

ASX APPENDIX 4E

FINANCIAL REPORT TO 30 JUNE 2024

1. Details of reporting period:

Name of Entity	Vysarn Limited (“the Company”)
ABN	41 124 212 175
Reporting Period	30 June 2024
Previous Corresponding Period	30 June 2023

2. Results for announcement to the market

	12 Months ended 30 June 2024 \$	12 Months ended 30 June 2023 \$	Increase %	Amount Change \$
Revenues	75,885,416	64,957,156	16.8%	10,928,260
Profit / (loss) before income tax	11,060,394	7,075,570	56.3%	3,984,824
Profit / (loss) after tax attributable to members	7,960,510	3,872,558	105.6%	4,087,952

Refer to enclosed financial report for the year ended 30 June 2024 for further commentary.

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

3. Statement of comprehensive income

Refer to enclosed financial report for the year ended 30 June 2024.

4. Statement of financial position

Refer to enclosed financial report for the year ended 30 June 2024.

5. Statement of cash flows

Refer to enclosed financial report for the year ended 30 June 2024.

- 6. **Dividend reinvestment plans**
Not applicable.
- 7. **Statement of changes in equity**
Refer to enclosed financial report for the year ended 30 June 2024.

8. **Net tangible assets per security**

	30 June 2024 (cents)	30 June 2023 (cents)
Net tangible assets per ordinary security	0.092	0.0753

- 9. **Gain or loss of control over entities**
Not applicable.
- 10. **Associates and joint ventures**
Refer to enclosed financial report for the year ended 30 June 2024.
- 11. **Other significant information**
Not applicable.
- 12. **Foreign entities**
Not applicable.
- 13. **Commentary on results for the period**
Refer to enclosed financial report for the year ended 30 June 2024 for further commentary.
- 14. **Status of audit**
The financial report for the year ended 30 June 2024 has been audited. There are no items of dispute with the auditor and the audit is not subject to qualification.



Signed: James Clement
Managing Director

Date: 22 August 2024

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VYSARN



VYSARN LIMITED

ABN 41 124 212 175

**CONSOLIDATED FINANCIAL REPORT
for the year ended 30 June 2024**

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Matthew Power

Registered Office and Principal Place of Business

Level 1, 640 Murray Street
West Perth, WA 6005
Ph: +61 8 6144 9777

Auditor

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

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth, WA 6000

Bankers

National Australia Bank
Level 14, 100 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

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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 2024 and auditor's report thereon.

1. DIRECTORS

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

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

2. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial period, the Group undertook the organic establishment of Vysarn Asset Management Pty Ltd ("VAM"). VAM is the continuation of the Group's strategy to build a vertically integrated whole of life, end to end water business. By leveraging the Company's extensive in-house intellectual property, VAM intends to target investment opportunities in water, infrastructure assets and associated opportunities to control, own and toll water.

The Group continued to execute its strategy to become an industry leading vertically integrated water and environmental services provider as detailed in the 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

The Group's operations:

Vysarn is focused on becoming Australia's leading water 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 ("PTP");
- Pentium Water Pty Ltd ("Pentium Water");
- Project Engineering (WA) Pty Ltd ("Project Engineering"); and
- Vysarn Asset Management Pty Ltd ("VAM").

Pentium Hydro, the Company's foundation asset in hydrogeological drilling, continued to service primarily Tier 1 iron ore miners under a strategy to facilitate long term opportunities for full asset utilisation on improved terms. PTP deployed its second test pumping unit as it continued to expand the Company's test pumping division and progress opportunities for growth in injection testing. Pentium Water continued to build a highly credible and diverse water advisory team in water resource engineering, urban water and mine water and continued to provide Vysarn with an exceptional line of sight and entry opportunities in broader water services opportunities. Project Engineering continued to see growing demand for its leading managed aquifer recharge technology in the resources sector. VAM was organically established during the period. VAM intends to target investment opportunities in water, infrastructure assets and associated opportunities to control, own and toll water.

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.

The Company regularly monitors and reviews its business risks via its enterprise-wide risk register and the Company constantly looks at opportunities to mitigate these identified business risks.

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 \$7,960,510 (30 June 2023: \$3,872,558).

Working capital, represented by current assets less current liabilities, was \$11,240,070 (30 June 2023: \$10,669,487). The Company had positive cash flow from operating activities for the year amounting to \$10,213,381 (2023: \$9,664,934).

Operational revenue for the year ended 30 June 2024 was \$75,885,416 (2023: \$64,957,156).

The table below provides a comparison of the key results for the year ended 30 June 2024 to the preceding year ended 30 June 2023:

<i>Statement of Profit or Loss</i>	30-June-24 (\$)	30-June-23 (\$)
Revenue from operations	75,885,416	64,957,156
Reported profit / (loss) after tax	7,960,510	3,872,558
<i>Statement of Financial Position</i>	30-June-24 (\$)	30-June-23 (\$)
Net assets	41,057,576	32,923,665
Total assets	65,722,895	60,079,390
Cash and cash equivalents	3,731,180	8,309,432

7. 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.

8. EVENT SUBSEQUENT TO REPORTING DATE

The Company released the following material ASX announcement post 30 June 2024:

- Appointment of Chief Operating Officer; and

Subsequent to year end, on 2 July 2024 Mr James Clement exercised his Managing Director Options. As approved at the most recent Annual General Meeting, the Company provided Mr Clement an interest free loan of \$750,000 ("Loan Funded Shares") for the purpose of funding the exercise of the Managing Director Options.

Mr Clement must repay the Loan Balance to the company within 10 business days of the earlier of:

- three (3) years after the date on which Mr Clement (and/or his nominee(s)) is issued the Loan Funded Shares on exercise of the Managing Director Options (Maturity Date);
- the date on which Mr Clement ceases to be employed or engaged by the Group; or
- where the Board has determined (in its absolute discretion) that Mr Clement engaged in serious misconduct; or
- the date on which the last Loan Funded Shares held by Mr Clement are sold.

There is no other matter or circumstance that has arisen since 30 June 2024 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.

9. INDUSTRY AND 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's operations are predominantly exposed to Western Australia.

10. ENVIRONMENTAL REGULATION

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

11. 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 Practising Accountants.

Mr Hutchinson was a Non-Executive Director of Zeta Resources (formerly Kumarina Resources Ltd). Mr Hutchinson was the founding director of ASX listed Forge Group Ltd, floated in 2007 with a market capitalisation of \$12m and reaching over \$450m at the time of Mr Hutchinson's resignation as CEO and final sell down in July 2012. Mr Hutchinson has chaired ASX listed company Resource Equipment Ltd and was the founding shareholder and Chairman of Mareterram Ltd, both the subject of successful takeover bids at significant premiums to market prices.

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):

N/A

Interests in shares:

26,833,332 fully paid ordinary shares

Interest in options:

Nil

Interest in performance rights:

1,666,668 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 has held various roles over that time 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:

9,550,648

Interest in performance rights:

1,666,667 performance rights

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), a Graduate Diploma of Chartered Accounting with the Chartered Accountants, Australia and New Zealand and is a Graduate of the Australian Institute of Company Directors. 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.

