



V Y S A R N

**VYSARN LIMITED**  
**(formerly MHM Metals Limited)**  
**ABN 41 124 212 175**

**ANNUAL FINANCIAL REPORT**  
**for the year ended 30 June 2018**

**VYSARN LIMITED**  
**(Formerly MHM Metals Limited)**  
ABN 41 124 212 175  
**ANNUAL FINANCIAL REPORT 30 JUNE 2018**

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**CORPORATE DIRECTORY**

**Directors**

Peter Hutchinson	Chairman
Faldi Ismail	Non-Executive Director
Nicholas Young	Non-Executive Director

**Company Secretary**

Kyla Garlic

**Registered office**

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

**Auditor**

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

**Share Registry**

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

**Bankers**

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

**Securities Exchange Listing**

ASX Limited  
Level 40, Central Park 152-158 St Georges Terrace  
Perth, WA, 6000

**ASX Code – VYS**

**VYSARN LIMITED**  
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**DIRECTORS' REPORT**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Vysarn Limited (formerly MHM Metals Limited) (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

#### **1. DIRECTORS**

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

<b>Name</b>	<b>Status</b>	<b>Appointed</b>
Peter Hutchinson	Chairman	Appointed 27 October 2017
Faldi Ismail	Non-Executive Director	Appointed 20 December 2016
Nicholas Young	Non-Executive Director	Appointed 20 December 2016
Bryn Hardcastle	Non-Executive Director	Appointed 20 December 2016 Resigned 27 October 2017

#### **2. COMPANY SECRETARY**

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

Kyla Garlic

Ms Garlic was appointed as Company Secretary on 15 November 2017. Ms Garlic is a Chartered Accountant and Director of Onyx Corporate. Onyx Corporate provides corporate services to ASX listed Company. Ms Garlic has acted as a Non-Executive Director and Company Secretary for a number of ASX listed companies.

Justin Mouchacca

Mr Mouchacca resigned as Company Secretary on 15 November 2017.

#### **3. PRINCIPAL ACTIVITIES**

During the financial year, the principal continuing activities of the consolidated entity consisted of the assessment of new opportunities with a view to increasing shareholder value, the reduction of operating costs and the preservation of cash.

#### **4. DIVIDENDS PAID OR RECOMMENDED**

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

#### **5. REVIEW OF OPERATION**

The profit for the consolidated entity after providing for income tax amounted to \$296,558 (30 June 2017: loss of \$566,442).

Working capital, being current assets less current liabilities, was \$7,407,972 (30 June 2017: \$6,906,780). The consolidated entity had positive cash flows from operating activities for the period amounting to \$227,166 (2017: negative cash flows from operating activities of \$1,795,692).

#### **6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 27 October 2017 Mr Peter Hutchinson was been appointed as Chairman of the Company. 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 is experienced in M&A, prospectus preparation, ASX listings, ASIC issues, corporate governance, company secretarial requirements and exit strategies. He recently chaired sustainable Australian agribusiness, Mareterram Limited and previously chaired Resource Equipment Ltd.

On 27 October 2017 Mr Bryn Hardcastle resigned as Non-executive Director. Mr Faldi Ismail stepped down as Chairman and remained on the Board as Non-executive Director.

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**6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (CONTINUED)**

As approved by shareholders at the Annual General Meeting held on 30 November 2017, the Company has changed its name from MHM Metals Limited (ASX:MHM) to Vysarn Limited (ASX:VYS) with effect from 5 December 2017.

With its significant cash reserves, the Company continues to review a number of potential opportunities that may be suitable for an acquisition by the Company to facilitate the reinstatement of the Company's shares to trading on the Australian Securities Exchange (ASX).

During the year, the Company's 100% interest in Alreco Pty Ltd, MHM Corporation USA LLC and Goldstock East Africa Limited were subject to the appointment of liquidators. The values of these assets have been treated as a loss on disposal. No remaining interest in the entities were held by any member of the consolidated entity subsequent to disposal of the parent's 100% interest.

**7. EVENT SUBSEQUENT TO REPORTING DATE**

There is no matter or circumstance that has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**8. ENVIRONMENTAL REGULATION**

The consolidated entity divested assets previously subject to the reporting requirements of the National Pollutant Inventory under the National Environmental Protection Measures Legislation. There are no significant environmental regulations under the law of the Commonwealth and State which affect the consolidated in future financial years.

**9. INFORMATION ON DIRECTORS**

**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 is experienced in M&A, prospectus preparation, ASX listings, ASIC issues, corporate governance, company secretarial requirements and exit strategies.

Other current directorships:

-

Former directorships (last 3 years):

Mareterram Limited (ceased 23 November 2017)

Interests in shares:

16,978,955 fully paid ordinary shares

**Faldi Ismail**

Non-Executive Director (Appointed 20 December 2016)

Experience and Expertise:

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX listed companies having many years of investment banking experience covering a wide range of sectors. Mr Ismail has significant cross border experience, having advised on numerous overseas transactions including capital raisings, structuring of acquisitions and joint ventures in numerous countries.

Other current directorships:

Asiamet Resources Limited  
Ookami Limited

Former directorships (last 3 years):

Dotz Nano Limited (ceased 1 February 2018)  
Flamingo AL Limited (ceased 27 June 2017)  
Quantify Technology Holdings Limited (ceased 1 March 2017)  
TV2U International Limited (ceased 21 October 2016)  
Zenitas Health Limited (ceased 6 April 2016)  
Emergent Resources Limited (ceased 16 November 2015)

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**9. INFORMATION ON DIRECTORS (CONTINUED)**

Interests in shares: N/A

**Nicholas Young** Non-Executive Director (appointed 20 December 2016)

Experience and Expertise: Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Mr Young commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX-listed companies.

Other current directorships: Raiden Resources Limited  
 Aus Asia Minerals Limited  
 Shaw River Manganese Limited

Former directorships (last 3 years): Calidus Resources Limited (ceased 13 June 2017)  
 Cre8tek Limited (ceased 5 November 2015)

Interests in shares: N/A

**Bryn Hardcastle** Non-Executive Director (resigned 27 October 2017)

Experience and Expertise: Mr Hardcastle is an experienced corporate lawyer specialising in corporate, commercial and securities law. He is the managing director of Bellanhouse Legal which predominantly advises on equity capital markets, re-compliance transactions and takeovers across a variety of industries. Mr Hardcastle has extensive international legal experience and has advised on numerous cross border transactions. He also has experience acting as a non-executive director of ASX-listed companies.

