the Company (Pitcher Partners BA&A Pty Ltd and its related entities) for:		
▪ Auditing or reviewing the financial reports	56,626	51,904
▪ Non-audit services – tax compliance	26,050	19,730
Total	**82,676**	**71,634**

Note 9: Earnings Per Share

	30-June-23	30-June-22
	$	$
Earnings per share for (loss)/profit		
Profit / (Loss) after income tax attributes to the owners of Vysarn Limited	3,872,558	2,856,729
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	396,010,657	389,969,563
Weighted average number of ordinary shares used in calculating diluted earnings per share	412,677,325	419,969,563
Basic earnings / (loss) per share	0.0098	0.0073
Diluted earnings / (loss) per share	0.0094	0.0068

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-23	30-June-22
	$	$
Cash at bank	8,309,432	5,706,447
Total	**8,309,432**	**5,706,447**

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-23	30-June-22
	$	$
Profit / (loss) after income tax expense for the year	3,872,558	2,856,729
Non-cash flows in result from continuing activities:		
Share based payments (benefit) / expense	431,544	103,374
Depreciation and amortisation	4,875,451	4,502,758
(Profit)/ loss on disposal of PPE	(18,343)	(108,852)
Tax expense / (benefit)	3,203,012	1,238,451
Changes in assets and liabilities:		
(Increase) / decrease in inventories	(1,274,117)	(1,080,252)
(Increase) / decrease in trade and other receivables	(4,409,283)	(1,003,277)
Increase / (decrease) in employee entitlements	478,957	(514,673)
Increase / (decrease) in trade and other payables	3,040,102	1,122,515
Increase / (decrease) in other assets and liabilities	(534,996)	2,383,690
Net cash provided by operating activities	**9,664,935**	**9,499,462**

Note 11: Current Assets – Trade And Other Receivables

	30-June-23	30-June-22
	$	$
Trade receivables	10,395,786	5,986,504
Total	**10,395,786**	**5,986,504**

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 2023 based on management’s assessment.

Information about the impairment of trade receivables and the group’s exposure to credit risk, foreign currency risk and interest rate risk can be found in the “Note 23” on page 55.

Note 12: Inventories

	30-June-23	30-June-22
	$	$
Consumables and spare parts – at cost	4,281,967	3,599,105
Total	**4,281,967**	**3,599,105**

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

Note 13: Other Current Assets

	30-June-23	30-June-22
	$	$
Contract fulfilment costs	591,254	806,469
Contract Assets	1,523,280	342,469
Other current assets	60,705	-
Total	**2,175,239**	**1,208,367**

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-23	30-June-22
	$	$
Deposits	-	53,438
Prepayments	886,537	436,618
Total	**886,537**	**490,056**

Note 15: Plant and Equipment

	30-June-23 $	30-June-22 $
Plant and equipment		
Cost	32,324,058	28,375,076
Accumulated depreciation	(10,079,196)	(7,009,904)
Net carrying amount	**22,244,862**	**21,365,172**
Trucks, trailers and light vehicles		
Cost	13,538,268	13,408,543
Accumulated depreciation	(4,610,282)	(3,227,893)
Net carrying amount	**8,927,986**	**10,180,651**
Office equipment		
Cost	393,628	281,935
Accumulated depreciation	(224,600)	(126,350)
Net carrying amount	**169,028**	**155,585**
Leasehold improvements		
Cost	16,158	-
Accumulated depreciation	(11,950)	-
Net carrying amount	**4,208**	**-**
Assets held not ready for use		
Cost	2,218,204	-
Net carrying amount	**2,218,204**	**-**
Total plant and equipment		
Cost	46,272,113	42,065,554
Accumulated depreciation	(14,926,028)	(10,364,147)
Net carrying amount	**31,346,084**	**31,701,407**

Consolidated Group	Plant and equipment $	Trucks, trailers and light vehicles $	Office Equipment $	Leasehold Improvements $	Assets Held Not Ready for Use $	Total $
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	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 as at 30 June 2022	**21,365,172**	**10,180,651**	**155,585**	**-**	**-**	**31,701,407**
Carrying amount at 30 June 2022	21,365,172	10,180,651	155,585	-	-	31,701,407
Additions	1,791,947	164,739	111,998	16,158	2,218,204	4,303,046
Disposals	(61,169)	(35,015)	(305)			(96,489)
Depreciation expense	(3,069,292)	(1,382,389)	(98,250)	(11,950)		(4,561,881)
Balance at 30 June 2023	**20,026,658**	**8,927,986**	**169,028**	**4,208**	**2,218,204**	**31,346,083**

(i) Several items of plant and equipment were sold during the period resulting in a gain on disposal of assets of $18,343.