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12. MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director is set out below:

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Peter Hutchinson	10	10	2	2	1	1
James Clement	10	10	2	2	1	1
Sheldon Burt	10	10	2	2	1	1

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

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

13. INDEMNITY AND INSURANCE OF OFFICERS

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

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

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and insurance of auditor

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

14. SHARES UNDER OPTION

On 2 July 2024, 10,000,000 Incentive Options with an exercise price of \$0.075 issued to Mr Clement were exercised. As at the date of this report, there were no unissued ordinary shares of the Company under option (2023: 10,000,000 options with an exercise price of \$0.075 and expiry date of 30 June 2024).

15. SHARES UNDER PERFORMANCE RIGHTS

At 30 June 2024 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-24	Employment and cumulative EPS condition	1,666,667
30-Jan-20	1-Jul-24	Employment and cumulative EPS condition	1,666,668
Total			3,333,335

The vesting conditions of the above performance rights are pending assessment and as such the unissued shares under these performance rights have yet to be exercised.

16. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company or its controlled entities is a party for the purpose of taking responsibility on behalf of the Company for all or any part of such proceedings. The Group was not a party to any such proceedings during the year.

17. NON-AUDIT SERVICES

The Group 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-24	30-June-23
	\$	\$
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	26,250	26,050
Total auditors' remuneration for non-audit services	26,250	26,050

In the event that non-audit services are provided by Pitcher Partners BA&A Pty Ltd or related entities, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise the auditors independence requirement of the *Corporation Act 2001*. These procedures include:

- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor and other general principles to independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*; and
- Ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing risks and rewards.
- Decision on non-audit services were decided upon by the full Board in the absence of any audit committee meetings.

18. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* for the year ended 30 June 2024 has been received and can be found on page 17 of the financial report.

19. ROUNDING OF AMOUNTS

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

REMUNERATION REPORT (AUDITED)

The remuneration report for the year ended 30 June 2024 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 2024 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

1. Introduction (continued)

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

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

- Focusing on shareholder value and returns; and
- Attracting and retaining high 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 2024.

Consolidated entity performance and link to remuneration

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

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

Voting and comments made at the company's 2023 Annual General Meeting ("AGM")

The Company received more than 99% of "yes" votes on its remuneration report for the 2023 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 Clement and Mr Burt's agreements are set out below for the year ended 30 June 2024;

James Clement, Managing Director and CEO

- (a) **Term of agreement:** commencing 3 February 2020 with indefinite duration.
- (b) **Remuneration:**
 - (i) a base salary of \$450,000 per annum, including mandatory superannuation contributions;
 - (ii) a short-term cash incentive of up to \$200,000 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.

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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 2024 financial year (inclusive of superannuation):

	Board	Committee	Total
Board Fees – per annum	\$	\$	\$
Chair	120,000	-	120,000

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

5. Details of remuneration

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

	Short-term benefits				Post-employment	Equity	Total
	Short-term salary, fees & commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment superannuation	Share-based payments	
2024	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson	108,108	-	-	-	11,892	-	120,000
<i>Executive Directors</i>							
James Clement ^{1, 2}	422,601	125,000	33,360	-	27,399	157,933	766,293
Sheldon Burt ^{2, 3}	215,884	110,000	-	-	2,283	18,631	346,798
Total	746,593	235,000	33,360	-	41,574	176,564	1,233,091

¹ The amount of \$33,360 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.

³ As at 31st July 2023 Mr Burt resigned as an employee of Vysarn Limited. \$43,167 was paid to Mr Burt during the period as an employee. From 1 August 2024, Mr Burt's Executive Director fees were paid to Connada Pty Ltd, an entity controlled by Mr Burt. \$285,000 was paid to Connada Pty Ltd during the period.

	Short-term benefits				Post-employment	Equity	Total
	Short-term salary, fees & commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment superannuation	Share-based payments	
2023	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson	54,545	-	-	-	5,727	-	60,272
<i>Executive Directors</i>							
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.

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

	Fixed Remuneration		At Risk STI		At Risk LTI	
	2024	2023	2024	2023	2024	2023
Directors						
Peter Hutchinson	100%	100%	-	-	-	-
James Clement	63%	60%	16%	1%	21%	38%
Sheldon Burt	63%	63%	32%	4%	5%	33%

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, including qualitative stretch targets and key quantitative measures. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board.

6. Share-based compensation

Issue of Shares

During the year ended 30 June 2024 no share-based payments in the form of ordinary shares were issued by the Company to key management personnel as remuneration.

Performance Rights

During the year ended 30 June 2024, 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.
Peter Hutchinson	-	-	-	-	-	-	-	-
James Clement	3,333,334	-	1,666,666	-	1,666,668	1,666,668	1,666,668	-
Sheldon Burt	3,333,334	-	1,666,667	-	1,666,667	1,666,667	1,666,667	-
Total	6,666,668	-	3,333,333	-	3,333,335	3,333,335	3,333,335	-

During the year ended 30 June 2024, 3,333,333 performance rights were exercised upon vesting for \$Nil consideration, resulting in the issue of 3,333,333 fully paid ordinary shares. The remaining 3,333,335 performance rights vested on 1 July 2024. However, these have not yet been exercised.

Performance rights on issue at year end

At 30 June 2024, the unissued ordinary shares of the Company under performance rights are as follows:

Tranche	Number Under Performance Rights	Value at Grant Date (\$)	Date of Vesting	Management Probability Assessment 30-Jun-24	Fair Value (\$)
3	3,333,335	191,667	30-Jun-24	100%	191,667
Total	3,333,335	191,667	-	-	191,667

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
3	3,333,335	1 July 2024	<ul style="list-style-type: none"> • Employment condition • 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 \$191,667 has been determined for the remaining tranches, assuming satisfaction of performance conditions in full and 100% vesting rate.

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The conditions for Tranche 3 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 2024. \$41,700 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 2024 (30 June 2023: \$341,635) in relation to the performance rights.

Options

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

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 in the prior period. The new options issued have an expiry date of 3 July 2024. An amount of \$134,864 was recognised as an expense in the Statement of profit or loss and other comprehensive income during the period (2023: \$89,909), noting the total expense calculated as the value of the 10,000,000 Incentive Options has been recognised over the remaining option term to 5 July 2024 as a result of their service condition.

Subsequent to year end, on 2 July 2024 Mr James Clement exercised his Managing Director Options. The Company provided Mr Clement an interest free loan of \$750,000 ("Loan Funded Shares") for the purpose of funding the exercise of the Managing Director Options.

Mr Clement must repay the Loan Balance to the company within 10 business days of the earlier of:

- three (3) years after the date on which Mr Clement (and/or his nominee(s)) is issued the Loan Funded Shares on exercise of the Managing Director Options (Maturity Date);
- the date on which Mr Clement ceases to be employed or engaged by the Group; or
- where the Board has determined (in its absolute discretion) that Mr Clement engaged in serious misconduct; or
- the date on which the last Loan Funded Shares held by Mr Clement are sold.