Other current directorships: Non-Executive Director of Attila Resources Limited (ASX: AYA), Cre8tek Limited (ASX: CR8) and ServTech Global Holdings Ltd (ASX: SVT).

Former directorships (last 3 years): N/A

Interests in shares: N/A

**10. MEETINGS OF DIRECTORS**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each Director was:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Peter Hutchinson	2	2	-	-	-	-
Faldi Ismail	3	3	-	-	-	-
Nicholas Young	3	3	-	-	-	-
Bryn Hardcastle	1	1	-	-	-	-

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

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**11. INDEMNITY AND INSURANCE OF OFFICERS**

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, except where there is a lack of good faith.

During the financial year, the consolidated entity 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 of entities in the Consolidated entity, 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 Consolidated entity. 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.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**12. SHARES UNDER OPTIONS**

At the date of this report there are nil options of Vysarn Limited.

**13. PROCEEDINGS ON BEHALF OF THE COMPANY**

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

**14. NON-AUDIT SERVICE**

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

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. There were no non-audit services provided during the financial year by the auditor.

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

- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- Ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing risks and rewards.

**15. 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 2018 has been received and can be found on page 12 of the Annual Report.

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**16. 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), under the option available to the Company under ASIC Corporation.

**REMUNERATION REPORT (AUDITED)**

The remuneration report for the year ended 30 June 2018 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 the remuneration
6. Share-based compensation
7. Loans to Directors and executives
8. Other transactions and balance with KMP and their related parties

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel ("KMP") of the Company (the Directors and executive) for the year ended 30 June 2018 are set out in the following tables:

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

<b>Name</b>	<b>Status</b>	<b>Appointed</b>
Peter Hutchinson	Chairman	Appointed 27 October 2017
Faldi Ismail	Non-Executive Director	Appointed 20 December 2016
Nicholas Young	Non-Executive Director	Appointed 20 December 2016
Bryn Hardcastle	Non-Executive Director	Appointed 20 December 2016 Resigned 27 October 2017

**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 Director and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trend in comparative companies both locally and internationally and objectives of the Company's compensation strategy.

***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity'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

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**REMUNERATION REPORT (AUDITED) (CONTINUED)**

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

The consolidated entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

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

- Focuses on exploration success as the creation of shareholder value and returns;
- Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and Delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high caliber executives.

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

- Rewards capability and experience;
- Reflects competitive reward for contribution to growth in shareholder wealth;
- Provides a clear structure for earning rewards; and
- Provides 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 remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

**3. Executive remuneration arrangements**

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

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

When required the Company will formalise remuneration arrangements with executives in employment agreements.

**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. Non-executive Directors do not receive share options or other incentives. Refer to point **5. Details of Remuneration** for financial year 2018, payment was for director fees to 31 October 2017. Directors fee payment was suspended from 1 November 2017.

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**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**4. Non-Executive Director fee arrangement**

ASX listing rules require the aggregate non-executive Director's remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 November 2010, where the shareholders approved an aggregate remuneration of \$200,000.

*Performance Conditions Linked to remuneration*

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments 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 Nomination and Remuneration Committee.

The Nomination and Remuneration Committee 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 2017 Annual General Meeting ('AGM')*

Vysarn Limited (formerly MHM Metals Limited) received more than 98.18% of "yes" votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**5. Details of remuneration**

Amounts of remuneration

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

	Short-term Salary, Fees & Commissions	Post-employment Superannuation	Other	Share-based payments	Total
<b>2018</b>	\$	\$	\$	\$	\$
<i>Chairman:</i>					
Peter Hutchinson <sup>1</sup>	-	-	-	-	-
<i>Non-Executive Directors:</i>					
Faldi Ismail <sup>2</sup>	16,000	-	-	-	16,000
Nicholas Young <sup>3</sup>	16,000	-	-	-	16,000
Bryn Hardcastle <sup>4</sup>	16,000	-	-	-	16,000
<b>Total</b>	<b>48,000</b>	-	-	-	<b>48,000</b>

<sup>1</sup> Mr Peter Hutchinson was appointed as Chairman on 27 October 2017.

<sup>2</sup> Mr Faldi Ismail was appointed as Non-Executive Director on 20 December 2016.

<sup>3</sup> Mr Nicholas Young was appointed as Non-Executive Director on 20 December 2016.

<sup>4</sup> Mr Bryn Hardcastle resigned as Non-Executive Director on 27 October 2017.

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**REMUNERATION REPORT (AUDITED) (CONTINUED)**

	Short-term Salary, Fees & Commissions	Post-employment Superannuation	Other	Share-based payments	Total
<b>2017</b>	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Faldi Ismail <sup>1</sup>	25,548	-		-	25,548
Bryn Hardcastle <sup>2</sup>	25,548	-	-	-	25,548
Nicholas Young <sup>3</sup>	25,548	-	-	-	25,548
Paul Kopejtka <sup>4</sup>	156,667				156,667
Christopher Goodman <sup>5</sup>	17,500				17,500
<i>Executive Directors:</i>					
Joseph van den Elsen <sup>6</sup>	153,036	13,155			166,191
<i>Other Key Management Personnel:</i>					
Justin Mouchacca <sup>7</sup>	90,000				90,000
<b>Total</b>	<b>493,847</b>	<b>13,155</b>	-	-	<b>507,002</b>

<sup>1</sup> Mr Faldi Ismail was appointed as Non-Executive Chairman on 20 December 2016. During the financial year, Mr Ismail related entity Otsana Capital Pty Ltd received Corporate Advisory fees for additional work provided to the Company.

<sup>2</sup> Mr Bryn Hardcastle was appointed as Non-Executive Director on 20 December 2016. During the financial year, Mr Hardcastle received legal fees for additional work provided to the Company.

<sup>3</sup> Mr Nicholas Young was appointed as Non-Executive Director on 20 December 2016.

<sup>4</sup> Mr Paul Kopejtka resigned as Non-Executive Chairman on 1 December 2016. During the financial year, Mr Kopejtka received consulting fees for additional work provided to the Company.