Note 16: Right-Of-Use Assets

	30-June-23	30-June-22
	$	$
Leasehold premises		
NON-CURRENT		
Land and buildings - right-of-use	1,116,125	1,095,323
Less: accumulated amortisation	(850,843)	(538,490)
Total	**265,282**	**556,833**

Note 17: Borrowings

	30-June-23	30-June-22
	$	$
CURRENT		
Insurance premium funding (a) – at amortised cost	95,825	-
Asset finance facilities (a) – at amortised cost	4,165,446	3,054,858
Current maturities of long-term bank loan (b) – at amortised cost	192,470	2,493,542
Sub-total	**4,453,742**	**5,548,400**
NON-CURRENT		
Asset finance facilities (a) – at amortised cost	5,248,685	4,143,564
Long-term bank loan, net of current maturities (b) – at amortised cost	-	212,956
Sub-total	5,248,685	4,356,520
Total	**9,702,427**	**9,904,920**

A. Asset Finance Facilities

The asset finance facilities bear fixed interest at fixed prevailing market rates (ranging from 2.73% to 6.5%) 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-23	30-June-22
	$	$
Trade payables	7,147,477	5,808,637
GST liability	406,065	22,971
Accruals	967,867	186,833
ATO client account	-	47,063
Deferred Revenue	12,555	32,184
Other payables	678,183	74,357
Total	**9,212,147**	**6,172,045**

Note 19: Employee Liabilities

	30-June-23	30-June-22
	$	$
CURRENT		
Provision for annual leave	559,538	257,487
Provision for long Service leave	34,314	-
Superannuation liability	602,670	476,460
Sub-total	**1,196,522**	**733,947**
NON-CURRENT		
Provision for long service leave	61,314	44,933
Sub-total	**61,314**	**44,933**
Total	**1,257,836**	**778,880**

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

Note 20: Share Capital

	30-June-23	30-June-22
	$	$
A. Share Capital		
405,289,196 (30 June 2022: 391,955,864) fully paid ordinary shares	20,029,354	19,495,181

Ordinary Shares

During the 12-month period ended 30 June 2023, the Group issued 13,333,332 ordinary shares (30 June 2022: 5,000,000). All issued shares are fully paid.

The issue of 10,000,000 shares related to the exercise of options under the Chairman's Offer, receiving $540,000 in proceeds. The issue of 3,333,332 shares related to the vesting of tranche 1 of the Directors' performance rights and were issued for $NIL consideration.

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

	Ordinary Shares	30-June-23	30-June-23	30-June-22	30-June-22
		No.	$	No.	$
	At the beginning of the reporting period	391,955,864	19,495,181	386,955,864	19,130,558
13-Sept-22	Performance rights vested during the period	3,333,332	-	5,000,000	375,000
11-May-23	Options exercised during the period	10,000,000	540,000	-	-
	Transaction costs	-	(5,827)	-	(10,377)
	Total	**405,289,196**	**20,029,354**	**391,955,864**	**19,495,181**

Note 21: Reserves

	30-June-23	30-June-22
	$	$

A. Share Based Payment Reserve

10,000,000 options (30 June 2022: 20,000,000) and 6,666,668 performance rights (30 June 2022: 10,000,000) on issue	623,211	555,667

B. Movement in Share Based Payment Reserve

Share Based Payment Reserve

At the beginning of the period	555,667	452,293
Options lapsed under the Managing Director Options Offer - Transfer to retained earnings	(123,000)	-
Options exercised and transferred to retained earnings - Chairman Options Offer	(241,000)	-
Share based payments	431,544	103,374
Total	**623,211**	**555,667**

Refer to “Note 22” on page 53 which outlines the movement in the current period’s share-based payment expense.