Options over equity instruments

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	-	-	-	-	-	-	-	-
James Clement	10,000,000	-	-	-	10,000,000	-	-	10,000,000
Sheldon Burt	-	-	-	-	-	-	-	-
Total	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:

30 June 2024	Opening balance	Granted as compensation	Received on exercise of options	Received on exercise of performance rights	On-market purchases	Closing balance
Peter Hutchinson	69,100,000	-	-	-	-	69,100,000
James Clement	15,166,666	-	1,666,666	-	-	16,833,332
Sheldon Burt	7,883,981	-	1,666,667	-	-	9,550,648
Total	92,150,647	-	3,333,333	-	-	95,483,980

30 June 2023	Opening balance	Granted as compensation	Received on exercise of options	Received on exercise of performance rights	On-market purchases	Closing balance
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

7. Loans to Directors and executives

There are no loans to Directors or other KMP of the Company during the year ended 30 June 2024 (2023 \$Nil).

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

During the year ended 30 June 2024, nil options were issued to the Directors under the Managing Director Options Offer (2023: 10,000,000). Additionally, 3,333,333 ordinary shares were issued to the Directors as a result of a number of Performance Rights vesting (2023: 3,333,332) and nil ordinary shares were issued upon exercise of options (2023: 10,000,000). 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. At 30 June 2024, \$25,000 is payable to Connada Pty Ltd (2023: \$nil). 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 other purchases from or sales to related parties during the year (2023: \$NIL).

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

<i>Consolidated</i>	30-June-24	30-June-23	30-June-22	30-June-21	30-June-20
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	75,885,416	64,957,156	46,297,406	25,824,506	11,912,589
Net profit / (loss) before tax	11,060,394	7,075,570	4,095,180	1,137,420	2,472,743
Net profit / (loss) after tax	7,960,510	3,872,558	2,856,729	344,819	4,835,295
Share price at start of year	0.132	0.073	0.095	0.05	N/A
Share price at end of year	0.29	0.132	0.073	0.095	0.05
Interim and final dividend	-	-	-	-	-
Basic profit / (loss) per share	0.0195	0.0098	0.0073	0.0009	0.0178

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 22 August 2024

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

In relation to the independent audit for the year ended 30 June 2024, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 22 August 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024



VYSARN

	Notes	Group	
		30 June 2024	30 June 2023
		\$	\$
Sales revenue	4	75,885,416	64,957,156
Cost of sales		(48,933,093)	(43,336,348)
Gross Profit		26,952,323	21,620,808
Other income	5	584,517	159,000
Administration and corporate expense	6	(3,919,312)	(2,856,495)
Employee benefits expense	6	(7,294,996)	(6,439,937)
Depreciation and amortisation expense	6	(4,794,454)	(4,875,451)
Finance expense	6	(467,684)	(532,354)
Profit / (loss) before income tax		11,060,394	7,075,570
Income tax benefit / (expense)	7	(3,099,884)	(3,203,012)
Profit / (loss) after income tax expense		7,960,510	3,872,558
Profit / (loss) after income tax expense for the year attributable to the owners of Vysarn Limited		7,960,510	3,872,558
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of Vysarn Limited		7,960,510	3,872,558
Basic earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0195	0.0098
Diluted earnings per share for profit/(loss) attributable to the owners of Vysarn Limited	9	0.0189	0.0094

The accompanying Notes form part of these financial statements

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		30 June 2024	30 June 2023
		\$	\$
CURRENT ASSETS	Notes		
Cash and cash equivalents	10	3,731,180	8,309,432
Trade and other receivables	11	16,586,392	10,395,786
Inventories	12	6,317,287	4,281,967
Other current assets	13	738,854	2,175,239
Prepayments and deposits	14	823,478	886,537
TOTAL CURRENT ASSETS		28,197,191	26,048,961
NON-CURRENT ASSETS			
Plant and equipment	15	33,583,208	31,346,083
Right of use asset	16	549,182	265,282
Intangible assets	17	3,393,314	2,419,064
TOTAL NON-CURRENT ASSETS		37,525,704	34,030,429
TOTAL ASSETS		65,722,895	60,079,390
CURRENT LIABILITIES			
Borrowings	18	1,954,925	4,453,742
Trade and other payables	19	10,013,951	9,212,147
Income tax provision		2,960,109	-
Employee provisions	20	1,349,445	1,196,522
Lease liability		428,691	267,063
Contingent consideration payable	26	250,000	250,000
TOTAL CURRENT LIABILITIES		16,957,121	15,379,474
NON-CURRENT LIABILITIES			
Borrowings	18	885,269	5,248,685
Lease liability		153,157	65,309
Employee provisions	20	130,406	61,314
Deferred tax liability	7	6,284,383	6,145,964
Contingent consideration payable	26	254,983	254,983
TOTAL NON-CURRENT LIABILITIES		7,708,198	11,776,255
TOTAL LIABILITIES		24,665,319	27,155,729
NET ASSETS		41,057,576	32,923,665
SHAREHOLDERS' EQUITY			
Issued capital	21	20,024,837	20,029,354
Reserves	22	799,775	623,211
Retained earnings		20,232,964	12,271,100
SHAREHOLDERS' EQUITY		41,057,576	32,923,665

The accompanying Notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024



	Issued Capital	Share Based Payment Reserve	Retained Earnings	Total
	\$	\$	\$	\$
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	67,544	364,000	965,717
Balance at 30 June 2023	20,029,354	623,211	12,271,100	32,923,665
Balance at 1 July 2023	20,029,354	623,211	12,271,100	32,923,665
Adjustments	-	-	1,354	1,354
Profit for the period	-	-	7,960,510	7,960,510
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	7,961,864	7,961,864
Transactions with owners in their capacity as owners:				
Capital raising costs	(4,517)	-	-	(4,517)
Share based payments	-	176,564	-	176,564
Total transactions with owners	(4,517)	176,564	-	172,047
Balance at 30 June 2024	20,024,837	799,775	20,232,964	41,057,576

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024



		30 June 2024	30 June 2023
	<i>Notes</i>	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		76,714,775	67,491,783
Payments to suppliers and employees		(66,117,488)	(57,397,275)
Interest received		83,778	29,587
Interest and other costs of finance paid		(467,684)	(459,161)
Net cash from operating activities	10a	10,213,381	9,664,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of Project Engineering, net of cash acquired	26	-	(2,797,775)
Purchase of plant and equipment		(7,274,703)	(4,115,884)
Proceeds from disposal of property, plant and equipment		1,127,075	110,831
Net cash used in investing activities		(6,147,628)	(6,802,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	21	-	540,000
Proceeds from borrowings		1,268,060	6,940,546
Repayment of borrowings		(9,433,948)	(7,420,849)
Payments for principal portion of lease liabilities		(473,600)	(312,991)
Capital raising costs		(4,517)	(5,827)
Net cash used in financing activities		(8,644,005)	(259,121)
Net (decrease) / increase in cash and cash equivalents		(4,578,252)	2,602,985
Cash and cash equivalents at beginning of financial year		8,309,432	5,706,447
Cash and cash equivalents at the end of financial year	10	3,731,180	8,309,432

The accompanying Notes form part of these financial statements.

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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 22 August 2024. 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 2(z) below.