<sup>5</sup> Mr Christopher Goodman resigned as Non-Executive Director on 1 December 2016.

<sup>6</sup> Mr Joseph van den Elsen resigned as Managing Director on 20 December 2016.

<sup>7</sup> Fees paid to Leydin Freyer Corp Pty Ltd in respect of Company secretarial and accounting services.

*Bonuses*

No bonuses have been awarded during the financial year ending 30 June 2018 (2017: Nil).

**6. Share-based compensation**

*Issue of shares*

There is no share issued to Directors and other key management personnel as part of compensation.

*Options*

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2018.

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**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**6. Share-based compensation**

*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 consolidated entity, including their personally related parties, is set out below;

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

	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
<b>30 June 2017</b>					
Faldi Ismail	-	-	-	-	-
Nicholas Young	-	-	-	-	-
Bryn Hardcastle	-	-	-	-	-
Paul Kopejtko	9,651,011	-	-	(9,651,011)	-
Christopher Goodman	-	-	-	-	-
Joseph van den Elsen	6,511,668	-	-	(6,511,668)	-
<b>Total</b>	<b>16,162,679</b>	<b>-</b>	<b>-</b>	<b>(16,162,679)</b>	<b>-</b>

**7. Loans to Directors and executives**

There are no loans to Directors or other key management personnel of Vysarn Limited.

**8. Other transactions and balance with KMP and their related parties**

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

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment for services to Onyx Corporate (an entity associated with Mr Nicholas Young)	28,000	-
Payment for services to Bellanhouse Legal (an entity associated with Mr Bryn Hardcastle)	12,765	58,227
Payment for services to Otsana Capital (an entity associated with Mr Faldi Ismail)	5,000	-

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**REMUNERATION REPORT (AUDITED) (CONTINUED)**

<b>8. Other transactions and balance with KMP and their related parties</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Payment for services to Taswa Pty Ltd (an entity associated with Mr Paul Kopejka)	-	140,000

Onyx Corporate Pty Ltd, an entity associated with Mr Nicholas Young, received payments totalling \$28,000 in relation to accounting and Company secretarial services provided to the Company (2017:Nil).

Otsana Capital Pty Ltd, an entity associated with Mr Faldi Ismail, received payments totalling \$5,000 in relation to Corporate Advisory services provided to the Company (2017: nil).

Bellanhouse Legal, an entity associated with former Director Mr Bryn Hardcastle, received payments totalling \$12,765 in relation to legal services provided to the Company (2017: \$58,227).

During last financial year ending, Taswa, an entity associated with former Director Mr Paul Kopejtka, received payments totalling \$140,000 in relation to consulting services provided to the Company.

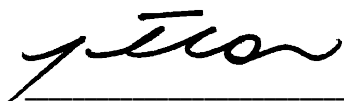
There were no trade receivables from or trade payables to related parties for the financial year ending 30 June 2018 (2017: Nil).

Nil loans to / from related parties for the financial year ending 30 June 2018 (2017: Nil).

**REMUNERATION REPORT (END)**

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

Signed in accordance with a resolution of the Board of Directors



**Peter Hutchinson**

**Chairman**

Dated 27 September 2018

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

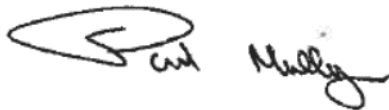
In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (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*.

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN  
Executive Director  
Perth, 27 September 2018

**VYSARN LIMITED**  
**(Formerly MHM Metals Limited)**  
 ABN 41 124 212 175  
**ANNUAL FINANCIAL REPORT 30 JUNE 2018**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	30 June 2018 \$	30 June 2017 \$
<b>Revenue</b>			
Income		132,453	75,008
Other income	5	460,499	983,624
<b>Expenses</b>			
Administration expenses		(41,407)	(108,485)
Accounting and company secretarial		(72,620)	(142,750)
Audit expense	9	(27,000)	(39,047)
Corporate consulting expense		(33,690)	(178,241)
Employee benefits expense		(48,000)	(227,850)
Impairment of assets		-	(7,393)
Insurance expenses		(24,920)	(48,830)
Legal fees		(37,242)	(208,566)
Depreciation and amortisation expense		-	(990)
Other expenses		(11,515)	(58,638)
<b>Profit before income tax</b>	6	296,558	37,842
Income tax expense		-	-
Profit after income tax expense from continuing operations		296,558	37,842
Loss after income tax expense from discontinued operations	7	-	(604,284)
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Vysarn Limited</b>		296,558	(566,442)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of available-for-sale financial assets, net of tax			-
Foreign currency translation		(15,366)	(25,456)
Realised gain on sale of available-for-sale financial assets, net of tax		-	21,829
(Loss) on the revaluation of assets		(135,000)	(108,565)
<b>Other comprehensive income for the year, net of tax</b>		(150,366)	(112,192)
<b>Total comprehensive income for the year attributable to the owners of Vysarn Limited</b>			
		146,192	(678,634)
Total comprehensive income for the year is attributable to:			
Continuing operations		146,192	(74,350)
Discontinued operations		-	(604,284)
		146,192	(678,634)

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The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

		2018	2017
<b>Earnings per share for profit from continuing operations attributable to the owners of Vysarn Limited</b>		<b>Cents</b>	<b>Cents</b>
Basic and Diluted earnings per share	10	0.218	0.028
<b>Earnings per share for loss from discontinued operations attributable to the owners of Vysarn Limited</b>			
Basic and Diluted earnings per share	10	-	(0.444)
<b>Earnings per share for profit/(loss) attributable to the owners of Vysarn Limited</b>			
Basic and Diluted earnings per share	10	0.218	(0.416)