Note 22: Share Based Payments

During the year ended 30 June 2023 the Company recorded the following share-based payments:

Share Issue

3,333,332 performance rights were converted to fully paid ordinary shares and issued to Executive Directors as part of the Performance Rights Incentive. These performance rights had been expensed in full as at 30 June 2022. 10,000,000 options were converted to fully paid ordinary shares and issued to the Chairman as part of the Chairman's Options Offer. No further shares were issued during the year ended 30 June 2023.

Options

During the year ended 30 June 2023 the Company issued 10,000,000 options over ordinary shares under the Managing Directors Options Offer (30 June 2022: nil). 10,000,000 options were exercised for $0.054 per option, which amounted to $540,000 in gross proceeds received.

Options	30-Jun-23	30-Jun-23	30-Jun-22	30-Jun-22
	No.	(Cumulative in $)	No.	(Cumulative in $)
At the beginning of the reporting period	20,000,000	364,000	20,000,000	364,000
Managing Director options lapsed during the period - transferred to retained earnings	(10,000,000)	(264,000)	-	-
Chairman options exercised during the period - transferred to retained earnings	(10,000,000)	(123,000)	-	-
Options issued during the period under the Managing Directors Options Offer [a]	10,000,000	89,909	-	-
Total	**10,000,000**	**89,909**	**20,000,000**	**364,000**

a. On 24 November 2022, the Company issued 10,000,000 Incentive Options to Mr. James Clement, with an exercise price of $0.075 and an expiry date of 5 July 2024.
b. The value of the 10,000,000 Incentive Options will be recognised over the remaining option term to their expiry on 3 July 2024 as a result of their service condition for vesting.
c. The weight average contractual life of options on issue is 1 year (2022: 0.6 years). The weighted average exercise price of options on issue is $0.085 per option (2022: $0.075 per option).

The fair value of the options issued has been determined using a Black-Scholes option pricing model with the following inputs:

Managing Director Options

Options	
Number of options	10,000,000
Grant date	24-Nov-2022
Share price at grant date	$0.085
Issue date	14-Dec-2022
Exercise price	$0.075
Expected volatility	37.33%*
Implied option life	1.61 years
Expected dividend yield	-
Risk free rate	3.16%
Valuation per option $	$0.02247
Total valuation	**$224,774**

* *The volatility rate has been determined with reference to the entity's historical volatility for a comparable period, factoring in adjustments as a result of the COVID 19 Pandemic as well as the diversification of the Group's business into a vertically integrated water service and waterwell drilling provider.*

An amount of $89,909 has been recognised as an expense in the Statement of profit or loss and other comprehensive income during the period, noting the total expense calculated as the value of the 10,000,000 Incentive Options will be recognised over the remaining option term to 3 July 2024 as a result of their service condition.

Performance Rights

During the year ended 30 June 2023, the Company did not issue any performance rights as performance incentives to key management personnel.

Performance rights	30-Jun-23	30-Jun-23	30-Jun-22	30-Jun-22
	No.	(Cumulative in $)	No.	(Cumulative in $)
At the beginning of the reporting period	10,000,000	191,667	10,000000	191,667
Performance rights issued during the period	-	-	-	-
Performance Rights exercised as performance incentives to Executive Directors	(3,333,332)	-	-	-
Expense recognised in the period for existing performance rights – over their vesting period	-	341,635	-	-
Total	6,666,668	533,302	10,000,000	191,667

As at 30 June 2023, 6,666,668 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
2	3,333,333	30 June 2023	▪ Employment condition
3	3,333,334	30 June 2024	▪ Cumulative EPS condition

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
2023	No.	No.	No.	No.	No.	No.
Peter Hutchinson	-	-	-	-	-	-
James Clement	5,000,000	-	1,666,666	-	3,333,334	-
Sheldon Burt	5,000,000	-	1,666,666	-	3,333,334	-
Total	**10,000,000**	**-**	**3,333,332**	**-**	**6,666,668**	**-**

During the year ended 30 June 2023, 3,333,332 performance rights vested and were exercised upon their vesting for $Nil consideration, resulting in the issue of 3,333,332 fully paid ordinary shares.

Performance Rights

At 30 June 2023, 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	Fair Value
		($)		30-June-23	($)
B	3,333,332	191,667	1-Jul-23	100%	191,667
C	3,333,336	191,667	1-Jul-24	100%	191,667
Total	**6,666,668**	**383,334**	**-**	**-**	**383,334**

The executive performance rights were valued based on the Company's share price as at the date of their approval for issue. A total valuation of $383,334 has been determined for the remaining tranches, assuming satisfaction of performance conditions in full and 100% vesting rate.