The Group decided to revise the useful life of its Pentium Hydro drill rig plant and equipment during the period, from 10 years to 14 years. The basis of this change was as a result of a number of internal factors including:

- The Group has now been operating for over four years since its initial acquisition of Ausdrill’s waterwell drilling assets. In these four years, the Group has established its operations and now has greater oversight over the condition of certain assets initially acquired.
- Industry considerations and guidance including peer reviews conducted; and
- Discussions with suitably qualified and experienced internal personnel as to Group’s assets and their past experience with similar plant and equipment.

In implementing the revised useful lives, the Group has applied the change in depreciation based on an assessment of individual asset useful lives prospectively, from 1 July 2023, as required under Australian Accounting Standards. As a result of the change in estimate, depreciation for the drill rig plant and equipment for the twelve-month period ended 30 June 2024 decreased from approximately \$2,073,220 to \$1,450,993. Further information on the Group’s Plant and Equipment is contained within Note 2 and Note 15 of this report.

c) Going concern

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

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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 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards and AASB 2021-2 Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates

e) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2024. 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.

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) 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.

g) 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.

h) Property, 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 - 14 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.

i) 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.

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. 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.

j) Intangible Assets

Goodwill

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. Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Capitalised development costs

Costs incurred in developing products and technology are initially recognised as an asset and are subsequently amortised over their estimated useful lives commencing from the time the product is considered commercialised. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, development costs are recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

k) Lease liabilities

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

l) Trade and other payables

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

m) Provisions

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

n) Borrowings

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

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

o) Equity and reserves

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

p) Revenue recognition

Revenue from contracts with customers

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

The revenue associated with drilling contracts is recognised in 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.

q) Borrowing costs

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

r) Employee benefits

Wages, salaries and annual leave

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

Superannuation

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

Short-term employee benefits

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

Other long-term employee benefits

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

s) Fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its

highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

t) Share based payments

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

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

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

The probability of achieving non-market based vesting conditions of performance rights is assessed at each reporting period.

The Company has applied judgement in assessing the likelihood of achieving the performance milestones in relation to the performance rights issued in the period.

u) 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.

v) 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.

Financial assets

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

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 (i.e. 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.

w) 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.

x) 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.

y) 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).

z) 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 2024. 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 2020-1 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.

A liability will be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. Meaning of settlement of a liability is also clarified.

AASB 2020-1 mandatorily applies to annual reporting periods beginning on or after 1 January 2024 (as amended by AASB 2022-6 and AASB 2020-6) and will first be applied by the Group in the financial year commencing 1 July 2024.

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

AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a focus on information about financial performance in the profit or loss.

AASB 18 has also introduced changes to other accounting standards including AASB 108 *Basis of Preparation of Financial Statements* (previously titled *Accounting Policies, Changes in Accounting Estimates and Errors*), AASB 7 *Financial Instruments: Disclosures*, AASB 107 *Statement of Cash Flows*, AASB 133 *Earnings Per Share* and AASB 134 *Interim Financial Reporting*.

They key presentation and disclosure requirement are:

- (a) the presentation of two newly defined subtotals in the statement or profit or loss, and the classification of income and expenses into operating, investing and financing categories – plus income taxes and discontinuing operations;
- (b) the disclosure of management-defined performance measures; and
- (c) enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 mandatorily applies to annual reporting periods commencing on or after 1 January 2027 for for-profit entities excluding superannuation entities apply AASB 1056 *Superannuation Entities*. It will be first applied by the Group in the financial year commencing 1 July 2027.

aa) 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 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 24. The actual credit losses in future years may be higher or lower.

Income tax

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

Share-Based Payments

The Company measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted. The fair value of the equity instruments granted is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted as detailed in Note 23. 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 26 for further information.

Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined. Management has determined there is no impairment indicators for the year ended 30 June 2024.

NOTE 3: OPERATING SEGMENTS

Identification of Reportable Segments

The Group has identified 5 reportable segments as described below:

- Pentium Hydro: Group subsidiary specialising in hydrogeological and dewatering drilling
- Project Engineering: Group subsidiary specialising in managed aquifer recharge and hydraulic engineering solutions
- Pentium Test Pumping: Group subsidiary specialising in providing scientific data for aquifer characterisation
- Pentium Water: Group subsidiary specialising in water management and environmental planning consultancy
- Other: Includes both Vysarn and Vysarn Asset Management

The Group's reportable segments are based on the differences in the products and services offered by each segment and 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. Vysarn and Vysarn Asset Management have been aggregated in to one segment due to the non-material products and services and therefore, external revenues currently provided by these entities.

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-24 \$	30-June-23 \$
1. Segmented external revenues		
Pentium Hydro	55,620,392	50,982,210
Project Engineering	11,807,293	7,149,711
Pentium Test Pumping	3,635,896	2,759,291
Pentium Water	4,771,061	4,065,944
Other ¹	50,774	-
Total	75,885,416	64,957,156
2. Segmented net profit before tax		
Pentium Hydro	9,120,036	7,330,593
Project Engineering	4,081,670	1,572,778
Pentium Test Pumping	524,908	430,122
Pentium Water	956,737	642,516
Other ²	(3,622,958)	(2,900,439)
Total	11,060,393	7,075,570
3. Segmented depreciation and amortisation		
	30-June-24 \$	30-June-23 \$
Pentium Hydro	3,965,542	4,334,243
Project Engineering	7,556	14,709
Pentium Test Pumping	573,787	396,630
Pentium Water	81,205	121,737
Other ²	166,364	8,133
Total	4,794,454	4,875,451
4. Segmented assets		
Pentium Hydro	42,545,391	47,480,967
Project Engineering	10,302,418	5,057,288
Pentium Test Pumping	1,963,646	5,321,623
Pentium Water	2,250,001	1,517,579
Other	8,661,439	701,936
Total	65,722,895	60,079,393

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5. Segmented liabilities

Pentium Hydro	18,909,598	19,002,728
Project Engineering	2,776,498	3,643,460
Pentium Test Pumping	667,961	1,221,779
Pentium Water	736,823	747,082
Other	1,574,439	2,540,679
Total	24,665,319	27,155,728

Note 1 Other revenue comprises of Vysarn's Joint Venture.