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	30 June 2018 \$	30 June 2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	7,411,551	6,925,160
Trade and other receivables	12	18,839	11,970
Other assets	13	9,068	15,366
		<u>7,439,458</u>	<u>6,952,496</u>
Assets of disposal groups classified as held for sale		-	1,166
<b>TOTAL CURRENT ASSETS</b>		<u>7,439,458</u>	<u>6,953,662</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	14	-	355,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>-</u>	<u>355,000</u>
<b>TOTAL ASSETS</b>		<u>7,439,458</u>	<u>7,308,662</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	31,486	45,502
Liabilities directly associated with assets of disposal groups, classified as held for sale		-	1,380
<b>TOTAL CURRENT LIABILITIES</b>		<u>31,486</u>	<u>46,882</u>
<b>TOTAL LIABILITIES</b>		<u>31,486</u>	<u>46,882</u>
<b>NET ASSETS</b>		<u>7,407,972</u>	<u>7,261,780</u>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	16	29,912,298	29,912,298
Reserves	17	-	150,366
Accumulated losses		(22,504,326)	(22,800,884)
<b>SHAREHOLDERS' EQUITY</b>		<u>7,407,972</u>	<u>7,261,780</u>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	Issued Capital	Reserves	Accumulated Losses	Total
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>29,912,298</b>	<b>2,565,631</b>	<b>(24,537,515)</b>	<b>7,940,414</b>
Loss after income tax expense for the year	-	-	(566,442)	(566,442)
Other comprehensive income for the year, net of tax	-	(112,192)	-	(112,192)
Total comprehensive income for the year	-	(112,192)	(566,442)	(678,634)
<i>Transactions with owners in their capacity as owner:</i>				
Share based payments	-	(2,303,073)	2,303,073	-
<b>Balance at 30 June 2017</b>	<b>29,912,298</b>	<b>150,366</b>	<b>(22,800,884)</b>	<b>7,261,780</b>

	Issued Capital	Reserves	Accumulated Losses	Total
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	<b>29,912,298</b>	<b>150,366</b>	<b>(22,800,884)</b>	<b>7,261,780</b>
Profit after income tax expense for the year	-	-	296,558	296,558
Other comprehensive income for the year, net of tax	-	(150,366)	-	(150,366)
Total comprehensive income for the year	-	(150,366)	296,558	146,192
<b>Balance at 30 June 2018</b>	<b>29,912,298</b>	<b>-</b>	<b>(22,504,326)</b>	<b>7,407,972</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018**

		<b>30 June 2018</b>	<b>30 June 2017</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		-	75,000
Payments to suppliers and employees (inclusive of GST)		(293,697)	(2,258,037)
Interest received		113,905	107,709
R&D tax offset		406,958	279,636
<b>Net cash from/(used in) operating activities</b>	11b	<u>227,166</u>	<u>(1,795,692)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for equity investments		-	(1,065,720)
Proceeds from sale of Moolap		-	1
Proceeds from sale of equity investments		289,355	1,806,745
Payment for disposal of assets		(15,000)	-
Proceeds from disposal of property, plant and equipment		(1,059)	506,566
<b>Net cash from investing activities</b>		<u>273,296</u>	<u>1,247,592</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		500,462	(548,100)
Cash and cash equivalents at beginning of financial year		6,926,219 <sup>1</sup>	7,499,774
Effects of exchange rate changes on cash and cash equivalents		(15,130)	(25,455)
<b>Cash and cash equivalents at the end of financial year</b>	11	<u><u>7,411,551</u></u>	<u><u>6,926,219</u></u>

The accompanying notes form part of these financial statements

<sup>1</sup> Cash and cash equivalents at the beginning of the period of \$6,296,219 includes \$1,059 of cash and cash equivalents which are classified as held for disposal. Refer to note 11.

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: GENERAL INFORMATION**

The financial statements cover Vysarn Limited as a consolidated entity consisting of Vysarn Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Vysarn Limited's functional and presentation currency.

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

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2018. The Directors have the power to amend and reissue the financial statements.

The annual financial report was issued by the board of Directors on 27 September 2018 by the Directors of the Company.

**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*. The financial statements have been prepared on an accruals basis and are based on historical costs. All amounts are presented in Australian dollars unless otherwise stated.

**b) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

*Parent entity information*

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 20.

**c) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vysarn Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Vysarn Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Principles of consolidation (continued)**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**d) Foreign currency translation**

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

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

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

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

**e) Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Interest*

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

*Other revenue*

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

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**f) 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.

**g) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**h) Current assets held for sale and discontinued operations**

The consolidated entity classifies current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the distribution will be made or that the sale will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h) Current assets held for sale and discontinued operations (continued)**

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

**i) Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

**j) 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.

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k) 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.

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

**l) Research and Development Incentive refund**

To the extent the consolidated entity incurs eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the consolidated entity is to recognise the claims once reviewed by an independent expert and submitted to the ATO. During the year, the Company received \$406,958 R&D tax incentive refund.

**m) New Accounting Standards and Interpretations not yet mandatory or early 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 consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity does not hold complex financial instruments. The classification of its financial instruments will not change under the new accounting standard. Therefore, management does not expect the adoption of this accounting standard will have a material impact on the consolidated entity's financial performance.

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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)**

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. Management does not expect the adoption of this accounting standard will have a material impact on the consolidated entity's financial performance.

**NOTE 3: CRITICAL ACCOUNTING JUDGEMENT, 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) are discussed below.

*Discontinued operations and non-cash distribution*

On 20 February 2014, the consolidated entity announced that Alcoa Inc, the Company's main supplier of feedstock for its salt slag business, had announced its intention to permanently close its two rolling mills at Port Henry, Victoria and Yennora, New South Wales by the end of 2014. The Company through its wholly owned subsidiary, Alreco Pty Ltd, received its last supply of material from Alcoa on 31 March 2015 and since that time has been focused on progressing legacy stockpiles and the remediation of its Moolap plant. As at 30 September 2015, the consolidated entity ceased all commercial operations at its Moolap plant and the Board considered the subsidiary to meet the criteria to be classified as held for sale at that date. For more details on the discontinued operation, refer to Note 7.

**NOTE 4: OPERATING SEGMENTS**

*Identification of reportable operating segments*

The consolidated entity does not have any reportable operating segments following the wind down of its wholly owned subsidiaries activities last financial year. Internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources are prepared on the consolidated entity as a whole.

*Accounting policy for operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

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**NOTE 5: OTHER INCOME**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	\$	\$
Net gain in sale of equity investments	53,541	628,120
R&D tax incentive refunds	406,958	279,636
Deposits received	-	868
Other income	-	75,000
	460,499	983,624
Total Other income	460,499	983,624

To the extent the consolidated entity incurs eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the consolidated entity is to recognise the claims once reviewed by an independent expert and submitted to the ATO, therefore, no amount has been recorded for a potential R&D tax incentive refund as at 30 June 2018.