The conditions for Tranche 2 of the performance rights were successfully met during the period and subsequently vested on 1 July 2023. 100% of these performance rights have been expensed in full as at 30 June 2023. In respect of tranche 3 of the performance rights, it was determined that the achievement of the vesting conditions are more likely then unlikely at this time noting the Company's operational steady state earnings and forecast growth rate. As a result, tranche 3 has been assessed with a 100% probability likelihood.

$341,635 in share-based payments was recorded as an expense in the statement of profit or loss and other comprehensive income during the year ended 30 June 2023 (30 June 2022: $103,374) in relation to the performance rights.

Share Based Payments Expense

Share based payment expense is comprised as follows:

	30-June-23	30-June-22
	$	$
Options	89,909	-
Performance rights	341,635	103,374
Total share-based payments expense	**431,544**	**103,374**

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.

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 is carried at fair value and 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.

All financial assets and liabilities carried at fair value are level 2 within the fair value hierarchy. 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.

D. 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.

E. 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 2023, 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 2023, the Group did not enter into any forward foreign currency contracts.

F. 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-23**	**30-June-22**
Financial assets	-	195,209
Financial liabilities	2,570,214	-
Total	**2,570,214**	**195,209**

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 2023						
Financial liabilities	-50	12,851	12,851	50	(12,851)	(12,851)
30 June 2022						
Cash and equivalents	-50	976	976	50	(976)	(976)

G. 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.

H. 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.

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

Capital Management	30-June-23 ($)	30-June-22 ($)
Total liabilities	27,155,729	22,163,330
Less: cash and cash equivalents	(8,309,432)	(5,706,447)
Net debt	**18,846,297**	**15,456,883**
Total capital	32,923,664	28,085,390
Debt-to-capital ratio at the end of the period	**0.57**	**0.55**

I. 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 2023 and 1 July 2022 was determined as follows for trade receivables:

	Current	< 30	31 - 60	61 - 120	> 120	Total ($)
1-July-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	-	-	-	-	-	-
30-June-23						
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount - trade receivables	10,395,786	10,186,915	208,871	-	-	**10,395,786**
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 2023 arising from contracts with customers. The Group's receivables primarily 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.

J. 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-23	30 -June-22
	($)	($)
Cash and cash equivalents - AA Rated	8,309,432	5,706,447
Trade receivables	10,395,786	5,986,504
Total	**18,705,218**	**11,692,951**

K. 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.

Non-derivatives	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total Remaining contractual cash flows
	$	$	$	$	$
30 June 2023					
Interest bearing					
Borrowings	4,730,547	2,861,834	1,908,105	-	9,500,486
Lease liability	254,828	72,405	-	-	327,233
Non-interest bearing					
Trade and other payables	9,212,147	-	-	-	9,212,147
Contingent consideration	250,000	254,983	-	-	504,983
Total non-derivatives	**14,447,522**	**3,189,222**	**1,908,105**	**-**	**19,544,849**
30 June 2022					
Interest bearing	5,810,842	3,312,829	1,162,581	-	10,286,252
Lease liability	332,872	241,587	72,405	-	646,864
Trade payables					
Non-interest bearing	6,172,045	-	-	-	6,172,045
Trade and other payables	250,000	250,000	250,000		750,000
Total non-derivatives	**12,565,759**	**3,804,416**	**1,484,986**	**-**	**17,855,161**

Note 24: Related Party Transactions

During the year ended 30 June 2023, 10,000,000 options were issued to the Directors under the Managing Director Options Offer. Additionally, 3,333,332 ordinary shares were issued to the Directors as a result of a number of Performance Rights vesting.

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	
2023	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Superannuation	Share-based payments	Total
	$	$	$	$	$	$	$
Chairman							
Peter Hutchinson	54,545	-	-	-	5,727	-	60,272
Executive Directors							
James Clement[1, 2]	382,475	10,000	17,233	-	25,292	270,116	705,116
Sheldon Burt [2]	277,519	20,000	-	-	25,725	161,428	484,672
Total	**714,539**	**30,000**	**17,233**	**-**	**56,744**	**431,544**	**1,250,060**

3. *The amount of $17,233 disclosed as a non-monetary benefit for Mr Clement is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.*
4. *Refer to Section 6 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.