Note 2 Inclusive of Vysarn Limited's and Vysarn Asset Management's corporate overhead.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

30-June-24 **30-June-23**
\$ \$

Revenue recognised over a period of time from contracts with Australian customers:

- Drilling services	44,406,986	38,487,910
- Engineering services	11,766,161	7,149,711
- Dry-hire revenue	1,001,100	1,682,335
- Test Pumping services	3,621,421	2,705,170
- Consultancy services	4,498,190	4,077,439
- Joint Venture income	88,248	-
Sub-total	65,382,106	54,102,565

Revenue recognised at a point in time from contracts with Australian customers

- Sale of goods (consumables)	10,311,285	10,697,240
- Mobilisation / demobilisation	192,025	157,351
Sub-total	10,503,310	10,854,591
Total revenue	75,885,416	64,957,156

NOTE 5: OTHER INCOME

30-June-24 **30-June-23**
\$ \$

Interest income	83,778	29,587
Fuel tax rebate	13,889	11,335
Other revenue	32,005	99,735
Net gain on disposal of assets	454,845	18,343
Total	584,517	159,000

NOTE 6: EXPENSES	30-June-24	30-June-23
<i>Breakdown of expenses by nature:</i>	\$	\$
Administration and corporate expense		
- Office expenses	1,676,695	869,080
- Corporate costs and compliance	2,167,268	1,938,110
- Other expenses	75,349	49,305
Total	3,919,312	2,856,495
Employee benefits expense		
- Wages and salaries	5,127,476	4,525,756
- Superannuation	488,358	304,680
- Employment related taxes	1,401,720	1,139,588
- Share-based payment expense	176,564	431,544
- Other employment related expenses	100,878	38,369
Total	7,294,996	6,439,937
Depreciation and amortisation expense		
- Plant and equipment depreciation	4,365,349	4,563,098
- Land and buildings lease amortisation	429,105	312,353
Total	4,794,454	4,875,452
Finance costs		
- Interest - borrowings	285,289	443,174
- Interest - leases	33,427	15,987
- Bank fees	148,968	73,193
Total	467,684	532,354

NOTE 7: INCOME TAX EXPENSE

	30-June-24	30-June-23
	\$	\$
a) Components of income tax expense		
Current tax	2,960,110	-
Deferred tax	431,523	2,223,380
Under / (over) provision in prior years	(291,749)	391,042
Revaluation of deferred tax position due to change in tax rate	-	588,590
Income tax expense / (benefit)	3,099,884	3,203,012

b) Prima facie tax payable

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

Prima facie income tax payable on profit before income tax at 30% (2023: 30%)	3,318,118	2,122,671
Add/(less) tax effect of:		
Entertainment	20,546	14,893
Plant and equipment	-	400,360
Share based payments	52,969	102,490
Transferred losses	-	(30,826)
Other non-deductible expenses	-	14,151
Under provision in prior period	(291,749)	(9,317)
Revaluation of deferred tax position due to change in tax rate	-	588,590
Income tax expense / (benefit) attributable to profit	3,099,884	3,203,012

c) Current tax liability

Current tax relates to the following:

Current tax liabilities / (assets)

Opening balance	-	-
Income tax	2,960,110	-
Instalments paid	-	-
	2,960,110	-

	30 June 24	30 June 23
d) Deferred tax	\$	\$
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Plant and equipment under lease	9,800	20,128
Accruals	361,242	312,001
Provisions - annual and long service leave	250,868	196,550
Borrowing costs	-	219
Capital raising costs	3,735	33,680
Business related costs	-	259
Tax losses	-	1,228,199
	625,645	1,791,036
Deferred tax liabilities balance comprises:		
Prepayments	(63,449)	(47,709)
Accrued income	(1,357,414)	(1,249,514)
Plant and equipment	(5,489,165)	(6,639,777)
	(6,910,028)	(7,937,000)
Net deferred tax	(6,284,383)	(6,145,964)
e) Deferred income tax related to items charged or credited directly to equity		
Decrease / (increase) in deferred tax assets	1,355	1,748
(Decrease) / increase in deferred tax liabilities	-	-
Under / (over) provision in prior period	-	-
	1,355	1,748
f) Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	1,120,750	2,982,013
(Decrease) / increase in deferred tax liabilities	(689,227)	(758,633)
Change in tax rate and under/(over) provision	(291,749)	979,632
	139,774	3,203,012

At 30 June 2024, the Company's carried forward revenue tax losses have been fully utilised (2023: \$4,093,998).

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-24	30-June-23
	\$	\$
Remuneration of the auditor of the Company (Pitcher Partners BA&A Pty Ltd and its related entities) for:		
- Auditing or reviewing the financial reports	73,506	56,626
- Non-audit services – tax compliance	26,250	26,050
Total	99,756	82,676

NOTE 9: EARNINGS PER SHARE

	30-June-24	30-June-23
	\$	\$
<i>Earnings per share for profit / (loss)</i>		
Profit / (loss) after income tax attributes to the owners of Vysarn Limited	7,960,510	3,872,558
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	407,957,684	396,010,657
<i>Adjustments for the effects of dilutive potential ordinary shares:</i>		
Effect of shares issued on exercise of performance rights	3,333,335	6,666,668
Effect of shares issued on exercise of options	10,000,000	10,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	421,291,019	412,677,325
Basic earnings / (loss) per share	0.0195	0.0098
Diluted earnings / (loss) per share	0.0189	0.0094

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: CASH AND CASH EQUIVALENTS

	30-June-24	30-June-23
	\$	\$
Cash at bank	3,731,180	8,309,432
Total	3,731,180	8,309,432

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.

NOTE 10a: CASH FLOW INFORMATION

	30-June-24	30-June-23
	\$	\$
Profit / (loss) after income tax expense for the year	7,960,510	3,872,558
Non-cash flows in result from continuing activities:		
Share based payments expense / (benefit)	176,564	431,544
Depreciation and amortisation	4,794,454	4,875,451
(Profit)/ loss on disposal of PPE	(454,845)	(18,343)
Tax expense / (benefit)	3,099,884	3,203,012
Changes in assets and liabilities:		
(Increase) / decrease in inventories	(2,035,320)	(1,274,117)
(Increase) / decrease in trade and other receivables	(6,190,606)	(4,409,283)
Increase / (decrease) in employee entitlements	222,015	478,957
Increase / (decrease) in trade and other payables	2,066,611	3,040,102
Increase / (decrease) in other assets and liabilities	1,883,922	(534,946)
Net cash provided by operating activities	10,213,381	9,664,935

Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amounts of such liabilities, which comprise banks loans, deferred consideration for the acquisition of assets and lease liabilities, are summarised below:

	Bank loans	Contingent consideration	Lease liabilities
	\$	\$	\$
Carrying amount at 1 July 2022	9,904,920	750,000	614,534
Net cash flows during the year	(480,303)	(245,017)	(312,991)
Non-cash changes	277,810	-	30,829
Carrying amount at 30 June 2023	9,702,427	504,983	332,372
Net cash flows during the year	(8,165,888)	-	(473,600)
Non-cash changes	1,303,655	-	723,076
Carrying amount at 30 June 2024	2,840,194	504,983	581,848

NOTE 11: TRADE AND OTHER RECEIVABLES	30-June-24	30-June-23
	\$	\$
Trade receivables	16,586,392	10,395,786
Total	16,586,392	10,395,786

For further information regarding trade and other receivables see Note 24.

Impairment and risk exposure

No impairment provision was recorded at 30 June 2024 based on management's assessment.

Information about the impairment of trade receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 24.