The consolidated entity proposes to lodge a claim for the current financial year following an independent review of the eligibility to lodge a claim.

**NOTE 6: INCOME TAX EXPENSES**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	296,558	37,842
Loss before income tax expense from discontinued operations	-	(604,284)
	296,558	(566,442)
Tax at the statutory tax rate of 30% (2017: 27.5%)	88,968	(155,772)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Timing differences and tax loss not recognised	-	(26,540)
- R&D incentive recognised in other income not taxable	(122,087)	-
- Survey Vessel Expenses	-	25,658
- Black hole Expenditure	-	(13,169)
- 2016 Tax Refund (R&D Offset)	-	(76,900)
- 2017 Tax Loss	-	246,723
- 2018 Tax Loss	33,120	-
	-	-
Income tax expenses	-	-

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**NOTE 7: DISCONTINUED OPERATIONS**

*Description*

On 20 February 2014, the consolidated entity announced that Alcoa Inc, the Company's then main supplier of feedstock for its salt slag processing business, had announced its intention to permanently close its two rolling mills at Port Henry, Victoria and Yennora, New South Wales by the end of 2014. The Company, through its then wholly owned subsidiary, Alreco Pty Ltd, received its last supply of material from Alcoa on 31 March 2015 and since that time has been focused on progressing legacy stockpiles and the remediation of its Moolap plant.

As at 30 September 2015, the consolidated entity ceased all commercial operations at its Moolap plant. Post the operational closure of the Moolap facilities, the Company's focus in Moolap region remained the clean-up of its local platform in the most cost effective and environmentally sensitive manner.

	<b>30 June 2018</b>	<b>30 June 2017</b>
	\$	\$
Income	-	2,175
Production expenses	-	(13,824)
<b>Total revenue</b>	<b>-</b>	<b>(11,649)</b>
Corporate expenses	-	(37,504)
Employee benefit expense	-	(88)
Administration expense	-	(55,044)
Loss on sale of property, plant and equipment	-	(499,999)
<b>Total expenses</b>	<b>-</b>	<b>(592,635)</b>
Loss before income tax expense	-	(604,284)
Income tax expense	-	-
<b>Loss after income tax expense from discontinued operations</b>	<b>-</b>	<b>(604,284)</b>

*Cash flow information*

	<b>30 June 2018</b>	<b>30 June 2018</b>
	\$	\$
Net cash used in operating activities	-	(375,463)
Net cash from investing activities	-	1
<b>Net decrease in cash and cash equivalents from discontinued operations</b>	<b>-</b>	<b>(375,462)</b>

*Carrying amounts of assets and liabilities disposed*

	<b>30 June 2018</b>	<b>30 June 2017</b>
	\$	\$
Cash and cash equivalents	-	1,059
Trade and other receivables	-	109
<b>Total assets</b>	<b>-</b>	<b>1,168</b>

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**NOTE 7: DISCONTINUED OPERATIONS (CONTINUED)**

Trade and other payables	-	1,056
Provisions	-	-
Other liabilities	-	324
Total liabilities	-	1,380
Net liabilities	-	(212)

**NOTE 8: KEY MANAGEMENT PERSONNEL COMPENSATION**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	48,000	493,847
Post-employment benefits	-	13,155
Total KMP Compensation	48,000	507,002

**Loans to Key Management Personnel**

There were no loans made to Key Management Personnel during the financial year (2017: Nil).

**Other Key Management Personnel Transactions**

Refer to Note 19 for detailed notes on other transactions with Key Management Personnel.

**NOTE 9: REMUNERATION OF AUDITORS**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the Group (Pitcher Partners BA&A Pty Ltd) for: Audit or review of the financial statements	27,000	-
Remuneration of the auditor of the Group (Grant Thornton Audit Pty Ltd) for: Audit or review of the financial statements	-	39,047

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**NOTE 10: EARNINGS PER SHARE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributes to the owners of Vysarn Limited	296,558	37,842
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	136,228,616	136,228,616
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	0.218	0.028
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributed to the owners of Vysarn Limited	-	(604,284)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	136,228,616	136,228,616
	<b>Cents</b>	<b>Cents</b>
Basic and Diluted earnings per share	-	(0.444)
<i>Earnings per share for profit/(loss)</i>		
Profit/(loss) after income tax attributable to the owners of Vysarn Limited	296,558	(566,442)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	136,228,616	136,228,616
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	0.218	(0.416)

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**NOTE 10: EARNINGS PER SHARE (CONTINUED)**

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Vysarn Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**NOTE 11: CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	7,411,551	6,925,160
	7,411,551	6,925,160

*Reconciliation to cash and cash equivalents at the end of the financial period*

The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	7,411,551	6,925,160
Cash and cash equivalents - classified as held for sale	-	1,059
Balance as per statement of cash flows	7,411,551	6,926,219

*Accounting policy for cash and cash equivalents*

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

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**NOTE 11b: CASH FLOW INFORMATION**

Profit/(loss) after income tax expense for the year	296,558	(566,442)
Adjustments for:		
Exchange (gain)/loss	(236)	193
Depreciation and impairment	-	8,383
Loss on sale of assets	-	499,999
Net gain on sale of equity investments	(54,355)	(628,120)
Change in operating assets and liabilities:		
- Decrease in trade and other receivables	596	61,610
- Decrease in trade and other payables	(15,396)	(139,723)
- Decrease in employment benefits	-	(31,142)
- Decrease in other provisions	-	(1,000,000)
Net cash from/(used in) operating activities	227,167	(1,795,692)

**NOTE 12: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
GST receivables	291	11,970
Interest receivables	18,548	-
	18,839	11,970

**NOTE 13: CURRENT ASSETS – OTHER**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	9,068	15,366
	9,068	15,366

**NOTE 14: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS**

During the financial year ended 30 June 2016, the consolidated entity acquired an equity interest in KIN Mining N.L. (ASX: KIN). The equity interest was disposed during the financial year ended 30 June 2018.

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Investment in Kin Mining NL	-	355,000
	-	355,000

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**NOTE 14: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)**

*Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:*

Opening fair value	355,000	445,728
Additions	-	1,065,719
Revaluation increments	-	135,000
Disposals	(355,000)	(1,291,447)
Closing fair value	-	355,000

The consolidated entity's investment in KIN is held at fair value and is valued in accordance with AASB 13, using Level 1 of the fair value hierarchy – quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair values of the financial asset held has been determined by reference to the quoted price on the ASX as at reporting date.