Note 25: Acquisition of Assets

A. Acquisition of Project Engineering

Summary of Business Combination

On 1 July 2022 the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of Project Engineering. Under the terms of the acquisition, the Company acquired 100% of the issued shares in Project Engineering for consideration of $4,280,805 cash, adjusted for post working capital adjustments ("Transaction").

The Company assumed control of the trading activities of Project Engineering with effect from 1 July 2022.

The Company paid $4,280,805 in cash to the vendors of Project Engineering as consideration for all of the issued capital of Project Engineering.

Project Engineering is an Australian company. The Transaction was in line with the Company's vertical integration growth strategy in water services and will help to organically grow the Company's existing service offerings through injection testing and managed aquifer recharge consulting.

Having reviewed the terms of the Transaction, the Company has concluded that the Project Engineering Transaction is most accurately reflected as a business combination for accounting purposes as per the definitions and requirements of AASB 3. Details of the purchase consideration and assigned fair value of assets and liabilities acquired are as follows:

	1-Jul-22
	$
Purchase Consideration	
Cash paid (net of working capital adjustments)	4,280,805
Fair value consideration	**4,280,805**
Fair Value of Net Tangible Assets	
Property, plant and equipment	23,505
Cash and cash equivalents	1,483,030
Trade and other receivables	1,105,731
Trade and other payables	(739,166)
Loans	(1,628)
Total	**1,871,472**
Goodwill	
Excess of consideration over fair value of net assets acquired	**2,409,334**

$44,327 of acquisition related costs were incurred as a result of the above transaction and have been expensed in the Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023 within Administration and corporate expenses.

Refer to "Note 3" on page 42 for further information regarding the contribution Project Engineering has made since acquisition date.

Goodwill

The goodwill on acquisition comprises the operational expertise and industry know-how relating to the Project Engineering business, as a specialised and industry focused hydraulic engineering business that primarily services the resources sector in Western Australia. Goodwill is not deductible for tax purposes.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (extrapolated to a maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% for cash flows in year two to five which is based on the historical average, a terminal value growth rate of 3% and a discount rate of 13% to determine value-in-use.

B. 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
	$
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**
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 2023, 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. $245,017 was paid to the Executive during the 30 June 2023 year, with a further $504,983 expected to be paid over the remaining relevant financial years as outlined above.

Note 26: Parent Entity Disclosures

A. Financial Position

	30-June-23	30-June-22
	$	$
Assets		
Current assets	17,705,705	15,352,274
Non-current assets	(2,334,444)	353,463
Total Assets	**15,371,261**	**15,705,737**
Liabilities		
Current liabilities	890,161	179,318
Non-current liabilities	1,650,518	761,115
Total liabilities	**2,540,679**	**940,433**
Net Assets	**12,830,582**	**14,765,304**
Equity		
Share capital	20,029,354	19,495,181
Reserves	623,210	555,667
Retained losses	(7,821,983)	(5,285,544)
Total Equity	**12,830,581**	**14,765,304**

B. Financial Performance

	30-June-23	30-June-22
	$	$
Loss for the year	(2,900,439)	(1,713,365)
Other comprehensive income	-	-
Total comprehensive income	**(2,900,439)**	**(1,713,365)**

C. 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.

		Percentage Owned	
Controlled Entities	Country of Incorporation	30-Jun-23	30-Jun-2022
Pentium Hydro Pty Ltd	Australia	100%	100%
Pentium Test Pumping Pty Ltd	Australia	100%	100%
Pentium Water Pty Ltd	Australia	100%	100%
Project Engineering (WA) Pty Ltd	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 2023.

Note 29: Events Subsequent After The Reporting Date

There is no other matter or circumstance that has arisen since 30 June 2023 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.

This acquisition, importantly, created a platform that now provides genuine end to end water management from extraction to disposal.

DIRECTORS' DECLARATION

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 2023 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 2023.