NOTE 12: INVENTORIES	30-June-24	30-June-23
	\$	\$
Consumables and spare parts – at cost	6,317,287	4,281,967
Total	6,317,287	4,281,967

NOTE 13: OTHER CURRENT ASSETS	30-June-24	30-June-23
	\$	\$
Contract fulfilment costs	635,199	591,254
Contract Assets	46,156	1,523,280
Other current assets	57,499	60,705
Total	738,854	2,175,239

NOTE 14: PREPAYMENTS AND DEPOSITS	30-June-24	30-June-23
	\$	\$
Prepayments	823,478	886,537
Total	823,478	886,537



NOTE 15: PLANT AND EQUIPMENT

	30-June-24	30-June-23
	\$	\$
<i>Plant and equipment</i>		
Cost	32,718,202	30,105,854
Accumulated depreciation	(12,757,532)	(10,079,196)
Net carrying amount	19,960,670	20,026,658
<i>Trucks, trailers and light vehicles</i>		
Cost	16,488,410	13,538,268
Accumulated depreciation	(6,147,337)	(4,610,282)
Net carrying amount	10,341,073	8,927,986
<i>Office equipment</i>		
Cost	601,383	393,628
Accumulated depreciation	(369,297)	(224,600)
Net carrying amount	232,086	169,028
<i>Leasehold improvements</i>		
Cost	21,214	16,158
Accumulated depreciation	(17,211)	(11,950)
Net carrying amount	4,003	4,208
<i>Assets held not ready for use</i>		
Cost	3,045,376	2,218,204
Net carrying amount	3,045,376	2,218,204
Total plant and equipment		
Cost	52,874,585	46,272,113
Accumulated depreciation	(19,291,377)	(14,926,029)
Net carrying amount	33,583,208	31,346,084

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	Plant and equipment	Trucks, trailers and light vehicles	Office Equipment	Leasehold Improvements	Assets Held Not Ready for Use	Total
Consolidated Group	\$	\$	\$	\$	\$	\$
Carrying amount at 30 June 2022	21,365,172	10,180,651	155,584	-	-	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 as at 30 June 2023	20,026,658	8,927,986	169,027	4,208	2,218,204	31,346,083
Carrying amount at 30 June 2023	20,026,658	8,927,986	169,027	4,208	2,218,204	31,346,083
Additions	3,264,328	2,957,207	220,940	5,056	827,172	7,274,703
Disposals	(651,980)	(7,065)	(13,184)	-	-	(672,229)
Depreciation expense	(2,678,336)	(1,537,055)	(144,697)	(5,261)	-	(4,365,349)
Balance at 30 June 2024	19,960,670	10,341,073	232,086	4,003	3,045,376	33,583,208

- (i) Several items of plant and equipment were sold during the period resulting in a gain on disposal of assets of \$454,845.
- (ii) Assets Held Not Ready for Use represent several assets of plant and equipment that are currently in the process of being upgraded or built and are not yet ready for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. As detailed within Note 2 (b), the Group undertook a detailed review of its current depreciation policy during the period and increased the useful lives of certain asset classes from 10 years to 14 years.

The change in useful life affected a number of individual assets within the Plant and equipment asset class.

The change in accounting estimate has been accounted for prospectively, with effect from 1 July 2023, as required under Australian Accounting Standards. For further details on the basis and impact of this change in accounting estimate, refer to Note 2(b).

NOTE 16: RIGHT-OF-USE ASSETS	30-June-24	30-June-23
	\$	\$
Leasehold premises		
NON-CURRENT		
Land and buildings - right-of-use	1,042,241	1,116,125
Less: accumulated amortisation	(493,059)	(850,843)
Total	549,182	265,282

During the year, the Group renewed its lease for workshop and warehouse facilities located in Wangara. The Group does not have an option to purchase any properties at the end of the lease term.

Interest expense is recognised within finance costs. Refer to Note 6.

NOTE 17: INTANGIBLE ASSETS	Notes	30-June-24	30-June-23
		\$	\$
Patents		8,514	9,730
Goodwill	26	2,409,334	2,409,334
Other intangible assets ⁽¹⁾		975,466	-
Total		3,393,314	2,419,064

¹ Other intangible assets primarily relate to the Company's joint resource agreement as announced to the ASX on 13 May 2024. Costs capitalised represent intellectual property of the Group associated with assessing, managing, controlling and extracting sustainable quantities of water from identified and secured resources on Kariyarra country.

NOTE 18: BORROWINGS	30-June-24	30-June-23
	\$	\$
CURRENT		
Insurance premium funding (a) – at amortised cost	-	95,825
Asset finance facilities (a) – at amortised cost	1,954,925	4,165,446
Current maturities of long-term bank loan (b) – at amortised cost	-	192,471
<i>Sub-total</i>	1,954,925	4,453,742
NON-CURRENT		
Asset finance facilities (a) – at amortised cost	885,269	5,248,685
<i>Sub-total</i>	885,269	5,248,685
Total	2,840,194	9,702,427
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 which were purchased under the relevant agreements.

The Group has also provided a general security agreement to the bank in respect of the Group's existing and future assets.

NOTE 19: TRADE AND OTHER PAYABLES	30-June-24	30-June-23
	\$	\$
Trade payables	7,725,073	7,147,477
GST liability	726,387	406,065
Accruals	806,070	967,867
Deferred revenue	162,539	12,555
Other payables	593,882	678,183
Total	10,013,951	9,212,147

NOTE 20: EMPLOYEE PROVISIONS

	30-June-24	30-June-23
	\$	\$
CURRENT		
Provision for annual leave	705,818	559,538
Provision for long service leave	-	34,314
Superannuation liability	643,627	602,670
<i>Sub-total</i>	<u>1,349,445</u>	<u>1,196,522</u>
NON-CURRENT		
Provision for long service leave	130,406	61,314
<i>Sub-total</i>	<u>130,406</u>	<u>61,314</u>
Total	<u>1,479,851</u>	<u>1,257,836</u>

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 24 below.

NOTE 21: SHARE CAPITAL	30-June-24	30-June-23
	\$	\$
(a) Share Capital		
408,622,529 (30 June 2023: 405,289,196) fully paid ordinary shares	20,024,837	20,029,354

Ordinary shares

During the 12-month period ended 30 June 2024, the Group issued 3,333,333 ordinary shares (30 June 2023: 13,333,332). All issued shares are fully paid.

The issue of 3,333,333 shares related to the vesting of tranche 2 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

	30-June-24	30-June-24	30-June-23	30-June-23
Ordinary Shares	No.	\$	No.	\$
At the beginning of the reporting period	405,289,196	20,029,354	391,955,864	19,495,181
12-Sep-23 Performance rights vested during the period	3,333,333	-	3,333,332	-
Options exercised during the period	-	-	10,000,000	540,000
Transaction costs	-	(4,517)	-	(5,827)
Total	408,622,529	20,024,837	405,289,196	20,029,354

NOTE 22: RESERVES

30-June-24	30-June-23
\$	\$

(a) Share Based Payment Reserve

10,000,000 options (30 June 2023: 10,000,000) and 3,333,334 performance rights (30 June 2023: 6,666,668) on issue	799,775	623,211
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(b) Movement in Share Based Payment Reserve

	30-June-24	30-June-23
Share Based Payment Reserve	\$	\$
At the beginning of the period	623,211	555,667
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	176,564	431,544
Total	799,775	623,211

Refer to Note 23 below which outlines the movement in the current period's share-based payment expense.

NOTE 23: SHARE BASED PAYMENTS

During the year ended 30 June 2024 the Company recorded the following share-based payments:

Share Issue

3,333,333 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 2024. No further shares were issued during the year ended 30 June 2024.