**NOTE 15: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	30 June 2018	30 June 2017
	\$	\$
Trade payables	3,977	25,502
Other payables	27,509	20,000
	31,486	45,502

Refer to Note 18 for further information on financial instruments.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**NOTE 16: EQUITY - ISSUED CAPITAL**

	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Number	Number	\$	\$
Ordinary shares - fully paid	136,228,616	136,228,616	29,912,298	29,912,298
	136,228,616	136,228,616	29,912,298	29,912,298

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

*Ordinary shares*

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Options*

There were no Options on issue at the end of the financial year. During the financial year 600,000 options lapsed.

500,000 options exercisable at \$1.00 expired on 18 July 2017.

100,000 options exercisable at \$0.45 expired on 13 November 2017.

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**NOTE 16: EQUITY - ISSUED CAPITAL (CONTINUED)**

*Capital risk management*

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

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

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

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

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

**NOTE 17: EQUITY - RESERVES**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Financial asset revaluation reserve	-	135,000
Foreign currency reserve	-	15,366
	-	150,366

*Financial assets revaluation reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Financial assets revaluation reserve	Foreign currency reserve	Total
	\$	\$	\$
Balance at 30 June 2017	135,000	15,366	150,366
Foreign currency translation		(15,366)	(15,366)
Disposal of financial assets	(135,000)	-	(135,000)
Balance at 30 June 2018	-	-	-

**NOTE 18: FINANCIAL INSTRUMENTS**

**Financial risk management objectives**

The consolidated entity'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 consolidated entity'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 consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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**NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)**

**Market risk**

*Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The Company manages the currency risk by monitoring the trend of the US dollar and Euro.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

During the year ended 30 June 2018, the parent disposed of its 100% interests in, MHM Corporation USA LLC and transferred the assets held in US dollar under MHM Corporation USA LLC of A\$962,668 into Vysarn Limited bank account in Australia. As a result, the US balance on the account was US\$ Nil. The Euro balance on the account was €Nil. There were no other liabilities denominated in foreign currencies at the year end.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
	\$	\$	\$	\$
US Dollars	-	845,588	-	-
Euros	-	38,367	-	-
	-	883,955	-	-

	% change	AUD strengthened	Effect on	% change	AUD Weakened	Effect on
		effect on profit before tax	equity		effect on profit before tax	equity
<b>30 June 2018</b>						
US Dollars	-	-	-	-	-	-
Euro	-	-	-	-	-	-
		-	-		-	-
<b>30 June 2017</b>						
US Dollars	10%	(84,559)	(84,559)	(10%)	84,559	84,559
Euro	10%	(3,837)	(3,837)	(10%)	3,837	3,837
		(88,396)	(88,396)		88,396	88,396

**Price risk**

The consolidated entity is not exposed to any significant price risk.

**Interest rate risk**

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

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

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**NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)**

	Basis points change	Basis points increase effect on profit before tax	Effect on equity	Basis points % change	Basis points decrease effect on profit before tax	Effect on equity
<b>30 June 2018</b>						
Cash and equivalents	50	37,058	37,058	50	(37,058)	(37,058)
<b>30 June 2017</b>						
Cash and equivalents	50	34,631	34,631	50	(34,631)	(34,631)

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

**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 consolidated entity 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 consolidated entity manages liquidity risk by maintaining adequate cash reserves and continuously monitoring actual and forecast cash flows.

**Remaining contractual maturities**

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

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30 June 2018	\$	\$	\$	\$	\$
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	3,977	-	-	-	3,977
Other payables	27,509	-	-	-	27,509
Total non-derivatives	31,486	-	-	-	31,486
<b>30 June 2017</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	25,502	-	-	-	25,502
Other payables	20,000	-	-	-	20,000
Total non-derivatives	45,502	-	-	-	45,502

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**NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)**

*Fair value of financial instruments*

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

**NOTE 19: RELATED PARTY 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. During the year, the following entities provided corporate services to the Company. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment for services to Onyx Corporate Ltd (an entity associated with Mr Nicholas Young)	28,000	-
Payment for services to Bellanhouse Legal (an entity associated with Mr Bryn Hardcastle)	12,765	58,227
Payment for services to Otsana Capital (an entity associated with Mr Faldi Ismail)	5,000	-
Payment for services to Taswa Pty Ltd (an entity associated with Mr Paul Kopejika)	-	140,000

Onyx Corporate Ltd, an entity associated with Mr Nicholas Young, received payments totalling \$28,000 in relation to accounting and company secretarial services provided to the Company (2017: Nil).

Otsana Capital Pty Ltd, an entity associated with Mr Faldi Ismail, received payments totalling \$5,000 in relation to Corporate Advisory services provided to the Company (2017: nil).

Bellanhouse Legal, an entity associated with former Director Mr Bryn Hardcastle, received payments totalling \$12,765 in relation to legal services provided to the Company (2017: \$58,227).

During last financial year ending, Taswa, an entity associated with former Director Mr Paul Kopejtka, received payments totalling \$140,000 in relation to consulting services provided to the Company.

There were no trade receivables from or trade payables to related parties for the financial year ending 30 June 2018 (2017: Nil).

Nil loans to / from related parties for the financial year ending 30 June 2018 (2017: Nil).