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 24 August 2023

INDEPENDENT AUDITOR'S REPORT

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 entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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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*	
For the year ended 30 June 2023, the Group had revenue of $64,957,156 from contracts with customers for its hydrogeological and dewatering business activities and contract assets of $1,523,280 for goods/services yet to be invoiced (accrued revenue). In addition, the Group tracks a number of costs associated with contracts with customers through its contract fulfillment costs. As at 30 June 2023, contract fulfillment costs amounted to $591,254. The determination of revenue recognition requires Management judgements in accounting for revenue, obligations, discounts, incentives and rebates in accordance with the Group's identified performance obligations as part of the transaction, as required under *AASB 15 Revenue from contracts with customers* ("AASB 15").	Our procedures included, amongst others: Understanding and evaluating the design and implementation of the relevant controls associated with the treatment of revenue, contract assets, and contract fulfillment costs, including, but not limited to, those relating to identification of performance obligations, discounts, incentives and rebates. Testing the operating effectiveness of relevant controls around revenue, contract fulfillment costs, such as the review and approval of progress claims and invoices by customers. Reviewing significant new contracts to understand their terms and conditions, including specified performance obligations included within and whether Managements' assessment for recognition of revenue, contract assets, and contract fulfilment costs 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, contract asset, and contract fulfilment cost amount recognised to the timing of when the Group satisfies performance obligations associated with the transaction in accordance with AASB 15. Assessing the entitlement and recoverability for a sample of transactions within contract assets, evaluating their consistency and the basis of Management's approach for determining amounts recognised, understanding and corroborating key assumptions made, and recalculating contract assets recognised. Considering the adequacy of the disclosures included within Note 2(q), Note 4 and Note 13 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
Recoverability of Non-current assets *Refer to Note 2J, Note 15 and Note 25 of the financial report*	
Included in the consolidated statement of financial position as at 30 June 2023 is an amount of $34,030,430 relating to non-current assets. This amount represents 57% of total assets. $2,409,334 of this amount relates to goodwill acquired in a business combination. AASB 136 *Impairment* of Assets ("AASB 136") requires an entity to test non-current assets where there are indicators of impairment and to test goodwill acquired in a business combination for impairment annually. The evaluation of the recoverable amount of the Group's cash generating units ('CGUs) requires significant Management judgement in determining the key assumptions and estimates, including but not limited to: ■ growth rate assumptions; and ■ discount factors supporting the expected future cash flows of the business and the utilisation of the relevant assets. Due to the significance to the Group's financial report and the level of Management judgment involved in assessing the recoverable amount of the Group's CGUs, we consider this to be a key audit matter	Our procedures included, amongst others: Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of non-current assets including capitalisation of expenditure and the identification of the CGUs. Testing the operating effectiveness of relevant controls around expenditure capitalised as non-current assets, such as the review and approval of expenditures as per delegation of authority and capital improvement approvals forms. Assessing Management's determination of the Group's CGUs based on our understanding of the nature of the Group's businesses and how independent cash flows are derived. Evaluating and assessing the Group's assessment for impairment indicators associated with its non-current assets for each of it's CGUs. Critically evaluating and challenging the methodology and key assumptions around revenue and cost projections of management in their preparation of forecast models of the CGU encompassing goodwill at 30 June 2023. 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 non-current assets as set out within Note 2(j), Note 15 and Note 25 to the financial report.

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

PITCHER PARTNERS

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Assets – Project Engineering *Refer to Note 2(f), Note 2(b) and Note 25 of the financial report*	
On 1 July 2022 the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of Project Engineering (WA) Pty Ltd ("ProEng"). Under the terms of the acquisition, the Company acquired 100% of the issued shares in ProEng for consideration of $2,600,000 cash, adjusted for post working capital adjustments.	Our procedures included, amongst others: Understanding and evaluating the design and implementation of relevant controls associated with the acquisition of ProEng. Understanding and evaluating the key terms and conditions associated within the Share Sale Agreement for acquisition of ProEng. Critically evaluating and challenging the accounting treatment of the Group in compliance with the requirements of AASB 3 and recognition of the acquisition of ProEng as a business combination. 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 of ProEng, and resulting goodwill recognised. Checking the mathematical accuracy of the calculations performed for the acquisition accounting of ProEng. Considering the adequacy of the disclosures included within Note 2(f), Note 2(b) and Note 25 of the financial report.