Options

No options were issued during the year ended 30 June 2024 (30 June 2023: 10,000,000).

	30-Jun-24	30-Jun-24	30-Jun-23	30-Jun-23
Options	No.	(Cumulative in \$)	No.	(Cumulative in \$)
At the beginning of the reporting period	10,000,000	89,909	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	10,000,000	89,909

- 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 5 July 2024 as a result of their service condition for vesting.
- c) The weight average contractual life of options on issue is less than 1 year (2023: 1 year). The weighted average exercise price of options on issue is \$0.085 per option (2023: \$0.085 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 \$134,864 was recognised as an expense in the Statement of profit or loss and other comprehensive income during the period (2023: \$89,909), noting the total expense calculated as the value of the 10,000,000 Incentive Options has been recognised over the remaining option term to 5 July 2024 as a result of their service condition.

Performance Rights

During the year ended 30 June 2024, the Company did not issue any performance rights as performance incentives to key management personnel.

	30-June-24 No.	30-June-24 (Cumulative in \$)	30-June-23 No.	30-June-23 (Cumulative in \$)
Performance rights				
At the beginning of the reporting period	6,666,668	533,302	10,000,000	191,667
Performance rights issued during the period	-	-	-	-
Performance Rights exercised as performance incentives to Executive Directors	(3,333,333)	-	(3,333,332)	-
Expense recognised in the period for existing performance rights – over their vesting period	-	-	-	341,635
Total	3,333,335	533,302	6,666,668	533,302

As at 30 June 2024, 3,333,335 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
3	3,333,335	1 July 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
2024	No.	No.	No.	No.	No.	No.
Peter Hutchinson	-	-	-	-	-	-
James Clement	3,333,334	-	1,666,666	-	1,666,668	1,666,666
Sheldon Burt	3,333,334	-	1,666,667	-	1,666,667	1,666,667
Total	6,666,668	-	3,333,333	-	3,333,335	3,333,333

During the year ended 30 June 2024, 3,333,333 performance rights vested and were exercised upon their vesting for \$Nil consideration, resulting in the issue of 3,333,333 fully paid ordinary shares.

Performance rights

At 30 June 2024, the unissued ordinary shares of the Company under performance rights are as follows:

Class	Number Under Performance Rights	Value at Grant Date (\$)	Date of Vesting	Management Probability Assessment 30-June-23	Fair Value (\$)
C	3,333,335	191,667	1-Jul-24	100%	191,667
Total	3,333,335	191,667	-	-	191,667

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 \$191,667 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 2024. In respect of tranche 3 of the performance rights, it was determined that the achievement of the vesting conditions are more likely than 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.

\$41,700 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 2024 (30 June 2023: \$341,635) in relation to the performance rights.

Share Based Payments Expense

Share based payment expense is comprised as follows:

	30-June-24	30-June-23
	\$	\$
Options	134,864	89,909
Performance rights	41,700	341,635
Total share-based payments expense	176,564	431,544

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NOTE 24: FINANCIAL INSTRUMENTS & FAIR VALUE MEASUREMENT

Fair values

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

(i) *Fair value of financial instruments*

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

(ii) *Fair value hierarchy*

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

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

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

With respect to specific financial assets and liabilities, the following valuation methods have been used:

- 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.

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.

Risk management framework

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

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

Market risk

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

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 2024, 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 2024, the Group did not enter into any forward foreign currency contracts.

Interest rate risk

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

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

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

Profile

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

Variable rate instruments	Carrying Amount	
	30-June-24	30-June-23
	(\$)	(\$)
<i>Financial assets</i>		
Cash at bank	3,731,180	8,309,432
<i>Financial liabilities</i>		
Borrowings	(100)	(2,570,214)
Total	3,731,080	(2,570,214)

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

	30-June-24	30-June-23
+/- 50 basis points	\$	\$
Impact on profit after tax	3,731,080	2,570,214
Impact on equity	3,731,080	2,570,214

Operational risk

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The

primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

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

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

Capital management

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

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

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

Capital Management	30-June-24	30-June-23
	(\$)	(\$)
Total liabilities	24,665,319	27,155,729
Less: cash and cash equivalents	(3,731,180)	(8,309,432)
Net debt	20,934,139	18,846,297
Total capital	41,057,576	32,923,664
Debt-to-capital ratio at the end of the period	0.51	0.57

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 2024 and 1 July 2023 was determined as follows for trade receivables:

1-July-23	Current	< 30	31 - 60	61 - 120	> 120	Total (\$)
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	-	-	-	-	-	-
30-June-24	Current	< 30	31 - 60	61 - 120	> 120	Total (\$)
Expected loss rate	0%	0%	0%	0%	1%	
Gross carrying amount - trade receivables	16,555,553	16,551,634	3,919	30,839	-	16,586,392
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 2024 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.

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-24 (\$)	30-June-23 (\$)
Cash and cash equivalents - AA Rated	3,731,180	8,309,432
Trade receivables	16,586,392	10,395,786
Total	20,317,572	18,705,218

Liquidity risk

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

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

Remaining contractual maturities

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

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total Remaining contractual cash flows
	\$	\$	\$	\$	\$
30 June 2024					
Non-derivatives					
<i>Interest bearing</i>					
Borrowings	2,058,858	904,260	-	-	2,963,118
Lease liability	448,883	155,078	-	-	603,961
<i>Non-interest bearing</i>					
Trade and other payables	10,013,951	-	-	-	10,013,951
Contingent consideration	250,000	254,983	-	-	504,983
Total non-derivatives	12,771,692	1,314,231	-	-	14,086,013
30 June 2023					
Non-derivatives					
<i>Interest bearing</i>					
Borrowings	4,730,547	2,861,834	1,908,105	-	9,500,486
Lease liability	254,828	72,405	-	-	327,233
Trade payables					
<i>Non-interest bearing</i>					
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

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NOTE 25: RELATED PARTY TRANSACTIONS

During the year ended 30 June 2024, no further options were issued to the Directors. Additionally, 3,333,333 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	Total
	Short-term Salary, Fees & Commissions	STI cash bonus	Non-monetary benefits	Other employee benefits	Post-employment Superannuation	Share-based payments	
2024	\$	\$	\$	\$	\$	\$	\$
<i>Chairman</i>							
Peter Hutchinson	108,108	-	-	-	11,892	-	120,000
<i>Executive Directors</i>							
James Clement ^{1, 2}	422,601	125,000	33,360	-	27,399	157,933	766,293
Sheldon Burt ^{2, 3}	215,884	110,000	-	-	2,283	18,631	346,798
Total	746,594	235,000	33,360	-	41,574	176,564	1,233,091

¹ The amount of \$33,360 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 Note 22 for further information pertaining to share-based payment expenses recognised for key management personnel.

³ As at 31st July 2023 Mr Burt resigned as an employee of Vysarn Limited. From 1 August 2024, Mr Burt's Executive Director fees were paid to Connada Pty Ltd, an entity controlled by Mr Burt.

(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 26: BUSINESS COMBINATIONS

No business combinations were acquired for the year ended 30 June 2024.