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**NOTE 20: PARENT ENTITY INFORMATION**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	Parent	
	2018	2017
	\$	\$
Profit/(loss) after income tax	164,394	(18,143,648)
Total comprehensive income	164,394	(18,255,840)

*Statement of financial position*

	Parent	
	2018	2017
	\$	\$
Total current assets	7,439,458	6,952,496
Total assets	7,439,458	7,375,911
Total current liabilities	31,486	45,513
Total liabilities	31,486	45,513
Equity		
- Issued capital	29,912,301	29,912,301
- Reserves	-	150,366
- Accumulated losses	(25,204,329)	(22,731,935)
Total equity	7,407,972	7,330,398

*Capital commitments – Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Investments in associates are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment

**NOTE 21: INTERESTS IN SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business / County of incorporation	Ownership interest	
		30 June 2018	30 June 2017
		%	%
Alreco Pty Ltd	Australia	-	100%
Goldstock East Africa Limited	Tanzania	-	100%
MHM USA LLC	USA	-	-

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**NOTE 21: INTERESTS IN SUBSIDIARIES (CONTINUED)**

*Disposal of Subsidiaries*

During the year ended 30 June 2018, the parent disposed of its 100% interests in Alreco Pty Ltd, MHM Corporation USA LLC and Goldstock East Africa Limited. The total loss recognised in respect of the disposal of Alreco Pty Ltd, MHM Corporation USA LLC and Goldstock East Africa Limited amounted to \$17,672 and was recognised in profit or loss as loss on sale of asset. No remaining interest in the entities were held by any member of the consolidated entity subsequent to disposal of the parent's 100% interest. Accordingly, no portion of the loss recorded on the disposal of the interest is attributable to measuring any investment retained in the former subsidiaries when control was lost.

**NOTE 22: EVENTS SUBSEQUENT AFTER THE REPORTING DATE**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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**DIRECTORS' DECLARATION**

In the opinion of the Directors of Vysarn Limited (formerly MHM Metals 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 2018 and of its performance for the financial year ended on that date; and
  - (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

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



**Peter Hutchinson**  
**Chairman**

Dated 27 September 2018

**Vysarn Limited**  
**ABN 41 124 212 175**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**VYSARN LIMITED AND ITS CONTROLLED ENTITIES**

*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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

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

- (a) giving a true and fair view of the Group’s financial position as at 30 June 2018 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* “the Code” that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report, which was obtained as at the date of our audit report, and any additional other information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

**Report on the Remuneration Report**

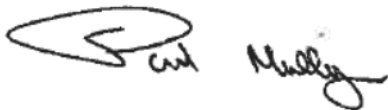
*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Vysarn Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Group 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



PAUL MULLIGAN  
Executive Director  
Perth, 27 September 2018

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**ASX ADDITIONAL INFORMATION**

**CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

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

- Board Charter;
- Corporate Code of Conduct;
- Audit and Risk Committee Charter;
- Nomination and Remuneration Committee Charter;
- Disclosure - Continuous Disclosure Policy;
- Disclosure - Risk Management Policy;
- Securities Trading Policy;
- Diversity Policy;
- Shareholder Communications Strategy; and
- Definition of Independence

The Company's Corporate Governance Policies are available on the Company's website at [www.vysarn.com.au](http://www.vysarn.com.au)

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

Recommendations	Comply	Explanation
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter that sets out the specific responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.  The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.  A copy of the Company's Board Charter is available on the Company's website.
<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	(a) The Company has detailed guidelines for the appointment and selection of the Board in its Nomination and Remuneration Committee Charter. The Company's Charter requires the Remuneration and Nomination Committee (or, in its absence, the Board) to ensure appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.  (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director. In the case of candidates standing for re-election, the candidate's experience and qualification are also disclosed on the Company's website and in its annual reports.

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Recommendations	Comply	Explanation
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Board Charter outlines the Company's requirement to have a written agreement with each Director and Senior Executive of the Company which sets out the terms of that Director's or Senior Executive's appointment.
<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
<b>Recommendation 1.5</b> A listed entity should:		
(a) have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes	Refer to Schedule 8 of the Company's Corporate Governance Polices for further detail which is located on the Company's website.
(b) disclose that policy or a summary or it; and	Yes	Refer above.
(c) disclose as at the end of each reporting period:		
(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and	No	At the end of the reporting period, there have been no formal objectives set to achieve gender diversity.
(ii) either:		
(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Yes	100% of the Board is male. The Company Secretary was female.
(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Workplace Gender Equality Act.	N/A	
<b>Recommendation 1.6</b> A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	(a) The Company's Nomination Committee (or, its absence, the Board) is responsible for arranging a performance evaluation of the Board, its Committees (if any) and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Nomination and Remuneration Committee Charter, which is available on the Company's website.
(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(b) No formal review was conducted during the 2018 financial year, the Board initiated a cost saving initiative and the Directors from October 2017 did not receive any Director fees.
<b>Recommendation 1.7</b> A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	(a) Refer to Schedule 1 of the Company's Corporate Governance Polices for further detail which is located on the Company's website.
(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(b) There are currently no Senior Executives in the Company.

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Recommendations	Comply	Explanation
<b>Principle 2: Structure the board to add value</b>		
<p><b>Recommendation 2.1</b>            The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p style="margin-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="margin-left: 20px;">(ii) is chaired by an independent director, and disclose:</p> <p style="margin-left: 40px;">(iii) the charter of the committee;</p> <p style="margin-left: 40px;">(iv) the members of the committee; and</p> <p style="margin-left: 20px;">(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>No</p> <p>Yes</p>	<p>(a) The Company has not established a Nomination Committee.</p> <p>(b) The Company's Nomination and Remuneration Committee Charter provides for the creation of a Remuneration and Nomination Committee (if it considered it will benefit the Company), a majority of whom are to be independent Directors, and which must be chaired by an independent Director.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of a such complexity to justify having a separate nomination committee. Nominations of new Directors are considered by the full Board, all directors are involved in the search and recruitment of a replacement. The Board has taken the view that the full Board will hold special meetings as required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, and review is stringent and full details of all Directors will be provided to Shareholders in the Annual Report and on the Company's website.</p>
<p><b>Recommendation 2.2</b>            A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>No</p>	<p>The details of the current skill set of the current Directors are set out in the description of each Director in the Annual Report. The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life as a publicly listed exploration Company.</p>
<p><b>Recommendation 2.3</b>  <b>A listed entity should disclose:</b></p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>(a) The following directors are considered independent;</p> <ul style="list-style-type: none"> <li>• Mr Nicholas Young Non-Executive Director</li> <li>• Mr Faldi Ismail Non-Executive Director</li> </ul> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports. Mr Nicholas Young is a Director of Onyx Corporate Pty Ltd. Onyx provides Company Secretarial and CFO services to the Company within the last three years, the services are not provided by Nicholas Young and the Board is of the opinion that this does not compromise his independent status.</p> <p>(c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.</p>
<p><b>Recommendation 2.4</b>            A majority of the board of a listed entity should be independent directors.</p>	<p>Yes</p>	<p>The Board Charter requires that, where practical, the majority of the Board should be independent. A majority of current directors are independent directors. As such, independent directors are currently a majority of the Board. Details of each Director's independence are provided in the Annual Reports and Company website.</p>



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Recommendations	Comply	Explanation
<b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Company's Audit and Risk Committee Charter requires the Board to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The external auditors attend Vysarn Limited's AGM and are available to answer questions from security holders relevant to the audit.
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes	(a) The Company has adopted a Continuous Disclosure Policy which sets out the processes the Company follows to comply with its continuous disclosure obligations under the ASX Listing Rules and other relevant legislation.  (b) The Company's Continuous Disclosure Policy is available within the Corporate Governance Plan on the Company website.
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company's Share Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.