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
Share-based Payments *Refer to Note 2(u) and Note 22 of the Financial Report*	
At 30 June 2023, a share-based payment expense of $431,544 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	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. Assessing the appropriateness of share-based payment expensed during the year pursuant to the requirements of Australian Accounting Standards AASB 2 *Share-based Payment* ("AASB 2"). Assessing the Group's accounting policy as set out within Note 2(v) and disclosures within Note 22 for compliance with the requirements of AASB 2.

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 2023, 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.

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.

VYSARN LIMITED
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INDEPENDENT AUDITOR’S REPORT
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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 2023. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2023, 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.

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MICHAEL LIPRINO
Executive Director
Perth, 24 August 2023

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 2 October 2023.

Corporate Governance

The Company's 2023 Corporate Governance Statement can be accessed at https://vysarn.com.au/corporate-governance/

Ordinary Share Capital

408,622,529 fully paid ordinary shares are held by 1,076 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

	Holder Name	Holding	% IC
1	Molonglo Pty Ltd <P&J Hutchinson S/F A/C>	69,100,000	16.91%
2	Garrison Holdings Pty Ltd <Paul Cook Super Fund A/C>	17,875,542	4.37%
3	Mr Anthony John Power & Mrs Susan Janet Power <The Power Super Fund A/C>	16,587,486	4.06%
4	Mr Anastasios Karafotias	14,176,621	3.47%
5	HSBC Custody Nominees (Australia) Limited	12,442,847	3.05%
6	Mr Richard William Balston <Norseman Property A/C>	11,500,000	2.81%
7	Lonesearch Pty Ltd <Carnac A/C>	11,166,666	2.73%
8	Connada Pty Ltd <Sheldon Burt Family A/C>	9,550,648	2.34%
9	Mr Debesh Bhattarai	8,750,000	2.14%
10	Richcab Pty Limited	8,676,098	2.12%
11	National Nominees Limited	8,159,574	2.00%
12	NJ Family Pty Ltd <N J Family A/C>	7,092,325	1.74%
13	Allora Equities Pty Ltd <C&E Retirement Fund A/C>	6,160,962	1.51%
14	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	5,272,141	1.29%
15	Yulgering Super Pty Ltd <McGill Super Fund A/C>	5,000,000	1.22%
16	Mr Frank Richardson & Mrs Lisa Joy Richardson <The Richardson S/F A/C>	5,000,000	1.22%
17	Mondo Electronics Pty Ltd <Mondo Electronics S/F A/C>	4,846,114	1.19%
18	Richcab Pty Ltd <Dale-McKenzie S/FUND A/C>	4,375,340	1.07%
19	Cornucopia Assets Pty Ltd <Cornucopia Super Fund A/C>	4,000,000	0.98%
20	Tombel Holdings Pty Ltd <Clement SF A/C>	4,000,000	0.98%
Top 20 Total		233,732,364	57.20%
Total issued capital		**408,622,529**	**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 2 October 2023, are listed below:

Holder Name	Holding Balance	% of Issued Capital
Molonglo Pty Ltd	69,100,000	16.91%

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	6,028	0.00%
1,001 – 5,000	66	236,084	0.06%
5,001 – 10,000	109	906,187	0.22%
10,001 – 100,000	530	20,964,774	5.13%
100,001 and over	297	386,509,456	94.59%
Total	**1,076**	**408,622,529**	**100.00%**

Restricted Securities

As at 2 October 2023 the Company does not have any ordinary fully paid shares held in escrow.

Unquoted Securities

As at 2 October 2023 the Company has on issue 10,000,000 Unlisted Options to one holder and 3,333,335 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
Connada Pty Ltd <Sheldon Burt Family A/C>	-	1,666,668
Lonesearch Pty Ltd <Carnac A/C>	10,000,000	1,666,667
Holders individually less than 20%	-	-
Total	**10,000,000**	**3,333,335**

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares:

Holders: 95
Units: 51,696

On-market Buy Back

There is no current on-market buy-back.

We are genuinely excited by our future prospects and as always, remain focused on rewarding shareholders with long term sustainable value

VYSARN

Vysarn Limited

ABN: 41 124 212 175

Level 1, 640 Murray St, West Perth WA 6005, Australia

PO Box 1974, West Perth WA 6872

T +61 (0) 8 6182 1790
E info@vysarn.com.au

vysarn.com.au