ACQUISITION OF PROJECT ENGINEERING

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 \$2,797,775 net of cash to the vendors of Project Engineering as consideration for all of the issued capital of Project Engineering.

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. Further, cash-generating unit is identified on a segment level making goodwill allocated to Project Engineering.

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 10 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% (2023: 3%) for cash flows in year two to five which is based on the historical average, a terminal value growth rate of 3% (2023: 3%) and a mid-range discount rate of 13.6% (2023: 13%) to determine value-in-use.

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 13.6% to determine value-in-use.

ACQUISITION OF PTP

Contingent consideration payable

On 29 September 2021, the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of PTP. 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 EBITDA 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 2024, the contingent consideration remains recognised in full as payable given Management's expectations that the minimum benchmarks for payment of the AIP may be met over the three year period. No amount was paid to the Executive during the year ended 30 June 2024 (2023: \$245,017).

NOTE 27: PARENT ENTITY DISCLOSURES

<i>Financial Position</i>	30 June 2024 (\$)	30 June 2023 (\$)
Assets		
Current assets	7,685,373	17,705,705
Non-current assets	3,288,501	(2,334,444)
Total Assets	10,973,874	15,371,261
Liabilities		
Current liabilities	689,904	890,161
Non-current liabilities	847,089	1,650,518
Total Liabilities	1,536,993	2,540,679
Net Assets	9,436,881	12,830,582
Equity		
Share capital	20,024,837	20,029,354
Reserves	799,775	623,211
Retained losses	(11,387,731)	(7,821,983)
Total Equity	9,436,881	12,830,582
<i>Financial Performance</i>	30 June 2024 (\$)	30 June 2023 (\$)
Loss for the year	(3,565,749)	(2,900,439)
Other comprehensive income	-	-
Total comprehensive (loss) / income	(3,565,749)	(2,900,439)

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 28: CONTROLLED ENTITIES

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

Controlled Entities	Country of Incorporation	Percentage Owned	
		30-Jun-24	30-Jun-23
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%	100%
Vysarn Asset Management Pty Ltd	Australia	100%	Nil

NOTE 29: 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 2024.

NOTE 30: EVENTS SUBSEQUENT AFTER THE REPORTING DATE

The Company released the following material ASX announcement post 30 June 2024:

- Appointment of Chief Operating Officer; and

Subsequent to year end, on 2 July 2024 Mr James Clement exercised his Managing Director Options. As approved at the most recent Annual General Meeting, the Company provided Mr Clement an interest free loan of \$750,000 ("Loan Funded Shares") for the purpose of funding the exercise of the Managing Director Options.

Mr Clement must repay the Loan Balance to the company within 10 business days of the earlier of:

- three (3) years after the date on which Mr Clement (and/or his nominee(s)) is issued the Loan Funded Shares on exercise of the Managing Director Options (Maturity Date);
- the date on which Mr Clement ceases to be employed or engaged by the Group; or
- where the Board has determined (in its absolute discretion) that Mr Clement engaged in serious misconduct; or
- the date on which the last Loan Funded Shares held by Mr Clement are sold.

There is no other matter or circumstance that has arisen since 30 June 2024 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024



Vysarn Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the "Group").

In accordance with subsection 295(3A) of the Corporations Act 2001, this consolidated entity disclosure statement provides information about each entity that was part of the Group at the end of the financial year.

Name of entity	Type of entity	Place formed or incorporated	Percentage of share capital held (if applicable)	Australian tax resident or foreign tax resident	Foreign tax jurisdiction (if applicable)
Vysarn Limited	Body corporate	Australia	N/A	Australian	N/A
Pentium Hydro Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Pentium Test Pumping Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Pentium Water Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Project Engineering (WA) Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Vysarn Asset Management Pty Ltd	Body corporate	Australia	100%	Australian	N/A

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

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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 2024 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. The consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. 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 2024.

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



James Clement
Managing Director and Chief Executive Officer
Dated 22 August 2024

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**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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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**VYSARN LIMITED
ABN 41 124 212 175**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VYSARN LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
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<p>Revenue recognition</p> <p><i>Refer to Note 2(p), Note 4 and Note 13 of the Financial Report</i></p>	
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For the year ended 30 June 2024, the Group had revenue of \$65,682,106 from contracts with customers for its hydrogeological and dewatering business activities and contract assets of \$46,156 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 2024, contract fulfillment costs amounted to \$635,199.

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 a sample of material 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(p), Note 4 and Note 13 of the financial report.

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**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
<p>Recoverability of Non-current assets <i>Refer to Note 2(h)-(j) Note 2(w), Note 15, and Note 26 of the financial report</i></p> <hr/> <p>Included in the consolidated statement of financial position as at 30 June 2024 is an amount of \$37,501,057 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.</p> <p>AASB 136 <i>Impairment of Assets</i> ("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.</p> <p>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:</p> <ul style="list-style-type: none"> ▪ growth rate assumptions; and ▪ discount factors <p>supporting the expected future cash flows of the business and the utilisation of the relevant assets.</p> <p>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</p>	<p>Our procedures included, amongst others:</p> <p>Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of non-current assets including capitalisation of expenditure and the identification of the CGUs.</p> <p>Reviewing management's evaluation and judgement as to whether the costs capitalised to intangibles are in development phase where probable future economic benefits could be determined.</p> <p>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, capital improvement approvals forms and other supporting documentation.</p> <p>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.</p> <p>Evaluating and assessing the Group's assessment for impairment indicators associated with its non-current assets for each of its CGUs.</p> <p>Critically evaluating and challenging the methodology and key assumptions around revenue and cost projections of management in their preparation of forecast models of the CGU encompassing goodwill and other intangible assets at 30 June 2024.</p> <p>Checking the mathematical accuracy of forecast models and agreeing what has been provided to the latest Board approved forecasts and performing sensitivity analysis around discount rate and growth rate.</p> <p>Assessing the Group's accounting policy and disclosures for non-current assets as set out within Note 2(h)-(j) Note 2(w), Note 15, and Note 26 to the financial report.</p>

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**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(t) and Note 23 of the Financial Report

At 30 June 2024, a share-based payment expense of \$176,564 has been recorded. Share-based payments involve significant Management estimates and judgement in their determination.

Share-based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted. In calculating the fair value there are a number of management judgements including but not limited to:

- Assessing the probability of achieving key performance milestones in relation to vesting conditions; and
- Assessing the fair value of the share price on grant date, estimate of expected future share price volatility, expected dividend yield and risk-free rate of interest.

Our procedures included, amongst others:

Understanding and evaluating the design and implementation of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share-based payments, including in relation to volatility of the underlying security and the appropriateness of the model used for valuation.

Critically evaluating and challenging the methodology and assumptions of Management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate.

Assessing the appropriateness including recalculation 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(t) and disclosures within Note 23 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 2024, 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.

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**VYSARN LIMITED
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (ii) the consolidated entity disclosure statement that is true and correct and is free of 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.

VYSARN LIMITED
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VYSARN LIMITED**

- 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.

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 8 to 16 of the directors' report for the year ended 30 June 2024. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

VYSARN LIMITED
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VYSARN LIMITED**

Responsibilities

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

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 22 August 2024

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