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Recommendations	Comply	Explanation
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b>            The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>No</p> <p>Yes</p>	<p>(a) The Company does not currently have a separate Risk Committee.</p> <p>(b) The Board has adopted an Audit and Risk Committee Charter. The Board is ultimately responsible for risk oversight and risk management. As a whole the Board fulfills the functions detailed in the Audit and Risk Committee Charter, that would normally be delegated to the Risk Committee.</p>
<p><b>Recommendation 7.2</b>            The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>Yes</p> <p>No</p>	<p>(a) The Audit and Risk Management Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems.</p> <p>(b) The Board continues to review the risk profile of the Company and monitors risk informally throughout the year.</p>
<p><b>Recommendation 7.3</b>            A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>No</p> <p>Yes</p>	<p>(a) The Audit and Risk Committee Charter provides for the internal audit function of the Company and outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p> <p>(b) The Company does not have an internal audit function. As the Company grows the Board will consider whether the appointment of a contract internal auditor would be beneficial in assisting them in discharging their responsibilities under the Audit and Risk Management Committee Charter. Currently the transactions within the Company are minimal and within the assigned budgets that are provided to the Board on a regular basis.</p>
<p><b>Recommendation 7.4</b>            A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Company has no material exposure to economic, environmental or social sustainability risks.</p>



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**ADDITIONAL SHARHOLDER INFORMATION**

The following information is current as at 25 September 2018.

**Ordinary Share Capital**

136,228,616 shares are held by 959 individual holders.

**Voting Rights**

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

- **Ordinary shares:** On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**Twenty Largest Shareholders**

Position	Holder Name	Holding	% IC
1	MOLONGLO PTY LTD <P&J HUTCHINSON S/F A/C>	16,978,955	12.46%
2	INVIA CUSTODIAN PTY LIMITED <NJ FAMILY A/C/SHARE A/C>	14,592,325	10.71%
3	MR ANASTASIOS KARAFOTIAS	4,985,000	3.66%
4	MRS MELINDA COATES	3,636,363	2.67%
5	AH SUPER PTY LTD <THE AH SUPER FUND A/C>	3,333,333	2.45%
6	MARCUS DELL PTY LTD	1,878,787	1.38%
7	MGL CORP PTY LTD	1,818,181	1.33%
8	MR PETER LANCELOT GEBHARDT & MRS CARLENE JOY GEBHARDT <PETARD S/F A/C>	1,773,573	1.30%
9	BELTRAMIN INVESTMENTS PTY LTD <THE VALENCIA A/C>	1,666,667	1.22%
10	CASHMERE DELL PTY LTD <GILL FAMILY SUPER A/C>	1,666,666	1.22%
10	MR PETER ARUNDEL VIAL & MRS AMANDA JANE VIAL <VIAL SUPER FUND A/C>	1,666,666	1.22%
11	WAYE-HARRIS ENTERPRISES PTY LTD <DANOZ A/C>	1,523,932	1.12%
12	BLUJAK PTY LIMITED <BLUJAK SUPER FUND A/C>	1,100,000	0.81%
13	DORRAN PTY LTD	1,000,000	0.73%
13	MR ROSS BROWN	1,000,000	0.73%
13	MR MURRAY MOSTYN BAILEY & MRS PATRICIA JANE BAILEY <M & P S/F A/C>	1,000,000	0.73%
14	LEUCHTER ENTERPRISES PTY LTD <LEUCHTER SUPERANNUATION A/C>	918,000	0.67%
15	JONESY'S SUPER PTY LTD <JONESY'S S/F A/C>	909,090	0.67%
16	EST MR TREVOR NEIL HAY	850,068	0.62%

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Position	Holder Name	Holding	% IC
17	MR ANDREW COATES	833,333	0.61%
17	SHREWSBURY LTD	833,333	0.61%
17	SALTY DROP INVESTMENTS PTY LTD <THE SALTY DROP A/C>	833,333	0.61%
17	M S MELLICK PTY LTD <M S MELLICK S/F A/C>	833,333	0.61%
18	MRS MARGARET KEMPINSKI	764,300	0.56%
19	DAI LA FU PTY LTD <WILLIWAR SUPER FUND A/C>	750,000	0.55%
19	MR DIETER MANFRED WIRKUS & MRS SIMONE ANNE WIRKUS <WIRKUS SUPER FUND A/C>	750,000	0.55%
20	MR CORY RADICH & MRS MICHELLE RADICH <THE RADICH SUPER FUND A/C>	733,667	0.54%
		<b>68,628,905</b>	<b>50.38%</b>

**Substantial Shareholders**

Holder Name	Holding Balance	% IC
MOLONGLO PTY LTD <P&J HUTCHINSON S/F A/C>	16,978,955	12.46%
INVIA CUSTODIAN PTY LIMITED <NJ FAMILY A/C/SHARE A/C>	14,592,325	10.71%

**Distribution of Holders of Equity Securities**

			Fully Paid Ordinary Shares		
			Holders	Total Units	%
1	-	1,000	86	19,361	0.01%
1,001	-	5,000	95	307,075	0.23%
5,001	-	10,000	76	634,915	0.47%
10,001	-	100,000	490	19,036,108	13.97%
		100,001 and over	212	116,231,157	85.32%
<b>Totals</b>			<b>959</b>	<b>136,228,616</b>	<b>100.00%</b>

**Restricted Securities**

As at 25 September 2018 there were nil securities subject to escrow.

**Unmarketable Parcels**

Holdings of less than a marketable parcel of ordinary shares:

Holders: 265

Units: 1,046,795

**On-market Buy Back**

There is no current on-market buy-back.